



LFE CORPORATION BERHAD
(Company No: 579343-A)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the First quarter ended 31 Oct 2015

	Individual Quarter		Cumulative Quarters	
	Current Quarter Ended	Preceding year corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period
	31 Oct 2015 RM'000	31 Oct 2014 RM'000	31 Oct 2015 RM'000	31 Oct 2014 RM'000
Revenue	3,933	7,739	3,933	7,739
Cost of sales	(3,023)	(6,120)	(3,023)	(6,120)
Gross Profit	910	1,619	910	1,619
Other operating income	1,371	496	1,371	496
Administrative expenses	(1,113)	(949)	(1,113)	(949)
Other operating expenses	(10)	(15)	(10)	(15)
Finance costs	(871)	(759)	(871)	(759)
Share of results of associate companies	1	1	1	1
Profit before taxation	288	393	288	393
Taxation	-	-	-	-
Net Profit for the period	288	393	288	393
Other comprehensive profit :				
Item that may be reclassified subsequently to profit or loss				
- Exchange differences arising from translation of foreign operations	2,744	243	2,744	243
Total comprehensive profit for the period	3,032	636	3,032	636
Net Profit / (loss) attributable to :				
Equity holders of the company	288	393	288	393
Minority interests	-	-	-	-
	288	393	288	393
Total comprehensive profit / (loss) attributable to :				
Equity holders of the company	3,032	636	3,032	636
Minority interests	-	-	-	-
	3,032	636	3,032	636
Earnings per share attributable to owners of the Company (sen)				
- Basic	0.34	0.46	0.34	0.46
- Diluted (Note B12)	N/A	N/A	N/A	N/A

Note : N/A denotes Not Applicable

(The unaudited Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 July 2015)

LFE CORPORATION BERHAD
(Company No : 579343-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 31 Oct 2015

	Unaudited 31 Oct 2015	Audited 31 July 2015
ASSETS		
Non-current Assets	(RM'000)	(RM'000)
Property, plant and equipment	407	365
Investment properties	266	266
Investment in associate companies	154	153
	<u>827</u>	<u>784</u>
Current Assets		
Amount owing by customers on contracts	9,352	10,428
Assets held for sale	69,925	66,498
Trade receivables	17,082	15,215
Other receivables	4,333	3,984
Amount owing by associate companies	7,127	7,001
Tax recoverable	101	101
Fixed deposits placed with licensed banks	0	9
Cash and bank balances	209	3,427
	<u>108,129</u>	<u>106,663</u>
TOTAL ASSETS	<u>108,956</u>	<u>107,447</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital	25,470	84,900
Capital Reserves	17,568	
Reserves	(24,917)	(69,811)
	<u>18,121</u>	<u>15,089</u>
Non-Current liabilities		
Bank borrowings	4,081	4,644
Deferred tax liabilities	15	15
	<u>4,096</u>	<u>4,659</u>
Current Liabilities		
Amount owing to customers on contracts	2,883	3,480
Trade payables	25,389	26,468
Other payables	47,405	46,845
Finance lease liabilities	87	-
Bank borrowings	10,975	10,906
Provision for taxation	-	-
	<u>86,739</u>	<u>87,699</u>
Total Liabilities	<u>90,835</u>	<u>92,358</u>
TOTAL EQUITY AND LIABILITIES	<u>108,956</u>	<u>107,447</u>
Net assets per share (RM)	<u>0.21</u>	<u>0.18</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 2015)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the first quarter ended 31 Oct 2015

	← Attributable to Equity Holders of the Company →					
	Share capital (RM'000)	Share premium (RM'000)	Capital Reserves (non-distributable)	Exchange translation reserve (RM'000)	Accumulated losses (RM'000)	Total (RM'000)
(Unaudited)						
As at 1 Aug 2015	84,900	5,218		2,510	(77,539)	15,089
Capital Reduction	(59,430)		12,350		47,080	=
Share Premium Reduction		(5,218)	5,218			=
Total comprehensive profit for the period				2,744	288	3,032
As at 31 Oct 2015	25,470	-	17,568	5,254	(30,171)	18,121

	← 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)	Minority interests (RM'000)
(Audited)						
As at 1 Aug 2014	84,900	5,218	(873)	(78,418)	10,827	(0)
Total comprehensive profit for the year	-	-	3,383	879	4,262	-
As at 31 July 2015	84,900	5,218	2,510	(77,539)	15,089	(0)

(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 2015)

LFE CORPORATION BERHAD
(Company No : 579343-A)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
For the First quarter ended 31 October 2015

