



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 October 2016

	Individual Quarter		Cumulative Quarters	
	Current Quarter Ended	Preceding year corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period
	31 Oct 2016 RM'000	31 Oct 2015 RM'000	31 Oct 2016 RM'000	31 Oct 2015 RM'000
Revenue	3,347	3,933	3,347	3,933
Cost of sales	(1,323)	(2,601)	(1,323)	(2,601)
Gross Profit	2,024	1,332	2,024	1,332
Other operating income	-	107	-	107
Administrative expenses	(1,231)	(271)	(1,231)	(271)
Other operating expenses	(1)	(10)	(1)	(10)
Finance costs	(268)	(871)	(268)	(871)
Share of results of associate companies	-	1	-	1
Profit before taxation	524	288	524	288
Taxation	-	-	-	-
Net Profit for the period	524	288	524	288
Other comprehensive income :				
Item that may be reclassified subsequently to profit or loss				
- Exchange differences arising from translation of foreign operations	1,441	2,744	1,441	2,744
Total comprehensive profit for the period	1,965	3,032	1,965	3,032
Net Profit attributable to :				
Owners of the Company	524	288	524	288
Non- controlling interest	-	-	-	-
	524	288	524	288
Total comprehensive income attributable to :				
Owners of the Company	1,965	3,032	1,965	3,032
Non- controlling interest	-	-	-	-
	1,965	3,032	1,965	3,032
Earnings per share attributable to owners of the Company (sen)				
- Basic	0.29	0.34	0.29	0.34
- Diluted (Note B12)	N/A	N/A	N/A	N/A

Note : N/A denotes as 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 2016)

LFE CORPORATION BERHAD
(Company No : 579343-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 31 October 2016

	Unaudited 31 Oct 2016 (RM'000)	Audited 31 July 2016 (RM'000)
ASSETS		
Non-current Assets		
Property, plant and equipment	386	364
Investment properties	265	265
Investment in associate companies	172	172
	<u>823</u>	<u>801</u>
Current Assets		
Amount owing by customers on contracts	16,667	15,625
Trade receivables	19,366	22,328
Other receivables	3,227	3,216
Amount owing by associate companies	6,451	6,430
Tax recoverable	-	100
Cash and bank balances	41	291
Total current assets	<u>45,752</u>	<u>47,990</u>
Assets held for sale	52,663	50,441
	<u>98,415</u>	<u>98,431</u>
TOTAL ASSETS	<u>99,238</u>	<u>99,232</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital	54,470	54,470
Reserves	(6,437)	(8,402)
	<u>48,033</u>	<u>46,068</u>
Non-Current liabilities		
Finance lease liabilities	57	60
	<u>57</u>	<u>60</u>
Current Liabilities		
Amount owing to customers on contracts	45	1,912
Trade payables	18,658	20,485
Other payables	30,723	28,697
Finance lease liabilities	16	16
Bank borrowings	1,677	1,965
Provision for taxation	29	29
	<u>51,148</u>	<u>53,104</u>
Total Liabilities	<u>51,205</u>	<u>53,164</u>
TOTAL EQUITY AND LIABILITIES	<u>99,238</u>	<u>99,232</u>
Net assets per share (RM)	<u>0.26</u>	<u>0.31</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 2016)

LFE CORPORATION BERHAD
(Company No: 579343-A)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the first quarter ended 31 October 2016

	←		Attributable to Owners of the Company		→		Total equity (RM'000)
	Share capital (RM'000)	Share premium (RM'000)	Capital Reserves (RM'000)	Exchange translation reserve (RM'000)	Accumulated losses (RM'000)	Non-controlling interest (RM'000)	
(Audited)							
As at 1 August 2015	84,900	5,218	-	2,510	(77,539)	-	15,089
Reduction in Par Value of Share Capital	(59,430)	-	12,350	-	47,080	-	-
Share Premium Reduction	-	(5,218)	5,218	-	-	-	-
Private Placement	20,000	-	-	-	-	-	20,000
Rights issue	5,641	-	-	-	-	-	5,641
Shares issued pursuant to Debt Settlement	3,359	-	-	-	-	-	3,359
Total contribution from owners	54,470	-	17,568	2,510	(30,459)	-	44,089
Total comprehensive profit for the year	-	-	-	605	1,374	-	1,979
As at 31 July 2016	54,470	-	17,568	3,115	(29,085)	-	46,068

