



LFE CORPORATION BERHAD
(Company No: 579343-A)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the Fourth quarter ended 31 July 2014

	Individual Quarter		Cumulative Quarters	
	Current Quarter Ended	Preceding year corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period
	31 July 2014 RM'000	31 July 2013 RM'000	31 July 2014 RM'000	31 July 2013 RM'000
Revenue	8,139	32,445	32,089	72,528
Cost of sales	(5,990)	(5,915)	(25,171)	(53,747)
Gross Profit	2,149	26,530	6,918	18,781
Other income	105	1,833	840	3,936
Operating expenses	(87)	(559)	(295)	(2,051)
Administrative expenses	(1,441)	(1,053)	(4,216)	(3,624)
Finance costs	(786)	(941)	(2,888)	(3,126)
Share of (loss) of associate	(3)	9	(7)	(11)
(Loss) / Profit before taxation	(63)	25,819	352	13,905
Income tax expense	(91)	(469)	(154)	(469)
(Loss) / Profit for the period	(154)	25,350	198	13,436
<u>Other comprehensive income net of tax :</u>				
Foreign exchange translation differences	(425)	471	(486)	325
Total comprehensive (loss) / profit for the period	(579)	25,821	(288)	13,761
<u>Net Profit/(Loss) attributable to :</u>				
Equity holders of the company	(154)	25,350	198	13,436
Minority interests	-	-	-	-
	(154)	25,350	198	13,436
<u>Total comprehensive profit attributable to :</u>				
Equity holders of the company	(579)	25,821	(288)	13,761
Minority interests	-	-	-	-
	(579)	25,821	(288)	13,761
Profit per ordinary share:				
- Basic (sen)	(0.18)	29.86	0.23	15.83
- 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 year ended 31 July 2013)

LFE CORPORATION BERHAD
(Company No : 579343-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 31 July 2014

	Unaudited 31 July 2014 (RM'000)	Audited 31 July 2013 (RM'000)
Non current Assets		
Property, plant and equipment	416	573
Investment properties	403	403
Associates	134	141
	<u>953</u>	<u>1,117</u>
Current Assets		
Inventories	-	31
Properties held for sale	60,392	-
Trade receivables	32,642	94,677
Amount due from contract customers	7,226	7,509
Amount due from associate company	6,452	6,123
Other receivables, deposits and prepayments	4,169	3,765
Tax recoverable	33	140
Fixed deposits with licensed banks	341	1,222
Cash and bank balances	3,180	1,218
	<u>114,435</u>	<u>114,685</u>
Current liabilities		
Trade payables	43,330	46,390
Amount due to contract customers	4,624	4,685
Amount due to an associate	38	38
Amount owing to directors	56	56
Other payables and accruals	39,539	32,395
Hire purchase liabilities	53	77
Short term borrowings	11,070	13,482
Tax payable	-	481
	<u>98,710</u>	<u>97,604</u>
Net current assets	15,725	17,081
Non current liabilities		
Hire purchase liabilities	-	53
Long term loans	5,836	7,020
Deferred tax liabilities	15	10
	<u>(5,851)</u>	<u>(7,083)</u>
	<u>10,827</u>	<u>11,115</u>
Represented by:		
Share capital	84,900	84,900
Share premium	5,218	5,218
Reserves	(79,291)	(79,003)
Total equity attributable to shareholders of the Company	<u>10,827</u>	<u>11,115</u>
Minority Interests	(0)	(0)
Total equity	<u>10,827</u>	<u>11,115</u>
Net assets per share (RM)	<u>0.13</u>	<u>0.13</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 July 2013)

LFE CORPORATION BERHAD
579343-A)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the fourth quarter ended 31 July 2014

	Attributable to Equity Holders of the Company				Minority interests	Total equity
	Share capital	Share premium	Exchange translation reserve	Accumulated lossess		
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
As at 1 Aug 2013	84,900	5,218	(387)	(78,616)	(0)	11,115
Total comprehensive (loss) / profit for the period	-	-	(486)	198	-	(288)
As at 31 July 2014	84,900	5,218	(873)	(78,418)	(0)	10,827

	Attributable to Equity Holders of the Company				Minority interests	Total equity
	Share capital	Share premium	Exchange translation reserve	Accumulated lossess		
(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
As at 1 Aug 2012	84,900	5,218	(712)	(92,052)	(0)	(2,646)
Total comprehensive profit for the year	-	-	325	13,436	-	13,761
As at 31 July 2013	84,900	5,218	(387)	(78,616)	(0)	11,115