	Current Period Ended 31 Oct 2015 (RM'000)	Preceding Financial Period Ended 31 July 2015 (RM'000)
Cash Flows From Operating Activities		
Profit before taxation	288	899
Adjustments for :		
Non-cash items	15	74
Non-operating items	837	1,964
Operating profit before working capital changes	1,140	2,937
Changes in working capital		
Net change in current assets	(5,098)	7,222
Net change in current liabilities	(519)	(9,059)
Cash (used in) / generated from operations	(4,477)	1,100
Interest received	-	7
Interest paid	(871)	(2,079)
Income taxes (paid)/refund	-	(88)
Net cash (used in) /generated from operating activities	(5,348)	(1,060)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(100)	(38)
Proceeds from disposal of property, plant and equipments	90	15
Proceeds from disposal of investment properties	-	182
Advances to associate	(125)	(587)
Net cash (used in) investing activities	(135)	(428)
Cash Flows From Financing Activities		
Increase in fixed deposit pledged	9	332
Interest expenses		
Repayment of bank borrowings	(495)	(1,559)
Advance / (Repayment) of hire purchase payables	87	(53)
Repayment to Directors	-	(56)
Net cash (used in) financing activities	(399)	(1,336)
Exchange differences on translation	2,744	3,383
Net (decrease) / increase from cash and cash equivalents	(3,138)	559
Cash & cash equivalents at beginning of year	1,514	955
Cash & cash equivalents at end of period	(1,624)	1,514
Cash & cash equivalents comprise:		
Cash and bank balances	209	3,427
Fixed deposits placed with licensed banks	0	9
Bank overdrafts	(1,833)	(1,913)
	(1,624)	1,523
Less : Fixed deposit pledged	-	(9)
	(1,624)	1,514

(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 2015)

LFE CORPORATION BERHAD
(Company No: 579343-A)
NOTES TO THE INTERIM FINANCIAL REPORT
For the First quarter ended 31 Oct 2015

A EXPLANATORY NOTES AS PER MFRS 134

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134 : Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These interim financial statements also comply 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 2015. 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 2015.

On 1 October 2012, the Company triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1 (a) and 2.1 (e) of Practice Note 17 ("PN17") under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as of that date, is considered a PN17 company. The PN17 criteria was triggered as a consequence of the Company's unaudited quarterly announcement for the full financial year ended 31 July 2012 that was announced on 28 September 2012 wherein the shareholders' equity of the Company on a consolidated basis was less than 25% of the Company's issued and paid-up capital and such shareholders' equity was less than RM40 million.

On 30 September 2013, the Company's Proposed Regularisation Plan ("PRP") was announced.

The Company's principal advisor, MIDF Investment had, on behalf of the Group submitted a Proposed Regularisation Plan on 25 July 2014 to the Regulatory Authorities for approval.

On 7 May 2015, the Group received the conditional approval from Bursa Malaysia to implement the Proposed Regularisation Plan

On 10 September 2015, the Proposed Regularisation Plan was approved by the shareholders in the Extraordinary General Meeting.

On 18 September 2015, MIDF Investment had, on behalf of the Board of LFE Group, announced that the Issue Price of the LFE Shares to be issued pursuant to the Rights Issue has been fixed at RM0.30 per Rights Share.

The Court had on 29 September 2015, granted an order approving the Capital Reduction and Share Premium Reduction pursuant to Section 60(2) and 64(1) of the Companies Act, 1965 and the sealed Court Order was duly lodged with the Registrar of Companies on 5 October 2015.

The allotment of shares for Rights issue, Private Placement and Debt Settlement was completed on 23 November 2015.

On 26 November 2015, MIDF Investment had, on behalf of the Board of LFE Group, announced that the 18,801,916 Rights Shares in relation to the Rights Issue, 66,666,667 Placement Shares in relation to the Private Placement and 11,197,117 Settlement Shares pursuant to the Debt Settlement were listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m on even date, marking the completion of the Regularisation Plan for LFE Group.

A2 Accounting Policies

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited annual financial statements for the financial year ended 31 July 2015.

The following new and amendments to MFRS standards which have yet to be adopted by the Group as these standard are only effective for annual periods beginning on or after 1 January 2016

Effective for annual periods beginning on or after 1 January 2016:

MFRS 14	Regulatory Deferral Accounts.
Amendment to MFRS 5	Non- Current Assets Held for Sale and Discontinued Operations
Amendment to MFRS 7	Financial Instruments : Disclosures
Amendment to MFRS 10	Consolidated Financial Statements
Amendment to MFRS 11	Joint Arrangements
Amendment to MFRS 12	Disclosure of Interests in Other Entities.
Amendment to MFRS 101	Presentation of Financial Statements
Amendment to MFRS 116	Property, Plant and Equipment
Amendment to MFRS 119	Employee Benefits
Amendment to MFRS 127	Separate Financial Statements
Amendment to MFRS 128	Investment in Associates and joint Ventures
Amendment to MFRS 134	Interim Financial Reporting
Amendment to MFRS 138	Intangible Assets
Amendment to MFRS 141	Agriculture : Bearer Plants

A2 Accounting Policies (Cont'd)

Effective for annual periods beginning on or after 1 January 2018:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

The adoption of these accounting standards and amendments to the accounting standards are not expected to have any significant impact to the financial statements of the Group and the Company.

A3 Audit report of preceding annual financial statements

The audit report of the preceding annual financial statements was not subject to any qualification.

