



LFE CORPORATION BERHAD
(Company No: 579343-A)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the First quarter ended 31 October 2012

| | Individual Quarter | | Cumulative Quarters | |
|--|--------------------------|---|-------------------------|--|
| | Current Quarter Ended | Preceding year corresponding Quarter Ended | Current Year To Date | Preceding Year Corresponding Period |
| | 31 Oct 2012 RM'000 | 31 Oct 2011 RM'000 | 31 Oct 2012 RM'000 | 31 Oct 2011 RM'000 |
| Revenue | 14,464 | 5,707 | 14,464 | 5,707 |
| Cost of sales | (12,486) | (5,882) | (12,486) | (5,882) |
| Gross Profit/(Loss) | 1,978 | (175) | 1,978 | (175) |
| Other income | 292 | 281 | 292 | 281 |
| Operating expenses | (88) | (327) | (88) | (327) |
| Administrative expenses | (731) | (966) | (731) | (966) |
| Finance costs | (491) | (716) | (491) | (716) |
| Share of profit/(loss) of associate | (4) | (15) | (4) | (15) |
| Profit/ (Loss) before taxation | 956 | (1,918) | 956 | (1,918) |
| income tax expense | (67) | 3 | (67) | 3 |
| Profit/ (Loss) for the period | 889 | (1,915) | 889 | (1,915) |
| <u>Other comprehensive income / (loss) net of tax :</u> | | | | |
| Foreign exchange translation differences | (375) | 387 | (375) | 387 |
| Total comprehensive Income /(loss) for the period | 514 | (1,528) | 514 | (1,528) |
| <u>Net Profit/(Loss) attributable to :</u> | | | | |
| Equity holders of the company | 889 | (1,915) | 889 | (1,915) |
| Minority interests | - | - | - | - |
| | 889 | (1,915) | 889 | (1,915) |
| <u>Total comprehensive profit / (loss) attributable to :</u> | | | | |
| Equity holders of the company | 514 | (1,528) | 514 | (1,528) |
| Minority interests | - | - | - | - |
| | 514 | (1,528) | 514 | (1,528) |
| Profit/(loss) per ordinary share: | | | | |
| - Basic (sen) | 1.05 | (2.26) | 1.05 | (2.26) |
| - Diluted (sen) (Note B12) | N/A | N/A | N/A | N/A |

Note : N/A denotes Not Applicable

(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 2012)

LFE CORPORATION BERHAD
(Company No : 579343-A)

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

| | Unaudited 31 Oct 2012 | Audited 31 July 2012 |
|---|--------------------------|-------------------------|
| | (RM'000) | (RM'000) |
| Non current Assets | | |
| Property, plant and equipment | 737 | 850 |
| Investment properties | 403 | 403 |
| Associates | 149 | 152 |
| | <u>1,289</u> | <u>1,405</u> |
| Current Assets | | |
| Inventories | 33 | 31 |
| Trade receivables | 94,892 | 97,479 |
| Amount due from contract customers | 6,925 | 6,889 |
| Amount due from associate company | 6,001 | 6,013 |
| Other receivables, deposits and prepayments | 5,558 | 6,571 |
| Tax recoverable | 230 | 221 |
| Fixed deposits with licensed banks | 904 | 904 |
| Cash and bank balances | 4,989 | 2,387 |
| | <u>119,532</u> | <u>120,495</u> |
| Current liabilities | | |
| Trade payables | 29,437 | 30,985 |
| Amount due to contract customers | 28,607 | 28,707 |
| Amount due to an associate | 38 | 38 |
| Amount owing to directors | 56 | 56 |
| Other payables and accruals | 44,107 | 44,224 |
| Hire purchase liabilities | 77 | 77 |
| Short term borrowings | 17,007 | 16,882 |
| Tax payable | 67 | - |
| | <u>119,396</u> | <u>120,969</u> |
| Net current assets | 136 | (474) |
| Non current liabilities | | |
| Hire purchase liabilities | 113 | 133 |
| Long term loans | 3,437 | 3,437 |
| Deferred tax liabilities | 7 | 7 |
| | <u>(3,557)</u> | <u>(3,577)</u> |
| | <u>(2,132)</u> | <u>(2,646)</u> |
| Represented by: | | |
| Share capital | 84,900 | 84,900 |
| Share premium | 5,218 | 5,218 |
| Reserves | (92,250) | (92,764) |
| Total equity attributable to shareholders of the Company | <u>(2,132)</u> | <u>(2,646)</u> |
| Minority Interests | (0) | (0) |
| Total equity | <u>(2,132)</u> | <u>(2,646)</u> |
| Net assets per share (RM) | <u>(0.03)</u> | <u>(0.03)</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 2012)

