

LFE CORPORATION BERHAD
(Company No: 579343-A)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
For the period ended 30 June 2007

	Individual Quarter		Cumulative Quarters	
	Current year quarter	Preceding year quarter	Current year- to-date	Preceding year period
	30.06.2007 RM'000	30.06.2006 RM'000	30.06.2007 RM'000	30.06.2006 RM'000
Revenue	54,791	32,640	92,422	61,505
Operating expenses	(55,991)	(31,999)	(93,498)	(63,387)
Other operating income	927	236	2,950	471
Profit/(Loss) from operations	(273)	877	1,874	(1,411)
Finance costs	(1,015)	(915)	(2,184)	(1,832)
Share of results of associate	-	-	-	(29)
Share of results of jointly controlled entity	2,432	-	2,432	-
Profit/(Loss) before taxation	1,144	(38)	2,122	(3,272)
Tax expense	(203)	(161)	(534)	(292)
Net Profit/(Loss) for the period	941	(199)	1,588	(3,564)
Attributable to :				
Equity holders of the company	882	(157)	1,446	(3,512)
Minority interests	59	(42)	142	(52)
	941	(199)	1,588	(3,564)
Profit/(loss) per ordinary share:				
- Basic (cumulative)	1.22	(0.30)	2.02	(6.75)
- Diluted (sen) (Note B13)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006)

LFE CORPORATION BERHAD
(Company No : 579343-A)

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
As at 30 June 2007

	Unaudited 30.06.2007	Audited 31.12.2006
	(RM'000)	(RM'000)
Assets		
Property, plant and equipment	2,504	2,657
Land held for property development	4,287	4,200
Intangible assets	394	394
Investment properties	6,015	5,079
Investment in associate	94	-
Investment in jointly controlled entity	2,432	-
Other investments	7,708	7,754
Total non-current assets	<u>23,434</u>	<u>20,084</u>
Inventories	3,024	3,372
Assets classified as held for sale	1,159	1,159
Trade receivables	95,839	51,724
Amount due from contract customers	15,190	16,799
Other receivables	6,096	23,663
Fixed deposits with licensed banks	8,635	687
Cash and bank balances	5,710	13,942
Tax recoverable	576	2,013
Total current assets	<u>136,229</u>	<u>113,359</u>
Total assets	<u>159,663</u>	<u>133,443</u>
Equity		
Share capital	72,200	67,200
Share premium	5,218	5,218
Reserve	(51,300)	(52,667)
Total equity attributable to shareholders of the Company	<u>26,118</u>	<u>19,751</u>
Minority Interests	<u>712</u>	<u>570</u>
Total equity	<u>26,830</u>	<u>20,321</u>
Liabilities		
Long term borrowings	37,137	37,241
Deferred tax liabilities	337	337
Total non-current liabilities	<u>37,474</u>	<u>37,578</u>
Trade payables	21,509	23,654
Amount due to contract customers	19,625	13,340
Other payables	23,259	7,512
Amount owing to directors	1,351	1,316
Overdrafts and short term borrowings	28,265	28,598
Taxation	1,350	1,124
Total current liabilities	<u>95,359</u>	<u>75,544</u>
Total liabilities	<u>132,833</u>	<u>113,122</u>
Total equity and liabilities	<u>159,663</u>	<u>133,443</u>
Net assets per share (RM)	<u>0.36</u>	<u>0.29</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2006)

LFE CORPORATION BERHAD
(Company No: 579343-A)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
For the second quarter ended 30 June 2007

	Share capital (RM'000)	Non Distributable Share premium (RM'000)	Exchange reserve (RM'000)	Distributable Retained earnings (RM'000)	Total (RM'000)	Minority interests (RM'000)	Total equity (RM'000)
As at 1 January 2007	67,200	5,218	(284)	(52,383)	19,751	570	20,321
Exchange differences on translation	-	-	(79)	-	(79)	-	(79)
Net profit for the period	-	-	-	1,446	1,446	142	1,588
Issuance of new ordinary shares - restricted issue	5,000	-	-	-	5,000	-	5,000
	-	-	-	-	-	-	-
As at 30 June 2007	72,200	5,218	(363)	(50,937)	26,118	712	26,830

	Share capital (RM'000)	Non Distributable Share premium (RM'000)	Exchange reserve (RM'000)	Distributable Retained earnings (RM'000)	Total (RM'000)	Minority interests (RM'000)	Total equity (RM'000)
As at 1 January 2006	52,000	5,218	97	(31,612)	25,703	-	25,703
Exchange differences on translation	-	-	(381)	-	(381)	-	(381)
Net loss for the period	-	-	-	(20,771)	(20,771)	130	(20,641)
Issuance of new ordinary shares - private placement	5,200	-	-	-	5,200	-	5,200
- restricted issue	10,000	-	-	-	10,000	-	10,000
Acquisition of new subsidiaries	-	-	-	-	-	440	440
As at 31 December 2006	67,200	5,218	(284)	(52,383)	19,751	570	20,321