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 July 2013)

LFE CORPORATION BERHAD
(Company No : 579343-A)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
For the Fourth quarter ended 31 July 2014

	Current Period Ended 31 July 2014 (RM'000)	Preceding Financial Year Ended 31 July 2013 (RM'000)
Cash Flows From Operating Activities		
Profit before taxation	352	13,905
Adjustments for :		
Non-cash items	99	655
Non-operating items	2,879	3,094
Operating profit before working capital changes	<u>3,330</u>	<u>17,653</u>
Changes in working capital		
Net change in current assets	1,461	(19,409)
Net change in current liabilities	4,083	3,599
Cash generated from operations	<u>8,874</u>	<u>1,844</u>
Interest received	21	33
Interest paid	(431)	(384)
Income taxes (paid)/refund	(524)	97
Net cash generated from operating activities	<u>7,940</u>	<u>1,590</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(6)	(8)
Proceeds from disposal of property, plant and equipment / Stock	91	17
Advances (to) associate	(328)	(112)
Net cash (used in) investing activities	<u>(243)</u>	<u>(104)</u>
Cash Flows From Financing Activities		
Decrease / (Increase) in fixed deposit pledged	881	(318)
Interest expenses	(2,457)	(2,274)
Repayment of bank borrowings	(2,946)	(313)
(Repayment) of hire purchase payables	(77)	(80)
Net cash (used in) financing activities	<u>(4,599)</u>	<u>(2,985)</u>
Exchange differences on translation	(486)	302
Net cash generated from /(used in) cash and cash equivalents	<u>2,612</u>	<u>(1,197)</u>
Cash & cash equivalents at beginning of year	(1,657)	(460)
Cash & cash equivalents at end of period	<u>955</u>	<u>(1,657)</u>
Cash & cash equivalents comprise:		
Cash and bank balances	3,180	1,218
Fixed deposits placed with licensed banks	341	1,222
Bank overdrafts	(2,225)	(2,875)
	<u>1,296</u>	<u>(435)</u>
Less : Fixed deposit pledged	(341)	(1,222)
	<u>955</u>	<u>(1,657)</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the financial year ended 31 July 2013)

LFE CORPORATION BERHAD
(Company No: 579343-A)
NOTES TO THE INTERIM FINANCIAL REPORT
For the Fourth quarter ended 31 July 2014

A EXPLANATORY NOTES AS PER MFRS 134

A1 Basis of preparation

This interim financial report is unaudited and has been prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and complies with the requirements of Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB"). MFRS framework is a fully IFRS-compliant framework. Hence, it is in compliance with International Accounting Standard ("IAS") 34, Interim Financial Reporting issued by the International Accounting Standard Board ("IASB")

The 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 2013. 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 year ended 31 July 2013.

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. On 30 September 2013, the Company's Proposed Regularisation Plan was announced. On 17 June 2014, the Group finalized with its scheme creditors to restructure the bank borrowings in line with the Proposed Regularisation Plan via the execution of a supplemental debt restructuring agreement (DRA), which added, modified, amended and/or varied the DRA signed on 28 February 2013. On 25 July 2014, the Company submitted its Proposed Regularisation Plan to the Regulatory Authorities to regularise the Group's financial condition and level of operations.

A2 Accounting Policies

During the financial period, the Group adopted all new and revised MFRSs and IC Interpretation ("IC Int") and amendments to MFRSs and IC Int. issued that are relevant to the Group's operations which are effective for accounting period beginning on or after 1 August 2013.

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
Amendment to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements to MFRSs 2009-2011 cycle	Annual Improvements to MFRSs 2009-2011 Cycle

MFRSs effective on 1 January 2014

Amendments to MFRS 10, MFRS 11 and MFRS 12	Investment Entities
Amendment to MFRS 132	Presentation of Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 136	Recoverable Amount Disclosures for Non-financial Assets
Amendment to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Int 21	Levies

A2 Accounting Policies (cont'd)

The adoption of the new and revised MFRSs and IC Int. have no material impact on the financial statements of the Group and of the Company, other than those standards as disclosed below:

MFRS 10 - Consolidated Financial Statements

It defines and sets out the principle of control to identify whether an investor controls an investee and establishes control as the basis for consolidation.