LFE CORPORATION BERHAD
579343-A)

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

| | ← Attributable 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) |
| (Unaudited) | | | | | |
| As at 1 Aug 2012 | 84,900 | 5,218 | (712) | (92,052) | (2,646) |
| Total comprehensive profit / (loss) for the period | - | - | (375) | 889 | 514 |
| As at 31 October 2012 | 84,900 | 5,218 | (1,087) | (91,163) | (2,132) |
| | | | | | (0) |
| | | | | | (2,132) |

| | ← Attributable 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 | (1,502) | (58,922) | 29,694 |
| Total comprehensive profit / (loss) for the period | - | - | 790 | (33,130) | (32,340) |
| As at 31 July 2012 | 84,900 | 5,218 | (712) | (92,052) | (2,646) |
| | | | | | (0) |
| | | | | | (2,646) |

(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 2012)

LFE CORPORATION BERHAD
(Company Bo : 579343-A)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
For the first quarter ended 31 October 2012

| | Current Period Ended 31 Oct 2012 (RM'000) | Preceding Financial Period Ended 31 July 2012 (RM'000) |
|---|--|---|
| Cash Flows From Operating Activities | | |
| Profit/(loss) before taxation | 956 | (33,117) |
| Adjustments for : | | |
| Non-cash items | 110 | 545 |
| Non-operating items | 494 | 3,046 |
| Operating profit/(loss) before working capital changes | <u>1,560</u> | <u>(29,526)</u> |
| Changes in working capital | | |
| Net change in current assets | 3,462 | 29,863 |
| Net change in current liabilities | (1,665) | 9,089 |
| Cash generated from operations | <u>3,357</u> | <u>9,426</u> |
| Interest received | 0 | 28 |
| Interest paid | (491) | (2,658) |
| Income taxes (paid)/refund | (8) | 307 |
| Net cash generated from operating activities | 2,858 | 7,103 |
| Cash Flows From Investing Activities | | |
| Purchase of property, plant and equipment | (1) | (63) |
| Investment in associated company | 0 | - |
| Disposal of subsidiary companies | - | - |
| Proceeds from disposal of property, plant and equipment / Stock | - | 1,572 |
| Proceeds from disposal of assets held for sale | - | - |
| Advances to associate | 11 | (327) |
| Net cash generated from investing activities | 10 | 1,182 |
| Cash Flows From Financing Activities | | |
| Increase in fixed deposit pledged | (0) | - |
| Repayment of bank borrowings | 110 | (8,335) |
| Repayment of hire purchase payables | (19) | (21) |
| Net cash generated from / (used in) financing activities | 91 | (8,356) |
| Exchange differences on translation | (373) | 873 |
| Net increase in cash and cash equivalents | <u>2,586</u> | <u>802</u> |
| Cash & cash equivalents at beginning of year | (460) | (1,262) |
| Cash & cash equivalents at end of period | 2,126 | (460) |
| Cash & cash equivalents comprise: | | |
| Cash and bank balances | 4,989 | 2,387 |
| Fixed deposits placed with licensed banks | 904 | 904 |
| Bank overdrafts | (2,863) | (2,848) |
| | <u>3,030</u> | <u>444</u> |
| Less : Fixed deposit pledged | (904) | (904) |
| | 2,126 | (460) |

(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 2012)

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 Malaysian Financial Reporting Standard (MFRS) 134, *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board ("MASB") and it is in compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* issued by the International Accounting Standard Board ("IASB").

