



LFE CORPORATION BERHAD
(Company No: 579343-A)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
For the period ended 30 June 2009

	Individual Quarter		Cumulative Quarters	
	Current year quarter 30.06.2009 RM'000	Preceding year quarter 30.06.2008 RM'000	Current year- to-date 30.06.2009 RM'000	Preceding year period 30.06.2008 RM'000
Revenue	67,738	68,958	67,738	68,958
Operating expenses	(69,560)	(70,971)	(69,560)	(70,971)
Other operating income	3,422	1,189	3,422	1,189
Profit/(Loss) from operations	1,600	(824)	1,600	(824)
Finance costs	(832)	(1,074)	(832)	(1,074)
Profit/(Loss) before taxation	768	(1,898)	768	(1,898)
Tax credit / (expense)	(31)	(37)	(31)	(37)
Net Profit/(Loss) for the period	737	(1,935)	737	(1,935)
Attributable to :				
Equity holders of the company	738	(1,918)	738	(1,918)
Minority interests	(1)	(17)	(1)	(17)
	737	(1,935)	737	(1,935)
Profit/(loss) per ordinary share:				
- Basic (cumulative)	0.87	(2.26)	0.87	(2.26)
- 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 March 2009)

LFE CORPORATION BERHAD
(Company No : 579343-A)

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
As at 30 June 2009

	Unaudited 30.06.2009	Audited 31.03.2009
	(RM'000)	(RM'000)
Assets		
Property, plant and equipment	7,014	7,975
Land held for property development	3,714	3,714
Investment properties	4,526	4,526
Other investments	-	2,000
Total non-current assets	<u>15,254</u>	<u>18,215</u>
Inventories	3,108	2,931
Assets classified as held for sale	350	350
Property development cost	2,138	2,010
Trade receivables	111,857	96,621
Amount due from contract customers	17,411	16,773
Amount due from associate company	2,880	2,871
Other receivables	27,427	34,558
Amount due by director	26,507	26,507
Fixed deposits with licensed banks	14,005	11,827
Cash and bank balances	9,954	3,828
Tax recoverable	1,155	1,058
Total current assets	<u>216,792</u>	<u>199,334</u>
Total assets	<u>232,046</u>	<u>217,549</u>
Equity		
Share capital	84,900	84,900
Share premium	5,218	5,218
Reserve	(50,917)	(51,256)
Total equity attributable to shareholders of the Company	<u>39,201</u>	<u>38,862</u>
Minority Interests	675	676
Total equity	<u>39,876</u>	<u>39,538</u>
Liabilities		
Long term borrowings	2,260	2,226
Deferred tax liabilities	-	-
Total non-current liabilities	<u>2,260</u>	<u>2,226</u>
Trade payables	72,988	64,040
Amount due to contract customers	8,027	9,149
Other payables	48,320	50,376
Amount owing to directors	1,526	1,499
Overdrafts and short term borrowings	58,631	50,562
Taxation	418	159
Total current liabilities	<u>189,910</u>	<u>175,785</u>
Total liabilities	<u>192,170</u>	<u>178,011</u>
Total equity and liabilities	<u>232,046</u>	<u>217,549</u>
Net assets per share (RM)	<u>0.46</u>	<u>0.46</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 March 2009)

LFE CORPORATION BERHAD
579343-A)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
For the first quarter ended 30 June 2009

	Share capital	Non Share premium	Exchange reserve	Distributable Retained earnings	Total	Minority interests	Total equity
(Unaudited)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
As at 1 April 2009	84,900	5,218	3,136	(54,392)	38,862	676	39,538
Exchange differences on translation	-	-	(399)	-	(399)	-	(399)
Net loss for the period	-	-	-	738	738	(1)	737
As at 30 June 2009	84,900	5,218	2,737	(53,654)	39,201	675	39,876

	Share capital	Non Share premium	Exchange reserve	Distributable Retained earnings	Total	Minority interests	Total equity
(Unaudited)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
As at 1 April 2008	84,900	5,218	(829)	(50,464)	38,825	795	39,620
Exchange differences on translation	-	-	3,965	-	3,965	-	3,965
Net loss for the period	-	-	-	(3,928)	(3,928)	(119)	(4,047)
Acquisition of new subsidiaries	-	-	-	-	-	-	-
As at 31 March 2009	84,900	5,218	3,136	(54,392)	38,862	676	39,538