MFRS 11 - Joint Arrangements

It classifies joint arrangements into two types - joint operations and joint ventures by focusing on the rights and obligations of the arrangement. Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

A joint venture is a joint arrangements whereby the joint venturers have rights to the net assets of the arrangement.

A joint operation is a joint arrangements whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

A joint venture is accounted for in the financial statements by the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and subsequently adjusted to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

In relation to the Group's interest in the joint operation, the Group recognises its assets plus its share of any assets held jointly, liabilities plus its share of any liabilities incurred jointly, its share of revenue from certified work done on the projects arising from the joint operation plus its share of any expenses incurred jointly.

MFRS 12 - Disclosure of Interest in Other Entities

This is a disclosure standard which provides disclosure requirements for all form of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities.

MFRS 13 - Fair Value Measurement

It defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. This standard also applies to both financial instrument items and non-financial instrument items.

MFRS 127 - Separate Financial Statements

This standard deals with the accounting and disclosure requirements for investments in subsidiaries, associates and joint ventures in the separate financial statements of the parent.

MFRS 128 - Investments in Associates and Joint Ventures

This revised standard prescribes the accounting for investment in associates as well as joint ventures where equity method of accounting is required.

Amendment to MFRS 7 - Disclosures on Offsetting Financial Assets and Financial Liabilities

This standard sets out the additional disclosure requirements on the effect or potential effects including any rights of a netting arrangement of a financial asset and a financial liability.

Amendment to MFRS 101 - Presentation of Financial Statements

It clarifies the difference between the minimum required comparative information and the voluntary additional comparative information.

Annual Improvements to MFRSs 2009-2011 cycle

The Annual Improvements to MFRSs 2009-2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134.

Amendments to standards that will be effective for annual periods beginning on or after 1 January 2014. These amendments are expected to have no financial impact on the financial statements of the Group upon its initial application : -

Amendments to MFRS 10, MFRS 11 and MFRS 12 - Investment Entities

The amendments to MFRS 10, MFRS 12 and MFRS 127 require investment entities to measure particular subsidiaries at fair value through profit or loss instead of consolidating them. The Company is an investment entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Accordingly, the Group will deconsolidate its subsidiaries upon initial application of these amendments and to fair value the investments in accordance with MFRS 139.

Amendment to MFRS 132 - Presentation of offsetting Financial Assets and Financial Liabilities

It provides the application guidance for criteria to offset financial assets and financial liabilities.

Amendment to MFRS 136 - Recoverable Amount Disclosures for Non-financial Assets.

It removes the requirement to disclose the recoverable amount when a cash generating unit (CGU) contain goodwill or intangible assets with indefinite useful lives but there has been no impairment.

A3(i) Audit report of preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 July 2013 was with a qualified opinion because of the past due outstanding trade receivables of RM70,408,163 (2012: RM76,386,453) due from Tamouh, the developer for the Zone C Towers, Zone E1 Mall and Zone E2 Hotel and Apartment; Plot One, Marina Square projects in Al Reem Island, Abu Dhabi, United Arab Emirates. The Zone C Towers and Zone E1 Mall projects were awarded to ISZL Consortium ("ISZL") whereas the Zone E2 Hotel and Apartment project was awarded to IJM-LFE Joint Venture ("IJM-LFE"). ISZL and IJM-LFE were in negotiation with Tamouh on the settlement of the aforesaid outstanding debt, with offers of properties and lands being made by Tamouh. As at the date of preparation of the auditors' report, ISZL and IJM-LFE were in the process of determining the values of the properties and lands and had not accepted the offers. Pending the acceptance and valuation being finalised, the auditors were unable to satisfy themselves on the recoverability of the outstanding trade receivables.

A3(ii) Audit report on interim financial statements at 28 February 2014

Subsequent to the financial period ended 28 February 2014, Tamouh has signed 3 settlement agreements with ISZL and IJM-LFE for Zone C Towers, Zone E1-Mall and Zone E2 Hotel and Apartment on 23 April 2014 for full settlement of the outstanding dues on the following terms:

- a) Sale proceeds of 6 floors of office building in Zone C Towers together with a total of 60 car parking spaces.
- b) Sale of a vacant plot of land identified as RT4-C11b on Reem Island, Abu Dhabi.
- c) Sale of a vacant plot of land identified as RT4-C12 on Reem Island, Abu Dhabi.
- d) Tamouh has paid ISZL and IJM-LFE cash AED 5 million in May 2014 as part of the settlement arrangement.