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006)

LFE CORPORATION BERHAD
(Company Bo : 579343-A)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)
For the second quarter ended 30 June 2007

	6 months ended 30.6.2007 (RM'000)	6 months ended 30.6.2006 (RM'000)
Cash Flows From Operating Activities		
Profit/(loss) before taxation	2,122	(3,272)
Adjustments for :		
Non-cash items	(977)	334
Non-operating items	(409)	1,823
Operating profit/(loss) before working capital changes	<u>736</u>	<u>(1,115)</u>
Changes in working capital		
Net change in current assets	(35,499)	(19,824)
Net change in current liabilities	19,749	19,421
Cash used in operations	<u>(15,014)</u>	<u>(1,518)</u>
Interest expense	(2,184)	(1,832)
Income taxes (paid)/refund	1,208	1,407
Net cash used in operating activities	<u>(15,990)</u>	<u>(1,943)</u>
Cash Flows From Investing Activities		
Acquisition of subsidiaries	-	(123)
Interest income	170	9
Purchase of property, plant and equipment	(131)	(144)
Property development costs	(87)	-
Proceed from sale of property, plant and equipment	11,321	56
Proceed from sale of quoted shares	38	-
Investment in associate	(94)	-
Net cash generated from/(used in) investing activities	<u>11,217</u>	<u>(202)</u>
Cash Flows From Financing Activities		
Proceeds from issued of shares	5,000	-
Proceeds from short term borrowings	9,593	13,153
Repayment of term loans and other bank borrowings	(14,093)	(9,164)
Repayment of hire purchase liabilities	(115)	(186)
Pledge deposit	(7,000)	-
Net cash (used in)/generated from financing activities	<u>(6,615)</u>	<u>3,803</u>
Exchange differences on translation	(73)	(173)
Net (decrease)/increase in cash and cash equivalents	<u>(11,461)</u>	<u>1,485</u>
Cash & cash equivalents at beginning of year	<u>1,358</u>	<u>(8,767)</u>
Cash & cash equivalents at end of period	<u>(10,103)</u>	<u>(7,282)</u>
Cash & cash equivalents comprise:		
Cash and bank balances	5,710	2,438
Fixed deposits placed with licensed banks	8,635	761
Bank overdrafts	<u>(16,775)</u>	<u>(9,735)</u>
	<u>(2,430)</u>	<u>(6,536)</u>
Less : Pledged deposit	<u>(7,673)</u>	<u>(746)</u>
	<u>(10,103)</u>	<u>(7,282)</u>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited annual financial statements for the year ended 31 December 2006)

LFE CORPORATION BERHAD
(Company No: 579343-A)
NOTES TO THE INTERIM FINANCIAL REPORT
For the second quarter ended 30 June 2007

A EXPLANATORY NOTES AS PER FRS 134

A1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions stated in paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities"), including compliance with Financial Reporting Standard (FRS) 134, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2007 annual financial statements as set out in Note A2.

The preparation of an interim financial report in conformity with FRS 134, Interim Financial Reporting requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with FRSs.

A2 Change in accounting policies

The significant accounting policies adopted for the interim financial statements are consistent with those in the audited financial statements for the year ended 31 December 2006 except for the following new/revised FRSs which the Group has adopted for the financial period beginning 1 January 2007:

FRS 117 Leases

FRS 124 Related Party Disclosures

Amendments to FRS 119₂₀₀₄ : Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

The adoption of all FRSs mentioned above does not result in significant changes in accounting policies of the Group, other than the change discussed below:

In the previous financial year, the Group had adopted FRS 140, Investment Property. A property interest under an operating lease is classified and accounted for as an Investment Property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. This include property that is held for currently undetermined future use. Property that is occupied by the Companies in the Group is accounted for as owner-occupied rather than as investment property. Any such property interest under an operating lease classified as an investment property is carried at fair value. All leasehold lands under the Group are now classified as Investment Property. Therefore, the adoption of FRS 117 has no significant impact on the Group's financial statements.

A3 Qualification of financial statements

The financial statements for the year ended 31 December 2006 was not subject to any audit qualification.

A4 Seasonality or cyclicity factors

The Group's operations are not materially affected by seasonal or cyclical factors. The general economic scenario and construction cycle would however have an impact on the Group's operations.

A5 Unusual and extraordinary items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period-to-date under review.

A6 Changes in accounting estimates

There were no changes in estimates of amounts reported in the prior financial year that have a material effect in the current quarter and financial period-to-date results.

A7 Debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial period-to-date except for the issuance of 5,000,000 new ordinary shares of RM1 each pursuant to the Restricted Issue as disclosed in Note B8(a).