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2009)

LFE CORPORATION BERHAD
(Company Bo : 579343-A)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)
For the first quarter ended 30 June 2009

	Current Year-to-date (RM'000)	Preceding year Corresponding Period (RM'000)
Cash Flows From Operating Activities		
Profit/(loss) before taxation	768	(1,898)
Adjustments for :		
Non-cash items	4,021	578
Non-operating items	889	967
Operating profit/(loss) before working capital changes	5,678	(353)
Changes in working capital		
Net change in current assets	(9,056)	(15,155)
Net change in current liabilities	5,414	10,725
Cash used in operations	2,036	(4,783)
Income taxes (paid)/refund	(130)	(211)
Net cash used in operating activities	1,906	(4,994)
Cash Flows From Investing Activities		
Interest income	84	110
Purchase of property, plant and equipment	(386)	(746)
Proceed from sale of investment properties	-	1,283
Proceed from sale of property, plant and equipment	-	56
Proceed from sale of quoted shares	-	5,351
Net cash generated from investing activities	(302)	6,054
Cash Flows From Financing Activities		
Interest expense	(832)	(1,074)
Proceeds from short term borrowings	12,764	5,360
Proceeds from long term borrowings	-	751
Repayment of term loans and other bank borrowings	(5,252)	(8,439)
Repayment of hire purchase liabilities	(23)	(30)
Pledge deposit	-	(900)
Net cash (used in)/generated from financing activities	6,657	(4,332)
Exchange differences on translation	(155)	729
Net (decrease)/increase in cash and cash equivalents	8,106	(2,543)
Cash & cash equivalents at beginning of year	(3,272)	217
Cash & cash equivalents at end of period	4,834	(2,326)
Cash & cash equivalents comprise:		
Cash and bank balances	9,954	10,704
Fixed deposits placed with licensed banks	14,005	14,173
Bank overdrafts	(9,452)	(17,530)
	14,507	7,347
Less : Pledged deposit	(9,673)	(9,673)
	4,834	(2,326)

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited annual financial statements for the year ended 31 March 2009)

LFE CORPORATION BERHAD
(Company No: 579343-A)
NOTES TO THE INTERIM FINANCIAL REPORT
For the first quarter ended 30 June 2009

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 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 2007 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 March 2009. The Group has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the MASB but are not yet effective: -

- (i) FRS 8 Operating Segments (effective for financial period beginning on or after 1 July 2009)

FRS 8 replaces FRS 114/2004 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that for internal reporting purposes.

The Group will apply this standard from financial period beginning on 1 April 2010.

- (ii) FRS 7 Financial Instruments : Disclosures and FRS 139 Financial Instruments : Recognition and Measurement (both effective for the financial period beginning on 1 January 2010)

FRS 7 requires disclosures in financial statements that enable users to evaluate the significance of financial instruments of the entity to which is exposed and how these risks are managed. FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply when effective.

- (iii) Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective for financial periods beginning on or after 1 January 2010).

The amendment to FRS 1 allows first time adopters of FRS to measure the initial cost of investments in subsidiaries, jointly controlled entities (JCE) and associates either at fair value or the previous carrying amount. This amendment has no impact on the Group. FRS 127 has been amended to deal with situations where a parent reorganises its group by establishing a new entity as its parent. The Group will apply these amendments when effective.

(iv) IC interpretation 10: Interim Financial Reporting and Impairment (effective for financial periods beginning on or after 1 January 2010).

IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investment in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply this standard when effective.

The quarterly financial statements are to be read in conjunction with the annual financial statements for the year ended 31 March 2009.

A3 Audit report of preceding annual financial statements

The audit report for the financial statements of the Group for the financial year ended 31 March 2009 has expressed the following audit qualification: -

"1. Report on the financial statements

We have audited the accompanying financial statements which comprise the balance sheet of the Group and of the Company as at 31 March 2009, and the related statements of income, changes in equity and cash flows for the period 1 January 2008 to 31 March 2009, and a summary of significant accounting policies and other explanatory notes.

