



LFE CORPORATION BERHAD
(Company No: 579343-A)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the second quarter ended 31 Jan 2012

	Individual Quarter		Cumulative Quarters	
	Current Quarter Ended	Preceding year corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period
	31 Jan 2012 RM'000	31 Jan 2011 RM'000	31 Jan 2012 RM'000	31 Jan 2011 RM'000
Revenue	2,837		8,544	
Cost of sales	(2,676)		(8,558)	
Gross loss	161		(14)	
Other income	108		388	
Operating expenses	(284)		(611)	
Administrative expenses	(896)		(1,862)	
Finance costs	(675)		(1,391)	
Share of profit/(loss) of associate	(26)		(41)	
Loss before taxation	(1,613)		(3,531)	
Income tax expense	(2)		1	
Loss for the period	(1,615)		(3,530)	
<u>Other comprehensive income / (loss) net of tax :</u>				
		N/A		N/A
Foreign exchange translation differences	374		374	
Total comprehensive loss for the period	(1,241)		(3,155)	
<u>Net Profit/(Loss) attributable to :</u>				
Equity holders of the company	(1,615)		(3,530)	
Minority interests	-		-	
	(1,615)		(3,530)	
<u>Total comprehensive loss attributable to :</u>				
Equity holders of the company	(1,241)		(3,155)	
Minority interests	-		-	
	(1,241)		(3,155)	
Profit/(loss) per ordinary share:				
- Basic (sen)	(1.90)		(4.16)	
- Diluted (sen) (Note B13)	N/A		N/A	

Note : N/A denotes Not Applicable

There are no comparative figures for the current quarter and the cumulative quarter of the preceding financial year following the change in the financial year end from 31 March to 31 July.

(The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial period ended 31 July 2011)

LFE CORPORATION BERHAD
(Company No : 579343-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 31 January 2012

	Unaudited 31 Jan 2012	Audited 31 July 2011
	(RM'000)	(RM'000)
Non current Assets		
Property, plant and equipment	912	1,287
Investment properties	740	740
Associates	181	220
	<u>1,832</u>	<u>2,247</u>
Current Assets		
Inventories	16	663
Non current assets held for sale	931	931
Trade receivables	59,599	61,561
Amount due from contract customers	25,883	22,768
Amount due from associate company	5,824	5,684
Amount due from a former director	26,507	26,507
Other receivables, deposits and prepayments	6,455	4,600
Tax recoverable	264	529
Fixed deposits with licensed banks	876	876
Cash and bank balances	1,356	2,118
	<u>127,710</u>	<u>126,237</u>
Current liabilities		
Trade payables	26,810	30,580
Amount due to contract customers	8,441	3,304
Amount due to an associate	38	38
Amount owing to directors	55	56
Other payables and accruals	38,797	35,539
Hire purchase liabilities	21	21
Short term borrowings	24,768	25,171
	<u>98,930</u>	<u>94,709</u>
Net current assets	28,780	31,528
Non current liabilities		
Hire purchase liabilities	51	59
Long term loans	4,015	4,015
Deferred tax liabilities	7	7
	<u>(4,073)</u>	<u>(4,081)</u>
	<u>26,539</u>	<u>29,694</u>
Represented by:		
Share capital	84,900	84,900
Share premium	5,218	5,218
Reserves	(63,579)	(60,424)
Total equity attributable to shareholders of the Company	<u>26,539</u>	<u>29,694</u>
Minority Interests	(0)	(0)
Total equity	<u>26,539</u>	<u>29,694</u>
Net assets per share (RM)	<u>0.31</u>	<u>0.35</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 31 July 2011)

LFE CORPORATION BERHAD
579343-A)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the second quarter ended 31 January 2012

	← Atributable to Equity Holders of the Company →				
	Share capital (RM'000)	Share premium (RM'000)	Exchange translation reserve (RM'000)	Accumulated losses (RM'000)	Total (RM'000)
(Audited)					
As at 1 Aug 2011	84,900	5,218	(1,503)	(58,921)	29,694
				(0)	(0)
Total comprehensive loss for the period			375	(3,530)	(3,155)
As at 31 October 2011	84,900	5,218	(1,128)	(62,451)	26,539