A8 Dividends paid

No dividend was paid for the current quarter and financial period-to-date under review.

A9 Segmental reporting

The Group's segmental report for the financial period ended 30 June 2007 are as follows:-

Business segment	Electrical & mechanical RM'000	Property & investment holding RM'000	Distribution of * consumer electronics products RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External Sales					
Malaysia	21,412	81	4,425	(78)	25,840
Overseas	7,801	-	58,781	-	66,582
Total revenue	<u>29,213</u>	<u>81</u>	<u>63,206</u>	<u>(78)</u>	<u>92,422</u>
RESULTS					
Operating profit /(loss)	(1,902)	(155)	3,931	0	1,874
Interest expense	(2,184)	0	0	0	(2,184)
Share of results in jointly controlled entity	2,432	0	0	0	2,432
Income tax	(462)	0	(72)	0	(534)
(Loss)/ profit after tax	<u>(2,116)</u>	<u>(155)</u>	<u>3,859</u>	<u>0</u>	<u>1,588</u>
Minority interest					<u>(142)</u>
Net profit					<u><u>1,446</u></u>

* Formerly described as "trading of information technology products"

A10 Carrying amount of revalued assets

The valuations of land and buildings have been brought forward without amendment from the previous audited financial statements.

A11 Material events subsequent to balance sheet date

There are no material events subsequent to the end of the quarter under review.

A12 Changes in the composition of the Group

There was no changes in the composition of the Group during the current quarter.

A13 Capital commitments

There is no authorised capital expenditure that has not been provided for in the interim financial statements as at 30 June 2007.

A14 Changes in contingent liabilities and contingent assets

There were no changes in the contingent liabilities since the last balance sheet as at 31 December 2006 to the date of this report.

A15 Related party transactions

The Group and the Company had the following transactions with related parties during the financial year.

	Current quarter ended 30.6.2007 RM RM'000	Cumulative period ended 30.6.2007 RM RM'000
Transactions with key management personnel		
Rental expenses paid to a director		
# - Lew Mew Choi	17	34
Transactions with a company in which a director and substantial shareholder has interests		
Rental income receivable		
# - Mayduct Technology Sdn Bhd	-	66
Rental expenses payable		
# - Megaduct Systems (M) Sdn Bhd	65	65
Purchases of materials		
# - Mayduct Technology Sdn Bhd	-	6
Contract revenue receivable from a company in which a substantial shareholder has interests		
# - Kejuruteraan Rayton Sdn Bhd	158	993
#	These transactions have been entered into under negotiated terms.	

B Additional information required by Bursa Malaysia Securities Berhad listing requirements

B1 Review of performance

The Group recorded a revenue of RM 92.4 million for the financial period-to-date as compared to RM 61.5 million for the corresponding period of the preceding year, mainly attributable to higher revenue recorded by the Consumer Electronics ("CE") Division.

The Group registered a pre-tax profit of RM 2.1 million for the financial period-to-date, an increase of 164% from pre-tax loss of RM 3.3 million as compared to the corresponding period of the preceding year. The improvement in pre-tax profit was mainly due to higher revenue earned, share of results in a jointly controlled entity and writeback of allowance for doubtful debts.

B2 Comparison between the current quarter and immediate preceding quarter

The Group reported a revenue of RM 54.8 million in the current quarter which represents an increase of RM 17.2 million from immediate preceding quarter of RM 37.6 million. Pre-tax profit of RM 1.1 million represents an increase of RM 100,000 as compared to the immediate preceding quarter's pre-tax profit of RM 1.0 million.

The increase in revenue was mainly attributable to higher revenue recorded by the CE Division. The higher profit was mainly due to higher revenue earned and share of results in a jointly controlled entity.

B3 Current year prospects

With contribution from CE division coupled with a sizeable order book for M&E division, barring any unforeseen circumstances, the Group's performance is expected to continue to be favourable for the remaining quarters of the current financial year.

B4 Variance of profit forecast

Not applicable as the Group did not publish any profit forecast.

B5 Tax expense

	Current quarter ended		Cumulative period ended	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	169	0	313	-
Overseas taxation	33	161	221	292
Tax expense	203	161	534	292

The effective tax rate for the Group (excluding the results of a jointly controlled entity) for the current quarter and financial year-to-date is higher than the statutory tax rate principally due to certain expenses are not deductible for tax purposes and the losses of certain subsidiaries which can not be set off against taxable profits made by other subsidiaries.

B6 Sale of unquoted investments and properties

There was no sale of unquoted investments and properties for the quarter under review and financial period-to-date.