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 2012. 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 2012.

Since the previous annual audited financial statements as at 31 July 2012 were issued, the Group has adopted the MFRS framework issued by the MASB with effect from 1 August 2012. To converge with International Financial Reporting Standards ("IFRS") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretations 15 Agreements for Construction of Real Estate, including its parent significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer the adoption of the new MFRSs for an additional two years. Consequently, adoption of MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. However, the Group and the Company do not qualify as Transitioning Entities and is therefore required to adopt the MFRSs for the financial period beginning on or after 1 January 2012.

The Company triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a) of Practice Note 17 ("PN17") under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") on 1 October 2012 and as of that date is considered a PN17 company. The Company has until 30 September 2013 to submit its Proposed Regularisation Plan to the regulatory authorities to regularise the Group's financial condition and business operations.

A2 Accounting Policies

In compliance with MFRS, MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied in this interim report. The transition from FRS to MFRS does not have any significant impact to the financial statements of the Group. The audited financial statements of the Group for the financial year ended 31 July 2012 were prepared in accordance with FRS. As the requirements under FRS are similar, the significant accounting policies and method of computation adopted in these quarterly interim financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 July 2012.

MFRSs effective on 1 January 2012

| | |
|----------|---|
| MFRS 1 | First time Adoption of Malaysian Financial Reporting Standards |
| MFRS 2 | Share-based Payments |
| MFRS 3 | Business Combinations |
| MFRS 4 | Insurance Contracts |
| MFRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| MFRS 6 | Exploration for Evaluation of Mineral Resource |
| MFRS 7 | Financial Instruments: Disclosures |
| MFRS 8 | Operating Segments |
| MFRS 101 | Presentation of Financial Statements |
| MFRS 102 | Inventories |
| MFRS 107 | Statement of Cash Flows |
| MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| MFRS 110 | Events after the Reporting Period |
| MFRS 111 | Construction Contracts |
| MFRS 112 | Income Taxes |
| MFRS 116 | Property, Plant and Equipment |

A2 Accounting Policies (cont'd)

| | |
|------------|---|
| MFRS 117 | Leases |
| MFRS 118 | Revenue |
| MFRS 119 | Employee Benefits |
| MFRS 120 | Accounting for Government Grants and Disclosure of Government Assistance |
| MFRS 121 | The Effects of Changes in Foreign Exchange Rates |
| MFRS 123 | Borrowing Costs |
| MFRS 124 | Related Party Disclosures |
| MFRS 126 | Accounting and Reporting by Retirement Benefit Plans |
| MFRS 127 | Consolidated and Separate Financial Statements |
| MFRS 128 | Investments in Associates |
| MFRS 129 | Financial Reporting in Hyperinflationary Economics |
| MFRS 131 | Interests in Joint Ventures |
| MFRS 132 | Financial Instruments : Presentation |
| MFRS 133 | Earnings per Share |
| MFRS 134 | Interim Financial Reporting |
| MFRS 136 | Impairment of Assets |
| MFRS 137 | Provisions, Contingent Liabilities and Contingent Assets |
| MFRS 138 | Intangible Assets |
| MFRS 139 | Financial Instruments : Recognition and Measurement |
| MFRS 140 | Investment Property |
| IC Int 1 | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| IC Int 2 | Members' Shares in Co-operative Entities and Similar Instruments |
| IC Int 4 | Determining whether an Arrangement contains a Lease |
| IC Int 5 | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |
| IC Int 6 | Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment |
| IC Int 7 | Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economics |
| IC Int 9 | Reassessment of Embedded Derivatives |
| IC Int 10 | Interim Financial Reporting and Impairment |
| IC Int 12 | Service Concession Arrangements |
| IC Int 13 | Customer Loyalty Programmes |
| IC Int 14 | MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| IC Int 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Int 17 | Distributions of Non-cash Assets to Owners |
| IC Int 18 | Transfers of Assets from Customers |
| IC Int 19 | Extinguishing Financial Liabilities with Equity Instruments |
| IC Int 107 | Introduction of the Euro |
| IC Int 110 | Government Assistance – No Specific Relation to Operation Activities |
| IC Int 112 | Consolidation – Special Purpose Entities |
| IC Int 113 | Controlled Entities – Non-Monetary Contributions by Ventures Jointly |
| IC Int 115 | Operating Leases – Incentives |
| IC Int 125 | Income Taxes – Changes in the Tax Status of an Entity or its Shareholders |
| IC Int 127 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| IC Int 129 | Concession Arrangements: Disclosures Services |
| IC Int 131 | Revenue – Barter Transactions Involving Advertising Services |
| IC Int 132 | Intangible Assets – Web Site Costs |

