



LFE CORPORATION BERHAD
(Company No: 579343-A)

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the second quarter ended 31 January 2018

	Individual Quarter		Cumulative Quarters	
	Current Quarter Ended	Preceding year corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period
	31 Jan 2018 RM'000	31 Jan 2017 RM'000	31 Jan 2018 RM'000	31 Jan 2017 RM'000
Revenue	5,663	5,471	8,327	8,818
Cost of sales	(5,209)	(3,188)	(7,848)	(4,511)
Gross Profit	454	2,283	479	4,307
Other operating income	39	-	77	-
Administrative expenses	(1,162)	(1,336)	(2,013)	(2,574)
Other operating expenses	(389)	-	(389)	(1)
Finance costs	(7)	(21)	(13)	(54)
Share of results of associate companies	-	5	-	5
Share of results of joint ventures	(281)	(393)	(560)	(621)
(Loss) / Profit before taxation	(1,346)	538	(2,419)	1,062
Taxation				
Net (Loss)/ Profit for the year	(1,346)	538	(2,419)	1,062
Other comprehensive income :				
Item that may be reclassified subsequently to profit or loss				
- Currency translation differences of foreign operations	(2,582)	2,207	(3,086)	3,648
Total comprehensive (loss)/ Profit for the year	(3,928)	2,745	(5,505)	4,710
Net (Loss)/ Profit attributable to :				
Owners of the Company	(1,346)	538	(2,419)	1,062
Non- controlling interest	-	-	-	-
	(1,346)	538	(2,419)	1,062
Total comprehensive (loss)/ Profit attributable to :				
Owners of the Company	(3,928)	2,745	(5,505)	4,710
Non- controlling interest	-	-	-	-
	(3,928)	2,745	(5,505)	4,710
Earnings per share attributable to owners of the Company (sen)				
- Basic	(0.72)	0.30	(1.30)	0.59
- 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 2017)

LFE CORPORATION BERHAD
(Company No : 579343-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 31 January 2018

	Unaudited 31 Jan 2018	Audited 31 July 2017
ASSETS	(RM'000)	(RM'000)
Non-current Assets		
Property, plant and equipment	657	761
Investment properties	-	265
Investment in associate companies	182	182
Investment in Joint Ventures	34,909	38,888
	35,748	40,096
Current Assets		
Amount owing by customers on contracts	10,300	8,081
Trade receivables	10,945	11,901
Other receivables	1,955	2,194
Amount owing by associate companies	-	2,441
Cash and bank balances	107	174
	23,307	24,791
Assets directly associated with non-current assets classified as held - for - sale	7,173	7,173
	30,480	31,964
TOTAL ASSETS	66,228	72,060
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital	55,470	54,470
Reserves	(15,652)	(10,147)
	39,818	44,323
Non-Current liabilities		
Finance lease liabilities	-	43
	-	43
Current Liabilities		
Amount owing to customers on contracts	106	8
Trade payables	3,863	3,182
Other payables	14,969	16,076
Finance lease liabilities	-	17
Bank borrowings	244	1,136
Provision for taxation	17	64
	19,199	20,483
Liabilities directly associated with non-current assets classified as held - for - sale	7,211	7,211
	26,410	27,694
Total Liabilities	26,410	27,737
TOTAL EQUITY AND LIABILITIES	66,228	72,060
Net assets per share (RM)	0.21	0.24

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 July 2017)

LFE CORPORATION BERHAD
(Company No: 579343-A)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the second quarter ended 31 January 2018

	←	Attributable to Owners of the Company	→	←	→				
	Share capital	Share premium	Capital Reserves	Exchange translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(Audited)									
As at 1 August 2016	54,470	-	17,568	1,208	(29,540)	43,706	-	43,706	
Loss for the financial year					(1,698)		-	(1,698)	
Other comprehensive income				2,315				2,315	
Total comprehensive profit/ (loss) for the year	-	-	-	2,315	(1,698)	617	-	617	
As at 31 July 2017	54,470	-	17,568	3,523	(31,238)	44,323	-	44,323	

	←	Attributable to Owners of the Company	→	←	→				
	Share capital	Share premium	Capital Reserves	Exchange translation reserve	Accumulated losses	Total	Non-controlling interest	Total equity	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
(Unaudited)									
As at 1 August 2017	54,470	-	17,568	3,523	(31,238)	44,323	-	44,323	
Private Placement	1,000	-	-	-	-	1,000	-	1,000	
Loss for the financial period					(2,419)		-	(2,419)	
Other comprehensive income				(3,086)				(3,086)	
Total comprehensive (Loss) for the period	-	-	-	(3,086)	(2,419)	(5,505)	-	(5,505)	
As at 31 January 2018	55,470	-	17,568	437	(33,657)	39,818	-	39,818	