The financial statements of the Group and the Company for the year ended 31 December 2007 were audited by another firm of auditors whose report dated 28 October 2008 expressed a qualified opinion on those statements. The auditors were unable satisfy themselves as to the recoverability of the amounts due to the Group by a director of the Company of RM24,144,592 and due to the Company by a subsidiary, LFE International Limited, of RM4,258,568.

1.1 Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act 1965 ("Act") and the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

1.2 Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

1.3 Basis for qualified opinion

As at 31 March 2009, there is an amount due to the Group by a director of the Company of RM26,506,700 where the scheduled full repayment on or before 21 December 2008 has not been met by the director. The amount arose from an undertaking of the director pursuant to advances made for and his profit guarantee obligations of the computer products trading activities carried out by a wholly owned subsidiary of the Company, LFE International Limited ("LFEI"), which also gave rise to an amount due to the Company by LFEI as at 31 March 2009 of RM17,497,026. The undertaking is secured by way of a pledge by the director of 25 million ordinary shares in Stanton Technologies Limited ("Stanton Shares"), a company incorporated in Dubai International Financial Centre. The details of the events and key matters relating to the undertaking are as discussed more fully in Note 39 to the financial statements.

The scheduled full repayment of the undertaking amount has not been met by the director and we are also unable to satisfy ourselves as to whether the value of the pledged Stanton Shares provides adequate security to cover any loss that may arise from the non repayment of the undertaking amount. Accordingly, we are unable to satisfy ourselves as to the recoverability of both the amounts due to the Group by the director of RM26,506,700 and due to the Company by LFEI of RM17,497,026.

1.4 Qualified opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the recoverability of the amounts due to the Group by the director and due to the Company by LFEI as explained in paragraph 1.3, the financial statements have been properly drawn up in accordance with the Act and the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2009, and of their financial performance and their cash flows for the period 1 January 2008 to 31 March 2009.

2. Report on other legal and regulatory requirements

In accordance with the requirements of the Act, we also report on the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries incorporated in Malaysia of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 13 to the financial statements, being financial statements that have been included in the Group's financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the Group's financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material in relation to the Group's financial statements and did not include any comment made under Section 174(3) of the Act.

3. Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act and for no other purpose. We do not assume responsibility to any other person for the content of this report. "

A4 Seasonality or cyclical 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 under review.

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 2009 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	302	-	2,075	-	2,377
Overseas	65,361	-	-	-	65,361
Total revenue	<u>65,663</u>	<u>-</u>	<u>2,075</u>	<u>-</u>	<u>67,738</u>
RESULTS					
Operating profit /(loss)	1,715	(166)	51	-	1,600
Interest expense	(824)	-	(8)	-	(832)
Income tax	(22)	-	(9)	-	(31)
(Loss)/ profit after tax	<u>869</u>	<u>(166)</u>	<u>34</u>	<u>-</u>	<u>737</u>
Minority interest					<u>1</u>
Net profit					<u><u>738</u></u>

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 has no arisen any events subsequent to the end of the financial period that have not been reflected in the financial statements for the current interim financial period.

A12 Changes in the composition of the Group

On 13 January 2009, the Company entered in a conditional sale and purchase agreement to acquire the entire issued and paid up share capital of Teratai Megah Sdn Bhd (TMSB"), comprising 750,003 ordinary shares of RM1.00 each for a cash consideration of RM700,000. The rationale for this acquisition is to venture into the civil and structural construction activities with a view to tender for more projects in the Middle East. The sale and purchase agreement was completed in June 2009 upon the issuance of a letter of award by Al Tamouh Investments LLC in favour of IJM-LFE Joint Venture for the construction and completion of Phase 1 Plot 1 Zone E2 Al Reem Island Development, Abu Dhabi, United Arab Emirates.

Save for the above, there were no changes in the composition of the Group during the quarter under review.