MFRSs effective on 1 January 2013

| | |
|-----------|---|
| MFRS 10 | Consolidated Financial Statements |
| MFRS 11 | Joint Arrangements |
| MFRS 12 | Disclosure of Interest in Other Entities |
| MFRS 13 | Fair Value Measurement |
| MFRS 119 | Employee Benefits (International Accounting Standard ("IAS") 9 as amended by IASB in June 2011) |
| MFRS 127 | Separate Financial Statements (IAS 27 as amended by IASB in May 2011) |
| MFRS 128 | Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011) |
| IC Int 20 | Stripping Costs in the Production Phase of a Surface Mine |

A3 Audit report of preceding annual financial statements

The audit report for the financial statements of the Group for the financial year ended 31 July 2012 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 2012 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 year 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 auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 stated under Note 13 to the financial statements, included in the trade receivables are past due outstanding trade receivables of RM22,178,955 due from Tamouh, the developer for the Zone E2 Hotel Development, Phase 1, Plot 1 project in Al Reem Island, United Arab Emirates. The project has been mutually terminated between the IJM-LFE Joint Venture and Tamouh during the financial year. We are unable to satisfy ourselves as to whether the receivables are recoverable due to significant uncertainties on whether there would be sufficient project recoverability.

1.4 Qualified opinion

In our opinion, except for the possible effects on the financial statements, if any, of the matters referred to in the Basis for Qualified Opinion paragraph, 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 2012 and of their financial performances and cash flows for the financial year then ended.

1.5 Emphasis of Matter

We draw attention to Note 2(a) to the financial statements which indicates that the Group incurred a net loss of RM33,130,231 during the financial year ended 31 July 2012 and at that date, the Group's current liabilities exceeded its current assets by RM474,364 and its shareholders' deficit amounted to RM2,645,499. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern. We have considered the adequacy of disclosures under Note 2(a) to the financial statements and our opinion is not qualified in this respect.

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 except as disclosed in Note 5(b) to the financial statements 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 43 to the financial statements 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

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 cyclicity 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

| 3 months period ended 31 October 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 | 14,438 | - | - | - | 14,438 |
| Overseas | 26 | - | - | - | 26 |
| Total revenue | <u>14,464</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>14,464</u> |
| RESULTS | | | | | |
| Operating profit /(loss) | 1,541 | (25) | (2) | (63) | 1,451 |
| Interest expense | (491) | - | - | - | (491) |
| Share of results in associate | - | - | (4) | - | (4) |
| Profit/(Loss) before tax | <u>1,050</u> | <u>(25)</u> | <u>(6)</u> | <u>(63)</u> | <u>956</u> |
| Income tax expense | (67) | - | - | - | (67) |
| Net Profit/(Loss) for the period | <u>983</u> | <u>(25)</u> | <u>(6)</u> | <u>(63)</u> | <u>889</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 total revenue of RM 14.46 million for the current quarter as compared to RM 5.7 million for the corresponding period of the preceding year. The significant increase in revenue is due to higher revenue achieved from local market and is contributed solely from Mechanical and Electrical Engineering ("M&E") Division.