	← Atributable to Equity Holders of the Company →				
	Share capital (RM'000)	Share premium (RM'000)	Exchange translation reserve (RM'000)	Accumulated losses (RM'000)	Total (RM'000)
(Audited)					
As at 1 April 2010	84,900	5,218	454	(60,094)	30,478
As previously reported				(240)	(240)
Effects of adopting FRS 139					(240)
As restated	84,900	5,218	454	(60,334)	30,238
Total comprehensive loss for the period			(1,957)	1,413	(544)
Changes arising from changes in composition of the Group					(370)
As at 31 July 2011	84,900	5,218	(1,503)	(58,921)	29,694

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial period ended 31 July 2011)

LFE CORPORATION BERHAD
(Company Bo : 579343-A)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
For the second quarter ended 31 January 2012

	Current Period Ended 31 Jan 2012 (RM'000)	Preceding Financial Period Ended 31 July 2011 (RM'000)
Cash Flows From Operating Activities		
Profit/(loss) before taxation	(3,531)	1,578
Adjustments for :		
Non-cash items	376	(9,622)
Non-operating items	1,938	2,977
Operating profit/(loss) before working capital changes	<u>(1,217)</u>	<u>(5,067)</u>
Changes in working capital		
Net change in current assets	2,133	41,448
Net change in current liabilities	(513)	(35,228)
Cash (used in) / generated from operations	<u>403</u>	<u>1,153</u>
Interest received	0	174
Interest paid	(1,391)	(4,095)
Income taxes (paid)/refund	265	250
Net cash used in operating activities	(723)	(2,518)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(16)	(1,320)
Investment in associated company	(0)	(201)
Disposal of subsidiary companies	-	(1,642)
Proceeds from disposal of property, plant and equipment / Stock	137	974
Proceeds from disposal of assets held for sale	-	5,093
Advances to associate	(140)	3,620
Net cash (used in) / generated from investing activities	(20)	6,524
Cash Flows From Financing Activities		
Increase in fixed deposit pledged	-	11,656
Repayment of bank borrowings	37	(19,158)
Repayment of hire purchase payables	(8)	(72)
Net cash generated from / (used in) financing activities	29	(7,574)
Exchange differences on translation	392	(1,271)
Net decrease in cash and cash equivalents	<u>(322)</u>	<u>(4,839)</u>
Cash & cash equivalents at beginning of year	<u>(1,262)</u>	<u>3,577</u>
Cash & cash equivalents at end of period	(1,584)	(1,262)
Cash & cash equivalents comprise:		
Cash and bank balances	1,356	2,118
Fixed deposits placed with licensed banks	876	876
Bank overdrafts	(2,940)	(3,380)
	<u>(708)</u>	<u>(386)</u>
Less : Fixed deposit pledged	(876)	(876)
	(1,584)	(1,262)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the financial period ended 31 July 2011)

A EXPLANATORY NOTES AS PER FRS 134

A1 Basis of preparation

This interim financial report are unaudited and have been prepared in accordance with the applicable disclosure provisions stated in Chapter 9 Part K 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 judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities.

This interim financial statements should be read in conjunction with the most recent audited financial statements of the Group for the financial year ended 31 July 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 31 July 2011.

A2 Changes 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 July 2011 except for the adoption of new standards, amendments to standards and IC interpretations that are mandatory for the Group for the financial year beginning 1 August 2011:

- (i) FRS 1 First-time Adoption of Financial Reporting Standards (revised)
- (ii) FRS3 Business Combinations (revised)
- (ii) FRS 127 Consolidated and Separate Financial Statements(revised)
- (iv) Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adoption
- (v) Amendments to FRS 1 Additional Exemptions for First-time Adopters
- (vi) Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions
- (vii) Amendments to FRS 2 Share-based Payment
- (viii) Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- (ix) Amendments to FRS 7 Improving Disclosures about Financial Instruments
- (x) Amendments to FRS 132 Financial Instruments : Presentation
- (xi) Amendments to FRS 138 Intangible Assets
- (xii) Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"
- (xiii) IC Interpretation 4 Determining whether an Arrangement Contain a Lease
- (xiv) IC Interpretation 12 Service Concession Arrangements
- (xv) IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- (xvi) IC Interpretation 17 Distributions of Non-cash Assets to Owners
- (xvii) IC Interpretation 18 Transfer of Assets from Customers
- (xviii) IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
- (xix) Amendments to IC Interpretation 4 Prepayments of a Minimum Funding Requirement
- (xx) Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

The adoption of the abovementioned FRSs, Interpretations, Amendments to FRSs and Interpretation will have no material impact on the financial statement of the Group.

A3 Audit report of preceding annual financial statements

The audit report for the financial statements of the Group for the financial period ended 31 July 2011 has expressed the following audit qualification: -

"1. Report on the financial statements

We have audited the financial statements of LFE Corporation Berhad, which comprise the statements of financial position as at 31 July 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equities and statements of cash flow of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes.

1.1 Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia and the Companies Act, 1965 and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 audit 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 Company's preparation of the financial statement that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, 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 July 2011, there is an amount of RM26,506,700 due to the Group by a former director of the Company which the scheduled full repayment on or before 21 December 2008 has not been met. The amount arose from an undertaking of the former director pursuant to advances made for and his profit guarantee obligations on 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 July 2011 of RM17,497,026. The undertaking is secured by way of a pledge by the former director of 25 million ordinary shares in Stanton Technologies Limited ("Stanton Shares"), a company incorporated in Dubai International Financial Centre. As discussed in Note 17 to the financial statements, no impairment on receivables has been made on these amounts.

On 29 September 2011 the Group obtained a favourable judgement from Kuala Lumpur Regional Centre on the legal proceeding against the aforesaid former director as further highlighted in Note 17 to the financial statements. However, we are 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 the amounts due to the Group by the former Director of RM26,506,700 and due to Company by LFEI of RM17,497,026 respectively.

1.4 Qualified opinion

In our opinion, except for the effects on the financial statements, if any, of the matters referred to in the Basis for Qualified Opinion paragraphs, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia and the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 July 2011 and of their financial performances and cash flows for the financial period then ended.

2. Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, 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 its subsidiaries companies have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the independent auditors' reports of all subsidiary companies of which we have not acted as auditors, which are indicated in Note 5(b) to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiary companies 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The independent auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

3. Other reporting responsibilities

The supplementary information set out in Note 46 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the Directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the Directive of Bursa Malaysia Securities Berhad.

4. Other matters

The financial statements of the Group and of the Company for the financial year ended 31 March 2010 were audited by another firm of Chartered Accountants, whose report dated 28 July 2010, expressed a qualified opinion on those statements. The auditors were unable to ascertain recoverability of the amounts owing by a former Director and amounts owing by a subsidiary company.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia 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

For the period under review, the business operations of the Group were not significantly affected by any seasonal or cyclical factors.

A5 Unusual and extraordinary items

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

A9 Segmental reporting

6 months period ended 31 January 2012	Construction / Electrical & mechanical RM'000	Investment holding RM'000	Distribution of consumer electronics products RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE					
External Sales					
Malaysia	7,441	-	-	-	7,441
Overseas	1,102	-	-	-	1,102
Total revenue	<u>8,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,544</u>
RESULTS					
Operating profit /(loss)	(1,975)	(136)	(2)	14	(2,099)
Interest expense	(1,391)	-	-	-	(1,391)
Share of results in associate	-	-	(41)	-	(41)
Profit/(Loss) before tax	<u>(3,365)</u>	<u>(136)</u>	<u>(43)</u>	<u>14</u>	<u>(3,531)</u>
Income tax expense	1	-	(0)	-	1
Net Profit/(Loss) for the period	<u>(3,364)</u>	<u>(136)</u>	<u>(43)</u>	<u>14</u>	<u>(3,530)</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 was no material event subsequent to the end of the reporting period and up to the date of issuance of this report.