A13 Capital commitments

	30.06.09 RM'000	30.06.08 RM'000
Investments		
Contracted but not provided for in the accounts	600	-
	<u>600</u>	<u>-</u>

A14 Changes in contingent liabilities and contingent assets

The changes in contingent liabilities of the Company and the Group since the date of the last financial statements to the date of this report are as follows:

	1.04.2009 RM'000	Changes RM'000	30.06.2009 RM'000
Corporate guarantees issued to financial institutions in respect of credit facilities granted to subsidiary companies	152,300	-	152,300
Corporate guarantees given to suppliers of raw materials purchased by subsidiary companies	7,000	-	7,000
Performance Bonds issued in respect of due performance of contracts awarded to a subsidiary company	628	-	628
Corporate guarantees issued to financial institutions in respect of credit facilities granted to a jointly control operations	30,174	-	30,174
Letter of guarantee issued by a subsidiary to a third party	250	-	250
	<u>190,352</u>	<u>-</u>	<u>190,352</u>

A15 Related party transactions

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

	Current	Cumulative
	30.06.2009	period ended
	RM'000	30.06.2009
		RM'000
Transactions with key management personnel		
Rental expenses paid to a director		
# - Lew Mew Choi	18	18
Transactions with a company in which a director and substantial shareholder has interests		
Rental expenses payable		
# - Megaduct Systems (M) Sdn Bhd	*	65
Maintenance charges		
# - Megaduct Systems (M) Sdn Bhd	*	12
Purchases of materials		
# - Megaduct Technology Sdn Bhd (formerly known as Mayduct Technology Sdn Bhd)	1	1
Contract revenue receivable from a company in which a substantial shareholder has interests		
# - Kejuruteraan Rayton Sdn Bhd	0.5	0.5
# - District Cooling Systems	1	1
#	These transactions have been entered into under negotiated terms.	

A16 Change of Financial Year

On 14 Nov 2008, the financial year of the Company was changed from 31 December to 31 March commencing financial period ended 31 March 2009 and thereafter to end on 31 March of every subsequent year.

B Additional information required by Bursa Malaysia Securities Berhad listing requirements

B1 Review of performance

The Group recorded total revenue of RM 67.8 million for the financial period-to-date as compared to RM68.9 million for the corresponding period of the preceding year, slight decrease in revenue due to lower contribution from local market. The Mechanical and Electrical Engineering ("M&E") Division accounted for 96.9% (RM65.6 million) of total revenue for the financial period to-date.

The Group registered pre-tax profit of RM0.8 million for the financial period-to-date, a increase of RM2.7 million from pre-tax loss of RM1.9 million as compared to the corresponding period of the preceding year.

B2 Comparison between the current quarter and immediate preceding quarter

The Group recorded total revenue of RM67.8 million in the current quarter which represents a decrease of RM8.0 million from the immediate preceding quarter of RM75.8 million. However, pre-tax profit increase by RM0.4 million from RM0.4 million as recorded in the immediate preceding quarter to RM0.8 million.

B3 Prospects for the Current Financial Year

Looking forward, the Group's revenue will come from the order book secured in the United Arab Emirates and China.

The Board expects the Group's performance for the current financial year continue to be challenging.

B4 Variance of profit forecast

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

B5 Tax expense / (Credit)

	Current quarter ended		Cumulative period ended	
	30.06.2009 RM'000	30.06.2008 RM'000	30.06.2009 RM'000	30.06.2008 RM'000
Malaysian income tax	9	27	9	27
Overseas taxation	22	10	22	10
Tax expense / (Credit)	<u>31</u>	<u>37</u>	<u>31</u>	<u>37</u>

B6 Sale of unquoted investments and properties

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

B7 Purchase or disposal of quoted securities

There were no purchases of quoted securities for the current quarter under review.

B8 Status of corporate proposals announced

There was no corporate proposals announced as at the reporting date.

B9 Borrowings and debt securities

Details of the Group's borrowings (which are denominated in Ringgit Malaysia) as at 30 June 2009 are as follows:

	30.06.2009 RM'000
Current	
Secured	19,077
Unsecured	39,554
	<hr/> 58,631
Non-current	
Secured	2,076
Unsecured	190
	<hr/> 2,266
Total	<hr/> <hr/> 60,897

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 current quarter under review.

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.

	3 months ended		Comparative	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
Basic earnings/(loss) per share (sen)				
From continuing operations	0.87	(2.26)	0.87	(2.26)
From discontinuing operations	-	-	-	-
(i) Net profit/(loss) attributable to shareholders of the Company ('000)				
From continuing operations	738	(1,918)	738	(1,918)
From discontinuing operations	-	-	-	-
(ii) Total ordinary shares issued ('000)	84,900	84,900	84,900	84,900
(iii) Weighted average number of shares	84,900	84,900	84,900	84,900

(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 interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 Aug 2009.