(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 2017)

LFE CORPORATION BERHAD
(Company No : 579343-A)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
For the second quarter ended 31 January 2018

	Current Period Ended 31 Jan 2018 (RM'000)	Preceding Financial Period Ended 31 July 2017 (RM'000)
Cash Flows From Operating Activities		
(Loss) before taxation	(2,419)	(1,626)
Adjustments for :		
Non-cash items	47	113
Non-operating items	4,026	3,618
Operating profit before working capital changes	1,654	2,105
Changes in working capital		
Net change in current assets	(925)	652
Net change in current liabilities	(425)	(940)
Amount owing by associate companies	2,441	(80)
Cash generated from operations	2,745	1,737
Interest received	-	-
Interest paid	(13)	(79)
Income taxes refund / (paid)	(47)	63
Net cash generated from operating activities	2,685	1,721
Cash Flows From Investing Activities		
Purchase of property, plant and equipment		(509)
Proceeds from disposal of investment properties	300	-
Net cash generated from / (used in) investing activities	300	(509)
Cash Flows From Financing Activities		
Repayment of bank borrowings	(896)	(1,070)
Repayment of finance lease liabilities	(60)	(16)
Proceeds from issuance of share capital	1,000	-
Net cash generated from / (used in) financing activities	44	(1,086)
Net increase in cash and cash equivalents	3,029	126
Exchange differences on translation	(3,086)	(343)
Cash & cash balances from asset held-for-sale	(14)	(14)
Cash & cash equivalents at the beginning of year	(66)	165
Cash & cash equivalents at the end of period	(137)	(66)
Cash & cash equivalents comprise:		
Cash and bank balances	121	188
Cash & cash balances from asset held-for-sale	(14)	(14)
Bank overdrafts	(244)	(240)
	(137)	(66)

(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 2017)

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 2017. 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 2017.

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 2017.

Accounting standards and amendments to accounting standards that are effective for the Company's financial year beginning on or after 1 August 2017 are as follows:

MFRS 14	Regulatory Deferral Accounts.	
Amendment to MFRS 10	Consolidated Financial Statements	
Amendment to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	
Amendment to MFRS 12	Disclosure of Interests in Other Entities	
Amendment to MFRS 101	Disclosure Initiative	
Amendment to MFRS 116	Property, Plant and Equipment	- Clarification of Acceptable Methods of Depreciation and Amortisation
Amendment to MFRS 127	Separate Financial Statements	- Equity Method in Separate Financial Statements
Amendment to MFRS 128	Investment in Associates and joint Ventures - Investment Entities : Applying the Consolidation Exception	
Amendment to MFRS 138	Intangible Assets	- Clarification of Acceptable Methods of Depreciation and Amortisation
Amendment to MFRS 141	Agriculture : Bearer Plants	

Annual Improvements to MFRSs 2012 - 2014 Cycle for the following Accounting Standards:

Amendment to MFRS 5	Non-Current Assets Held for Sale and Discontinued Operations
Amendment to MFRS 7	Financial Instruments: Disclosures
Amendment to MFRS 134	Interim Financial Reporting
Amendment to MFRS 119	Employee Benefits

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

Amendment to MFRS 12	Disclosure of Interest in Other Entities (annual improvement to 2014 -2016 cycle)
Amendment to MFRS 107	Statement of Cash Flow
Amendment to MFRS 112	Income Tax : Recognition of Deferred Tax Assets for Unrealised Losses

The above accounting standards and amendments to accounting standards effective during the financial year do not have any significant impact to the financial results and position of the Group and of the Company.

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 ended 31 July 2017 was not subject to any qualification.