A12 Changes in the composition of the Group

There were no changes in the compositions of the Group during the period under review.

A13 Capital commitments

There were no capital commitments for the period and financial period under review.

A14 Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities of the Company and the Group since the date of the last financial statements.

A15 Related party transactions

There were no significant related party transactions as at the end of the current period under review.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS**B1 Review of performance**

The Group recorded revenue of RM2.8million for the current quarter under review. The revenue for the 2nd Qtr 2012 was lower than the average of the past 16 months due to lower contribution from the construction activities undertaken by the Group.

The Group recorded loss before tax of RM1.6 million for the current quarter under review, due to the lower revenue achieved.

B2 Comparison between the current quarter and immediate preceding quarter

The Group recorded revenue and loss before tax of RM2.8 million and RM1.6 million respectively for the current quarter compared to revenue of RM5.8 million and loss before tax of RM1.9 million in the immediate preceding period. The revenue for the current quarter ended 31 January 2012 was lower mainly due to the novation of Teratai Megah Sdn Bhd's contract to sub con commencing from Dec 11. This lower revenue is mitigated by lower operational cost which led to reduction of total loss of 0.3 million as compared to previous quarter

B3 Current year prospects

In view of the competitiveness of the industry, the Group is expecting challenging times ahead for the forth-coming financial year ending 31 July 2012.

B4 Variance of profit forecast

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

B5 Tax expense / (Credit)

	Current month ended 31.01.2012 RM'000	Cumulative period ended 31.01.2012 RM'000
Malaysian income tax	2	(1)
Overseas taxation	-	-
Tax expense / (Credit)	<u>2</u>	<u>(1)</u>

B6 Sale of unquoted investments and properties

There were no sales of unquoted investments and / or properties during the current quarter under review.

B7 Status of corporate proposals announced

There was no corporate proposals announced that was not completed at the end of the reporting period.

B8 Borrowings and debt securities

Details of the Group's borrowings as at 31 January 2012 are as follows:

	31.01.2012 RM'000	31.07.2011 RM'000
Short Term Borrowings		
Bank Overdraft	2,940	3,380
Revolving Credit	13,213	12,864
Term loan	8,614	8,928
Hire purchase	21	21
	<u>24,789</u>	<u>25,192</u>
Long Term Borrowings		
Term loan	4,015	4,015
Hire purchase	51	59
	<u>4,066</u>	<u>4,074</u>
Total	<u>28,855</u>	<u>29,266</u>

The above inclusive of borrowings in foreign currency of AED12 million. The exchange rates used was 1 AED = RM0.8283

B9 Off balance sheet financial instruments

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

B10 Changes in material litigation

There were no changes in material litigation, including the status of pending material litigation since 31 July 2011.

B11 Dividend payable

No interim dividend has been recommended for the current quarter under review.

B12 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 31.01.2012	Cumulative period ended 31.01.2012
Net profit attributable to shareholders of the Company ('000)	(1,615)	(3,530)
Weighted average number of shares	84,900	84,900
Basic earnings per share (sen)	(1.90)	(4.16)

(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.

B13 Realised and unrealised profits/losses disclosure

	As at 31.01.2012 RM'000	As at 31.07.2011 RM'000
Total retained profit/accumulated losses of LFE and its subsidiaries:		
- Realised	(96,478)	(93,195)
- Unrealised	(7)	(7)
	(96,485)	(93,202)
Total retained profit/accumulated losses from associated companies		
- Realised	(115)	(75)
- Unrealised	-	-
Total retained profit/accumulated losses from jointly controlled entities		
- Realised	20,968	21,212
- Unrealised	-	-
	(75,632)	(72,065)
Less: Consolidation adjustments	13,180	13,144
Total group retained profit/accumulated losses as per consolidated accounts	<u>(62,452)</u>	<u>(58,921)</u>

B14 Authorisation 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 March 2012.