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 other than the following:

i)	Issuance of New Shares	Date of Issuance : 23 November 2015	
		Numbers	RM'000
	-Placement Shares in relation to Private Placement at RM0.30 each	66,666,667	20,000
	-Rights Shares in relation to Rights Issues at RM0.30 each	18,801,916	5,641
	-Settlement Shares pursuant to Debt Settlement at RM0.30 each	11,197,117	3,359
ii)	Repayment of the collateralised loan obligation with Kerisma	-	9,976

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 2015	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	3,933	-	-	-	3,933
Overseas	-	-	-	-	-
Total revenue	3,933	-	-	-	3,933
RESULTS					
Operating profit /(loss)	1,333	(351)	184	(8)	1,158
Interest expense	(871)	-	-	-	(871)
Share of results in associate	-	-	1	-	1
Profit/(Loss) before tax	462	(351)	185	(8)	288
Income tax expense	-	-	-	-	-
Net Profit/(Loss) for the period	462	(351)	185	(8)	288

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

Save and except for the announcements made by the Company in relation to the completion of Regularisation Plan, 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 3.933 million for the current quarter as compared to RM 7.739 million for the corresponding period of the preceding year.

The Group recorded operating profit of RM 0.288 million for the current quarter as compared to operating profit of RM 0.393 million for the corresponding period of the preceding year.

B2 Comparison between the current quarter and immediate preceding quarter

The Group recorded revenue and operating profit of RM 3.933 million and RM 0.288 million respectively for the current quarter as compared to revenue of RM 3.581 million and operating profit of RM 0.247 million in the immediate preceding quarter ended 31 July 2015.

B3 Future prospects

With the completion of the Regularisation Plan, the future of the Group is largely dependent on the successful implementation of new projects and ability to generate sufficient cash to fulfil its obligations as and when they fall due and including financial support from its major bankers.

The Group is actively pursuing and bidding for new projects in the MEP and Construction sectors and it will continue to explore viable and profitable business opportunities locally and regionally through strategic alliances with both established local and foreign partners to enhance shareholders' value and strengthen its financial foundations.

In light of the strong growth of the construction industry and property development sector of the Malaysian economy, LFE Group's future prospect looks promising and good as strategic partnerships with its new shareholders and other prestigious local strategic alliance or joint venture partners will certainly enhance LFE Group's book orders, revenue and profitability with sustainability, especially backed by experienced and committed team of skilful workforce, strength and competitive edge of the respective organisations.

B4 Variance of actual profit from forecast profit and shortfall in profit guarantee

This is not applicable.

B5 Taxation

There is no tax liability for the current quarter/ year due to sufficient accumulated tax losses brought forward from previous years to cover current tax liabilities.

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 other corporate proposals announced but not completed as at the date of the announcement of this quarterly report, other than the following :

On 26 November 2015, the Regularisation Exercise of the Group was completed with the listing of Rights Shares in relation to Rights Issues, Placement Shares in relation to Private Placement and Settlement Shares pursuant to the Debt Settlement. Under the Regularisation Exercise, the Group raised RM25.641 million based on the issue price of RM0.30 per share.

The status of the utilisation of proceeds as at 29 December 2015 are as follows:

	Rights Issues and Private Placement	Approved Utilisation RM'000	Amount Utilised RM'000	Expected Timeframe for Utilisation
a)	Repayment for collateralised loan obligation to Kerisma	9,976	9,976	Completed
b)	Repayment to Bi-lateral Lenders	383	382	Completed
c)	Estimated expenses for Regularisation Plan	1,000	927	Another 12 months
d)	Working Capital for LFE Group	14,282	5,556	Within 24 months from the completion of Regularisation Plan
	Total	25,641	16,841	

B8 Borrowings and debt securities

Details of the Group's borrowings as at 31 October 2015 are as follows:

	31.10.2015 RM'000	31.07.2015 RM'000
Short Term Borrowings		
Bank Overdraft	1,833	1,913
Revolving Credit	583	583
Term loan	8,559	8,410
Hire purchase	87	0
	<u>11,062</u>	<u>10,906</u>
Long Term Borrowings		
Bank Overdraft	1,402	1,647
Revolving Credit	2,679	2,998
Term loan	4,081	4,645
	<u>8,162</u>	<u>9,290</u>
Total	<u>19,224</u>	<u>20,196</u>

All the borrowings are in Malaysian currency.

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 2015.

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 31.10.2015	Cumulative period ended 31.10.2015
Net profit attributable to shareholders of the Company ('000)	288	288
Weighted average number of shares ('000)	84,900	84,900
Basic earnings per share (sen)	0.34	0.34

(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 31.10.2015 RM'000	As at 31.10.2014 RM'000
Total accumulated losses of the company and its subsidiaries:		
- Realised	(43,165)	(90,896)
- Unrealised	(15)	(15)
	<u>(43,180)</u>	<u>(90,911)</u>
Total accumulated losses of the associated companies		
- Realised	(47)	(161)
- Unrealised	-	-
	<u>(43,227)</u>	<u>(91,072)</u>
Less: Consolidation adjustments	13,056	13,047
Total group retained profit/accumulated losses as per consolidated accounts	<u><u>(30,171)</u></u>	<u><u>(78,025)</u></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 29 December 2015.