A4 Seasonality or cyclicality 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:-

Issuance of New Shares :	Date of Issuance : 6 October 2017	
	Numbers	RM'000
-Placement Shares in relation to Private Placement at RM0.235 each	4,255,319	1,000

On 10 October 2017, the Group completed one tranche of the Private Placement and listing of 4,255,319 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad

A8 Dividends paid

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

A9 Segmental reporting

6 months period ended 31 January 2018	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	8,327	-	-	-	8,327
Overseas	-	-	-	-	-
Total revenue	8,327	-	-	-	8,327
RESULTS					
Operating (loss)	(2,219)	(187)	-	-	(2,406)
Interest expense	(13)	-	-	-	(13)
Share of results in associate	-	-	-	-	-
Profit/(Loss) before tax	(2,232)	(187)	-	-	(2,419)
Income tax expense	-	-	-	-	-
Net Profit/(Loss) for the period	(2,232)	(187)	-	-	(2,419)

A10 Carrying amount of revalued assets

This is not applicable.

A11 Material events subsequent to balance sheet date

On 15 November 2017, the Group entered into an agreement for the disposal of its entire equity interests in LFE Engineering (Vietnam) Company Limited for a cash consideration of RM2. Consequently, all assets and liabilities of LFE Engineering (Vietnam) Company Limited will be assumed by the buyer.

On 15 March 2018, the Group disposed of its 25.5% equity interest comprising 25,500 ordinary shares in the capital of Mediatorle Holdings Sdn Bhd (Company No. 693166 M) ("MEDIATORLE") for a cash consideration of RM250,000.

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 Significant Related party transactions

Related party transactions conducted up to 19 December 2017 was as follows:

a) Transactions with the related companies of shareholders :	19.12.2017 RM'000
i) Construction services rendered to Shapadu Properties Sdn Bhd for the construction of 92 units double - storey terrace houses in Mukim Kerli, Daerah Kemaman, Terengganu	549

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

The Group recorded total revenue of RM5.663 million for the current quarter as compared to RM5.471 million for the corresponding period of the preceding year.

The Group recorded loss after tax (LAT) of RM1.346 million for the current quarter as compared to PAT of RM0.538 million for the corresponding period of the preceding year.

B2 Comparison between the current quarter and immediate preceding quarter

The Group recorded revenue and LAT of RM5.663 million and RM1.346 million respectively for the current quarter as compared to revenue of RM2.664 million and LAT of RM1.074 million in the immediate preceding quarter ended 31 October 2017.

Thus, the Group recorded aggregate revenue of RM8.327 million and LAT of RM2.419 million for the financial period to date ended 31 January 2018.

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.

The Group's outstanding bank borrowing has been reduced to RM0.244 million and shareholders' equity was RM39.818 million, achieving debt/equity ratio of 0.01 for the financial period ended 31 January 2018. 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 these strategic partnerships will enhance the sustainability of the Group's business operation.

B4 Variance of actual profit from forecasted profit and shortfall in profit guarantee.

This is not applicable.

B5 Taxation

	Current quarter ended		Cumulative period ended	
	31.01.2018 RM'000	31.07.2017 RM'000	31.01.2018 RM'000	31.07.2017 RM'000
Malaysian income tax	-	-	-	-
Overseas taxation	-	-	-	-
Sub-total	-	-	-	-
Over provision in respect of prior years	-	-	-	-
Under provision in respect of prior years	-	72	-	72
Deferred taxation	-	-	-	-
Tax expense	-	72	-	72

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

B6 Sale of unquoted investments and properties

There were no sales of any unquoted investments and / or properties during the current quarter under review, other than the following:

Disposal of investment property :

On 5 October 2017, the Group entered into an agreement for the disposal of investment property of double storey terrace house for a cash consideration of RM300,000.

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 :

New Issue of Securities (Chapter 6 of Listing Requirements)

MIDF Investment on behalf of the Board of Directors of LFE had on 17 January 2017 announced that the Group proposed to undertake a Private Placement of up to ten percent (10%) of the issued and paid-up share capital of LFE to third party investor(s) to be identified later.

On 6 February 2017, LFE submitted the listing application in relation to the Proposed Private Placement to Bursa Malaysia Securities Berhad ("Bursa Securities").

On 13 February 2017, Bursa Securities had approved the listing and quotation for up to 18,156,570 Ordinary Shares in LFE pursuant to the Proposed Private Placement, on the Main Market of Bursa Securities subject to the following conditions:

- a) LFE and MIDF Investment must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Private Placement.
- b) LFE and MIDF Investment to inform Bursa Securities upon completion of the Proposed Private Placement.
- c) LFE to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed.

On 27 July 2017, MIDF Investment on behalf of the Board of Directors of LFE submitted to Bursa Malaysia for an application of extension of time for six (6) months till 12 February 2018. The extension of time was subsequently approved by Bursa Malaysia on 3 August 2017.