B7 Purchase or disposal of quoted securities

	Current	Cumulative
	quarter	period
	ended	ended
	30.06.2007	30.06.2007
	RM'000	RM'000
Total purchases	-	-
Total disposals/sale proceeds	27	39
Total profit/(loss) on disposal	5	6

Details of investments in quoted securities are as follows:

	As at 30.06.2007 RM'000	As at 31.12.2006 RM'000
(i) At cost	28,929	29,239
(ii) At carrying value/book value (after provision for diminution in value)	4,208	4,253
(iii) At market value	3,570	3,866

B8 Status of corporate proposals announced

- (a) On 28 Nov 2006, the Company announced to undertake a restricted issue of up to 40,000,000 new ordinary shares of RM1.00, representing approximately 69.9% and 41.15% of the existing and enlarged issued and paid-up share capital of the Company. The first tranche of 15,000,000 Restricted Issued Shares are to be issued to Alan, who is a non-executive director and a major shareholder of the Company and the remaining of up to 25,000,000 Restricted Issue Shares are to be issued in tranches to non-interested parties (New Investors") to be identified at later dates. The first tranche was completed as the Company had allotted 15,000,000 new shares under the Proposed Restricted Issue to Alan at a price of RM1.00 per share which raised gross proceeds of RM15,000,000 to the Company. The first tranche new ordinary shares arising from the Proposed Restricted Issue were listed and quoted on The Second Board of Bursa Malaysia Securities Berhad ("BMSB") on 9 February 2007.

The Company is required to complete the Proposed Restricted Issue within 6 months of the date of SC's approval, i.e. by 26 June 2007, and an application was submitted to the SC on 12 June 2007 to seek an extension of time of 6 months up to 26 December 2007 to complete the Proposed Restricted Issue. The SC had vide its letter dated 26 June 2007 approved an extension of time of 6 months up to 26 December 2007 for the Company to complete the Proposed Restricted Issue.

Status of the utilisation of proceeds raised from restricted issue is as follows:

	Approved for utilisation by SC	Actual proceeds raised as at 20.7.2007	Utilised as at 20.7.2007	Balance yet to be utilised
	RM'000	RM'000	RM'000	RM'000
Working capital	39,700	14,700	14,700	-
Incidental expenses	300	300	61	239
	<u>40,000</u>	<u>15,000</u>	<u>14,761</u>	<u>239</u>

- (b) The Proposed Disposal of an Industrial Land held under Title No. H.S. (M) 16668, PT 43118, Batu 13, Jalan Sungai Besi, Mukim Cheras, Daerah Hulu Langat, Negeri Selangor ("land") together with all existing building and structures erected thereon (also known as Lot 993, Off Jalan Balakong, 43300 Balakong, Seri Kembangan, Selangor Darul Ehsan) for a total cash consideration of RM11.30 million ("the Proposed Disposal") was completed on 21st March 2007.

Status of the utilisation of proceeds raised from proposed disposal is as follows:

	Approved for utilisation by SC	Utilised as at 20.7.2007	Balance yet to be utilised
	RM'000	RM'000	RM'000
Repayment of bank borrowings	11,000	11,172	(147)
Incidental expenses	300	153	147
	<u>11,300</u>	<u>11,325</u>	<u>-</u>

Today, we have fully repaid all the incidental expenses amounting to RM153,227. The unutilised balance of RM 146,773 was utilised for working capital.

B9 Borrowings and debt securities

Details of the Group's borrowings (which are denominated in Ringgit Malaysia) as at 30 June 2007 are as follows:

	30.06.2007 RM'000	31.12.2006 RM'000
Current		
Secured	14,431	9,723
Unsecured	13,834	18,875
	<u>28,265</u>	<u>28,598</u>
Non-current		
Secured	2,137	2,241
Unsecured	35,000	35,000
	<u>37,137</u>	<u>37,241</u>
Total	<u>65,402</u>	<u>65,839</u>

B10 Off balance sheet financial instruments

As at the reporting date, the Group does not have any off balance sheet financial instruments.

B11 Changes in material litigation

Save as previously disclosed, there were no changes in material litigation, including the status of pending material litigation since the previous quarter to a date not earlier than 7 days from the date of the interim financial statements.

B12 Dividend

No interim dividend has been recommended for the financial period ended 30 June 2007.

B13 Earnings per share

(a) Basic earnings per share

The basic earnings per share has been calculated by dividing the Group's net profit/ (loss) for the period by the weighted average number of shares in issue.

	Current quarter ended		Cumulative period ended	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
Profit/(loss) per share (sen)	1.22	(0.30)	2.02	(6.75)
(i) Net profit/(loss) attributable to shareholders of the Company ('000)	882	(157)	1,446	(3,512)
(ii) Total ordinary shares issued ('000)	72,200	52,000	72,200	52,000
(iii) Weighted average number of shares*	72,200	52,000	71,454	52,000

(b) Diluted earnings per share

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and therefore, dilutive to its basic earnings per share.

B14 Authorised for issue

The second quarterly report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 August 2007.