Following the above settlement arrangements, the auditors' report on the interim financial statements for the period ended 28 February 2014 was with an unqualified opinion.

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

12 months period ended 31 July 2014	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	32,089	-	-	-	32,089
Overseas	-	-	-	-	-
Total revenue	<u>32,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,089</u>
RESULTS					
Operating profit / (loss)	3,670	(421)	(3)	1	3,247
Interest expense	(2,888)	-	-	-	(2,888)
Share of results in associate	-	-	(7)	-	(7)
Profit/(Loss) before tax	<u>782</u>	<u>(421)</u>	<u>(10)</u>	<u>1</u>	<u>352</u>
Income tax expense	(154)	-	-	-	(154)
Net Profit/(Loss) for the period	<u>628</u>	<u>(421)</u>	<u>(10)</u>	<u>1</u>	<u>198</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 8.139 million for the current quarter as compared to RM 32.445 million for the corresponding period of the preceding year. All the revenue recorded for the current period are derived from Malaysia in the construction, mechanical and electrical engineering and plumbing core businesses.

The Group recorded loss after tax of RM0.154 million for the current quarter as compared to profit after tax of RM 25.350 million for the corresponding period of the preceding year. The loss of the current quarter was due to the recognition of the professional fees which were incurred on the Group's Regularisation Plan.

B2 Comparison between the current quarter and immediate preceding quarter

The Group recorded revenue and loss after tax of RM8.139 million and RM0.154 million respectively for the current quarter as compared to revenue of RM 5.198 million and profit after tax of RM 0.017 million in the immediate preceding quarter ended 30 April 2014. Thus, the group recorded aggregate revenue of RM 32.089 million and profit after tax (PAT) of RM 0.198 million for the financial year ended 31 July 2014.

B3 Future prospects

Revenue based on existing projects for the financial year ended 31 July 2014 has not brought much impact to the Group. However, with the submission of the Proposed Regularisation Plan, the Group's future prospects will be better in view of the proposed implementation of the regularisation plan to strengthen the Group's financial condition and level of operations.

B4 Variance of profit forecast

This is not applicable.

B5 Tax expense / (Credit)

	Current quarter ended		Cumulative period ended	
	31.07.2014 RM'000	31.07.2013 RM'000	31.07.2014 RM'000	31.07.2013 RM'000
Malaysian income tax	86	481	86	481
Overseas taxation	-	-	-	-
Sub Total	86	481	86	481
Over provision in respect of prior years	-	(16)	-	(16)
Under provision in respect of prior years	-	-	71	-
Over provision on Real property gain tax	-	-	(8)	-
Deferred taxation	5	4	5	4
Tax benefit arising from dividends	-	-	-	-
Tax expense / (Credit)	91	469	154	469

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 July 2014 are as follows:

	31.07.2014 RM'000	31.07.2013 RM'000
Short Term Borrowings		
Bank Overdraft	2,225	2,875
Revolving Credit	518	324
Term loan	8,327	10,283
Hire purchase	53	77
	11,123	13,559
Long Term Borrowings		
Revolving Credit	2,281	3,003
Term loan	3,555	4,017
Hire purchase	-	53
	5,836	7,073
Total	16,959	20,632

All the borrowings for the financial period- to-date are in Malaysian currency.

The borrowings at 31 July 13 was inclusive of foreign currency amounted to AED 2.5 million. The exchange rates used was 1 AED = RM0.8835

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 2013.

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 for the period by the weighted average number of shares in issue.

	Current quarter ended 31.07.2014	Cumulative period ended 31.07.2014
Net profit attributable to shareholders of the Company ('000)	(154)	198
Weighted average number of shares	84,900	84,900
Basic earnings per share (sen)	(0.18)	0.23

(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 31.07.2014 RM'000	As at 31.07.2013 RM'000
Total retained profit/accumulated losses of LFE and its subsidiaries:		
- Realised	(111,652)	(120,108)
- Unrealised	(15)	(10)
	(111,667)	(120,118)
Total retained profit/accumulated losses from associated companies		
- Realised	(162)	(154)
- Unrealised	-	-
Total retained profit/accumulated losses from jointly controlled entities		
- Realised	20,196	28,451
- Unrealised	-	-
	(91,633)	(91,821)
Less: Consolidation adjustments	13,215	13,205
Total group retained profit/accumulated losses as per consolidated accounts	<u>(78,418)</u>	<u>(78,616)</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 19 September 2014.