On 10 October 2017, the Group completed first tranche of the Private Placement and listing of 4,255,319 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad. The Group raised RM 1 million at an issue price of RM 0.235 per share.

The status of the utilisation of proceed was as follows:

Private Placement	Proposed Utilisation	Amount Utilised	Expected Timeframe for Utilisation
For Working Capital Purpose	RM'000	RM'000	
Total Gross Proceed	1,000	1,000	Completed

The extension of time granted by Bursa Malaysia Securities Berhad to LFE for the implementation of the proposed private placement has lapsed on 12 February 2018.

B8 Borrowings and debt securities

Details of the Group's borrowings as at 31 January 2018 are as follows:

	31.01.2018 RM'000	31.07.2017 RM'000
Short Term Borrowings		
Term loan	-	896
Overdraft	244	240
Finance Lease Liabilities	-	17
	244	1,153
Long Term Borrowings		
Finance Lease Liabilities	-	43
	-	43
Total	0	1,196

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 2017.

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 31.01.2018	Cumulative period ended 31.01.2018
Net (loss) attributable to Owners of the Company ('000)	(1,346)	(2,419)
Weighted average number of shares ('000)	185,821	185,821
Basic (loss) per share (sen)	(0.72)	(1.30)

(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 period to date.

B13 Realised and unrealised profits/losses disclosure

	As at 31.01.2018 RM'000	As at 31.7.2017 RM'000
Total accumulated losses of the company and its subsidiaries:		
- Realised	(33,638)	(31,219)
- Unrealised	-	-
	<u>(33,638)</u>	<u>(31,219)</u>
Total accumulated gain/(losses) of the associated companies		
- Realised	(19)	(19)
	<u>(33,657)</u>	<u>(31,238)</u>
Total group accumulated losses as per consolidated accounts	<u><u>(33,657)</u></u>	<u><u>(31,238)</u></u>

B14 Comparative Figures

In previous financial year, the Group had recognised its interest in ISZL and IJM-LFE as joint operations.

Subsequently, the management reassessed the treatment of its interest in ISZL and IJM-LFE in accordance with MFRS 11 Joint Arrangements to Joint Ventures.

Consequently, the accounting treatment has been changed retrospectively from line by line items consolidation to equity method.

The effect on these reclassification are as follows:

Financial Year 2017**Consolidated Profit and Loss Account at 31 January 2017**

	As previously stated RM'000	Reclassification RM'000	As Restated RM'000
Current Quarter Result:			
Administrative Expenses	(1,337)	1	(1,336)
Finance Costs	(413)	392	(21)
Share of (loss) in Joint Ventures	-	(393)	(393)
	<u>-</u>	<u>(393)</u>	<u>(393)</u>

Cumulative Quarter Result:

Administrative Expenses	(2,568)	(6)	(2,574)
Finance Costs	(681)	627	(54)
Share of (loss) in Joint Ventures	-	(621)	(621)
	<u>-</u>	<u>(621)</u>	<u>(621)</u>

Consolidated statement of financial position at 31 January 2017

	RM'000	RM'000	RM'000
Non-current assets			
Investment in joint ventures	-	39,153	39,153
Current assets			
Trade receivables	19,292	(7,021)	12,271
Other receivables	3,436	(1,988)	1,448
Assets held for sale	55,916	(55,916)	-
Cash and bank balances	69	(2)	67
Current liabilities			
Trade payables	19,452	(8,669)	10,783
Other payables	33,359	(17,105)	16,254
	<u>69</u>	<u>(2)</u>	<u>67</u>

Consolidated statement of cash flows at 31 January 2017

	RM'000	RM'000	RM'000
Net cash used in operating activities	(3,411)	123	(3,288)
Cash and cash equivalents at the beginning of financial year	291	(126)	165
Cash and cash equivalents at the end of financial year	69	(2)	67
	<u>69</u>	<u>(2)</u>	<u>67</u>

**B15 Prior Year Adjustments :
As at 31 January 2017**

	As previously stated RM'000	Adjustments RM'000	As Restated RM'000
Amount owing by associate company	6,721	(1,924)	4,797
Amount owing by contract customer	19,039	(437)	18,602
Accumulated loss	28,023	454	28,477
Translation reserve	(6,763)	1,907	(4,856)
	<u>(6,763)</u>	<u>1,907</u>	<u>(4,856)</u>

B16 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 March 2018.