The Group recorded pre-tax profit ("PBT") of RM 0.956 million for the current quarter as compared to operating loss of RM 1.918 million for the corresponding period of the preceding year.

B2 Comparison between the current quarter and immediate preceding quarter

The Group recorded revenue and profit before tax of RM14.46 million and RM 0.956 million respectively for the current quarter as compared to revenue of RM12.6 million and loss before tax of RM27.58 million in the immediate preceding quarter ended 31 July 2012. The loss of immediate preceding quarter was due to an exceptional item of impairment loss for RM26.5 million on the non recoverability of the amount owing by a former Director.

B3 Future 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 2013.

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 | |
|--|-----------------------|----------------------|-------------------------|----------------------|
| | 31.10.2012 RM'000 | 31.10.2011 RM'000 | 31.10.2012 RM'000 | 31.10.2011 RM'000 |
| Malaysian income tax | 67 | 3 | 67 | 3 |
| Overseas taxation | - | - | - | - |
| | 67 | 3 | 67 | 3 |
| Over provision in respect of prior periods | - | - | - | - |
| Over provision in respect of prior years | - | - | - | - |
| Real property gain tax | - | - | - | - |
| Deferred taxation | - | - | - | - |
| Write back of deferred tax of prior years | - | - | - | - |
| Tax benefit arising from dividends | - | - | - | - |
| Tax expense / (Credit) | <u>67</u> | <u>3</u> | <u>67</u> | <u>3</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. The Board is currently working with the relevant consultants to propose a regularisation plan. The relevant details of the proposed regularisation plan will be announced as and when approval is obtained from the Board of the Company.

B8 Borrowings and debt securities

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

| | 31.10.2012 RM'000 | 31.07.2012 RM'000 |
|------------------------------|----------------------|----------------------|
| Short Term Borrowings | | |
| Bank Overdraft | 2,863 | 2,848 |
| Revolving Credit | 5,574 | 5,542 |
| Term loan | 8,570 | 8,492 |
| Hire purchase | 77 | 77 |
| | <u>17,084</u> | <u>16,959</u> |
| Long Term Borrowings | | |
| Term loan | 3,437 | 3,437 |
| Hire purchase | 113 | 133 |
| | <u>3,550</u> | <u>3,570</u> |
| Total | <u>20,634</u> | <u>20,529</u> |

The above inclusive of borrowings in foreign currency of AED2.5 million. The exchange rates used was 1 AED = RM0.8293

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 2012.

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 31.10.2012 | Cumulative period ended 31.10.2012 |
|---|-------------------------------------|---------------------------------------|
| Net profit attributable to shareholders of the Company ('000) | 889 | 889 |
| Weighted average number of shares | 84,900 | 84,900 |
| Basic earnings per share (sen) | 1.05 | 1.05 |

(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 31.10.2012 RM'000 | As at 31.10.2011 RM'000 |
|---|-------------------------------|-------------------------------|
| Total retained profit/accumulated losses of LFE and its subsidiaries: | | |
| - Realised | (124,054) | (95,068) |
| - Unrealised | (7) | (7) |
| | (124,061) | (95,075) |
| Total retained profit/accumulated losses from associated companies | | |
| - Realised | (147) | (87) |
| - Unrealised | - | - |
| Total retained profit/accumulated losses from jointly controlled entities | | |
| - Realised | 19,870 | 21,160 |
| - Unrealised | - | - |
| | (104,338) | (74,002) |
| Less: Consolidation adjustments | 13,175 | 13,166 |
| Total group retained profit/accumulated losses as per consolidated accounts | <u>(91,163)</u> | <u>(60,836)</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 December 2012.