	←		Attributable to Owners of the Company		→		Total equity (RM'000)
	Share capital (RM'000)	Share premium (RM'000)	Capital Reserves (RM'000)	Exchange translation reserve (RM'000)	Accumulated losses (RM'000)	Non-controlling interest (RM'000)	
(Unaudited)							
As at 1 August 2016	54,470	-	17,568	3,115	(29,085)	-	46,068
Total comprehensive profit for the period	-	-	-	1,441	524	-	1,965
As at 31 October 2016	54,470	-	17,568	4,556	(28,561)	-	48,033

(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 2016)

LFE CORPORATION BERHAD
(Company No : 579343-A)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
For the First quarter ended 31 October 2016

	Current Period Ended 31 Oct 2016 (RM'000)	Preceding Financial Period Ended 31 July 2016 (RM'000)
Cash Flows From Operating Activities		
Profit before taxation	524	1,458
Adjustments for :		
Non-cash items	16	72
Non-operating items	268	2,430
Operating profit before working capital changes	808	3,960
Changes in working capital		
Net change in current assets	(2,178)	(13,090)
Net change in current liabilities	199	(24,069)
Amount owing by associate companies	(21)	572
Cash used in operations	(1,192)	(32,627)
Interest received	-	11
Interest paid	(268)	(2,574)
Income taxes refund / (paid)	100	(69)
Net cash used in operating activities	(1,360)	(35,259)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(38)	(27)
Proceeds from disposal of property, plant and equipments	-	75
Proceeds from disposal of assets held for sale	-	16,057
Net cash (used in) / generated from investing activities	(38)	16,105
Cash Flows From Financing Activities		
Decrease in fixed deposit pledged	-	9
Repayment of bank borrowings	(288)	(11,673)
Repayment of finance lease liabilities	(5)	(10)
Proceeds from issuance of share capital	-	29,000
Net cash (used in) / generated from financing activities	(293)	17,326
Net decrease in cash and cash equivalents	(1,691)	(1,828)
Exchange differences on translation	1,441	605
Cash & cash equivalents at the beginning of year	291	1,514
Cash & cash equivalents at the end of period	41	291
Cash & cash equivalents comprise:		
Cash and bank balances	41	291
	41	291

(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 2016)

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 2016. 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 2016.

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.

The Group and the Company is currently in the process to uplift its PN17 status, which is still ongoing.

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 2016.

During the period, the Group adopted all new, revised and amendments to MFRSs that are relevant to the Group's operations and effective for accounting years beginning on or after 1 January 2016. The adoption of these new, revised and amendments to MFRSs have not resulted in material change to the Group's accounting policies.

MFRSs effective for annual periods beginning on or after 1 January 2016:

MFRS 14	Regulatory Deferral Accounts.
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	Disclosure Initiative
Amendment to MFRS 116	Property, Plant and Equipment
Amendment to MFRS 127	Separate Financial Statements
Amendment to MFRS 128	Investment in Associates and joint Ventures
Amendment to MFRS 138	Intangible Assets
Amendment to MFRS 141	Agriculture : Bearer Plants
Annual Improvements to MFRSs 2012- 2014 Cycle	

A2 Accounting Policies (Cont'd)

MFRSs effective for annual periods beginning on or after 1 January 2017:

Amendment to MFRS 107	Statement of Cash Flow
Amendment to MFRS 112	Income Tax

MFRSs effective for annual periods beginning on or after 1 January 2018:

MFRS 15	Revenue from Contracts with Customers
MFRS 9	Financial Instruments
Amendment to MFRS 2	Classification and measurement of Share-based Payment Transactions

MFRS effective for annual periods beginning on or after 1 January 2019:

MFRS 16	Leases
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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.

A8 Dividends paid

No dividend was paid for the current period and financial year-to-date under review.

A9 Segmental reporting

3 months period ended 31 October 2016	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	3,347	-	-	-	3,347
Overseas	-	-	-	-	-
Total revenue	3,347	-	-	-	3,347
RESULTS					
Operating profit/(loss)	947	(61)	-	(94)	792
Interest expense	(268)	-	-	-	(268)
Share of results in associate	-	-	-	-	-
Profit/(Loss) before tax	679	(61)	-	(94)	524
Income tax expense	-	-	-	-	-
Net Profit/(Loss) for the period	679	(61)	-	(94)	524

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 year 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 Significant Related party transactions

Related party transactions conducted for the first quarter ended 31 October 2016 are as follows:

	31.10.2016
	RM'000
a) Transactions with the related companies of shareholders :	
i) Construction services rendered to Shapadu Properties Sdn Bhd for the construction of 92 units double - storey terrace houses in Mukim Kertih, Daerah Kemaman, Terengganu	663
ii) Supply of manpower by Daisy Bliss Sdn Bhd for the construction of 92 units double - storey terrace houses in Mukim Kertih, Daerah Kemaman, Terengganu	124
iii) Services rendered in upgrading and refurbishment of existing podium block of Campbell Complex in Jalan Dang Wangi, Kuala Lumpur	15
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b) Transactions with joint ventures :	
Interest Expense with a jointly controlled operation - ISZL	235
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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS

B1 Review of performance

The Group recorded total revenue of RM3,347 million for the current quarter as compared to RM3,933 million for the corresponding period of the preceding year.

The Group recorded profit after tax (PAT) of RM0.524 million for the current quarter as compared to PAT of RM0.288 million for the corresponding period of the preceding year.

B2 Comparison between the current quarter and immediate preceding quarter

The Group recorded revenue and PAT of RM3,347 million and RM0.524 million respectively for the current quarter as compared to revenue of RM5,324 million and PAT of RM0.405 million in the immediate preceding quarter ended 31 July 2016.

B3 Future prospects

The Group is actively pursuing and bidding for new projects in the mechanical, engineering, plumbing (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.

Due to the completion of the Regularisation Plan in the second quarter of FYE 2016, the Group's outstanding bank borrowing has been reduced to RM1.750 million and shareholders' equity increased to RM48.033 million, achieving debt/ equity ratio of 0.03 for the first quarter ended 31 October 2016. The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholders' value.

The strategic partnerships with its new shareholders and other prestigious local strategic alliance and 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, the Board of Directors expects that the performance in the coming financial year is anticipated to be positive.

B4 Variance of actual profit from forecasted 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 period tax liabilities.

B6 Sale of unquoted investments and properties

There were no sales of any 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 31 October 2016 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	973	Within 3 months
d)	Working Capital for LFE Group	14,282	14,282	Completed
	Total	25,641	25,613	

B8 Borrowings and debt securities

Details of the Group's borrowings as at 31 October 2016 are as follows:

	31.10.2016 RM'000	31.07.2016 RM'000
Short Term Borrowings		
Term loan	1,677	1,965
Finance Lease Liabilities	16	16
	<u>1,693</u>	<u>1,981</u>
Long Term Borrowings		
Revolving Credit	-	-
Term loan	-	-
Finance Lease Liabilities	57	60
	<u>57</u>	<u>60</u>
Total	<u><u>1,750</u></u>	<u><u>2,041</u></u>

Note: Following the completion of Debt Restructuring exercise as per the Debt Restructuring Agreement (DRA) dated 28 February 2013 and revised DRA dated 19 June 2014, the bank overdraft and Revolving Credit facilities have been converted to Term Loan facilities.

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 2016.

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 31.10.2016	Cumulative period ended 31.10.2016
Net profit attributable to Owners of the Company ('000)	524	524
Weighted average number of shares ('000)	181,566	181,566
Basic earnings per share (sen)	0.29	0.29

(b) Diluted earnings per share

The diluted earnings per share is equal to basic earnings per shares as the Group does not have any potential dilutive ordinary shares as at the financial year to date.

B13 Realised and unrealised profits/losses disclosure

	As at 31.10.2016 RM'000	As at 31.7.2016 RM'000
Total accumulated losses of the company and its subsidiaries:		
- Realised	(28,514)	(29,119)
- Unrealised	1	82
	(28,513)	(29,037)
Total accumulated gain/(losses) of the associated companies		
- Realised	(48)	(48)
- Unrealised	-	-
	(28,561)	(29,085)
Total group accumulated losses as per consolidated accounts	(28,561)	(29,085)

B14 Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Financial Year 2016 Consolidated Profit and Loss Account at 31 October 2015	As previously stated RM RM'000	Reclassification RM RM'000	As Restated RM RM'000
Cost of Sales	(3,023)	422	(2,601)
Other Operating Income	1,371	(1,264)	107
Administrative Expenses	(1,113)	842	(271)

B15 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 8 December 2016.