



**LFE CORPORATION BERHAD**  
(Company No: 200201011680(579343-A))

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

	Individual Quarter		Cumulative Quarters	
	Current Quarter Ended	Preceding year Corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period
	30 Jun 2020 RM'000	30 Jun 2019 RM'000	30 Jun 2020 RM'000	30 Jun 2019 RM'000
Revenue	4,851	4,315	10,009	4,713
Cost of sales	(4,269)	(3,811)	(8,359)	(4,169)
<b>Gross Profit</b>	<b>582</b>	<b>504</b>	<b>1,650</b>	<b>544</b>
Other operating income	22	127	22	165
Administrative expenses	(732)	(937)	(1,956)	(1,733)
Other operating expenses	(414)	(540)	(455)	(592)
Finance costs	-	(70)	-	(139)
Share of results of joint ventures	17	(13)	9	(29)
<b>Loss before taxation</b>	<b>(525)</b>	<b>(929)</b>	<b>(730)</b>	<b>(1,784)</b>
Taxation	-	-	-	-
<b>Net Loss for the period</b>	<b>(525)</b>	<b>(929)</b>	<b>(730)</b>	<b>(1,784)</b>
<b>Other comprehensive income :</b>				
Item that may be reclassified subsequently to profit or loss				
- Currency translation differences of foreign operations	<b>(158)</b>	<b>517</b>	<b>1,243</b>	<b>184</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(683)</b>	<b>(412)</b>	<b>513</b>	<b>(1,600)</b>
<b>Net (Loss) attributable to :</b>				
Owners of the Company	(525)	(929)	(730)	(1,784)
Non- controlling interest	-	-	-	-
	<b>(525)</b>	<b>(929)</b>	<b>(730)</b>	<b>(1,784)</b>
<b>Total comprehensive (loss)/income attributable to :</b>				
Owners of the Company	(683)	(412)	513	(1,600)
Non- controlling interest	-	-	-	-
	<b>(683)</b>	<b>(412)</b>	<b>513</b>	<b>(1,600)</b>
Loss per share attributable to owners of the Company (sen)	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
- Basic	<b>(0.24)</b>	<b>(0.47)</b>	<b>(0.33)</b>	<b>(0.90)</b>
- Diluted (Note B12)	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

**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 period ended 31 December 2019)**

**LFE CORPORATION BERHAD**  
(Company No: 200201011680(579343-A))

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT 30 JUNE 2020**

	At Current Financial Period Ended 30 Jun. 2020 Unaudited (RM'000)	At Previous Financial Period Ended 31 Dec. 2019 Audited (RM'000)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	458	483
Investment in Joint Ventures	27,696	26,228
	<b>28,154</b>	<b>26,711</b>
<b>Current Assets</b>		
Contract Assets	11,920	12,666
Trade receivables	12,559	12,684
Other receivables	1,025	1,304
Cash and bank balances	190	621
	<b>25,694</b>	<b>27,275</b>
<b>TOTAL ASSETS</b>	<b>53,848</b>	<b>53,986</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share Capital	58,722	57,142
Reserves	(22,139)	(22,652)
	<b>36,583</b>	<b>34,490</b>
<b>Current Liabilities</b>		
Trade payables	5,210	6,337
Other payables	12,030	13,134
Provision for taxation	25	25
	<b>17,265</b>	<b>19,496</b>
<b>Total Liabilities</b>	<b>17,265</b>	<b>19,496</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>53,848</b>	<b>53,986</b>
<b>Net assets per share (RM)</b>	<b>0.17</b>	<b>0.17</b>

(The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2019)

**LFE CORPORATION BERHAD**  
(Company No: 200201011680(579343-A))

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

	← Attributable to Owners of the Company →				Total
	Share capital	Capital Reserves	Exchange translation reserve	Accumulated losses	
<b>(Unaudited)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
As at 1 January 2020	57,142	17,568	1,849	(42,069)	34,490
Private Placement	1,580	-	-	-	1,580
Loss for the financial period	-	-	-	(730)	(730)
Other comprehensive income	-	-	1,243	-	1,243
Total comprehensive income/(loss) for the period	-	-	1,243	(730)	513
As at 30 June 2020	<b>58,722</b>	<b>17,568</b>	<b>3,092</b>	<b>(42,799)</b>	<b>36,583</b>

	← Attributable to Owners of the Company →				Total equity
	Share capital	Capital Reserves	Exchange translation reserve	Accumulated losses	
<b>(Audited)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
As at 1 January 2019	55,470	17,568	2,099	(41,810)	33,327
Openina balance adjustment from adoption of MFR	-	-	-	(376)	(376)
As at 1 January 2019 (restated)	55,470	17,568	2,099	(42,186)	32,951
Private Placement	1,672	-	-	-	1,672
Profit for the financial year	-	-	-	117	117
Other comprehensive loss	-	-	(250)	-	(250)
Total comprehensive income/(loss) for the period	-	-	(250)	117	(133)
As at 31 December 2019	<b>57,142</b>	<b>17,568</b>	<b>1,849</b>	<b>(42,069)</b>	<b>34,490</b>

**(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial period ended 31 December 2019)**

**LFE CORPORATION BERHAD**  
(Company No: 200201011680(579343-A))

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

	Current Financial Period Ended 30 June 2020 (RM'000)	Previous Financial Year Ended 31 Dec. 2019 (RM'000)
<b>Cash Flows for Operating Activities</b>		
(Loss)/ Profit before taxation	(730)	117
Adjustments for :		
Non-cash items	29	69
Non-operating items	(9)	264
Operating (loss)/profit before working capital changes	(710)	450
Changes in working capital		
Net change in current assets	1,150	(9,195)
Net change in current liabilities	(2,446)	2,162
Cash used in operations	(2,006)	(6,583)
Interest paid	-	(214)
<b>Net cash used in operating activities</b>	<b>(2,006)</b>	<b>(6,797)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(5)	-
Distributed from Joint Venture	-	5,926
<b>Net cash (used in)/generated from investing activities</b>	<b>(5)</b>	<b>5,926</b>
<b>Cash Flows From Financing Activity</b>		
Proceeds from issuance of share capital	1,580	1,672
<b>Net cash generated from financing activity</b>	<b>1,580</b>	<b>1,672</b>
Net (decrease)/ increase in cash and cash equivalents	(431)	801
Cash & cash equivalents at the beginning of year	621	(180)
<b>Cash &amp; cash equivalents at the end of period</b>	<b>190</b>	<b>621</b>

**(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial period ended 31 December 2019)**

**LFE CORPORATION BERHAD**  
**(Company No: 200201011680(579343-A))**  
**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

**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 December 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

**A2 Accounting Policies**

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2019 except for the adoption of the following new MFRSs, amendments to MFRSs and IC interpretations that are effective for the Group's financial year beginning on or after 1 January 2020, as disclosed below:

**Annual periods beginning on / after 1 January 2020**

Amendment to MFRS 3	Definition of a Business
Amendment to MFRS 7	Financial Instruments: Disclosures
Amendment to MFRS 9	Financial Instruments
Amendment to MFRS 101	Presentation of Financial Statements
Amendment to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of these new MFRSs, amendments to published standards and IC interpretations did not have any material impact on the interim financial report of the Group.

**A3 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.

**A4 Unusual and extraordinary items**

There were no unusual items affecting assets, liabilities, equity, net income and cash flows during the current period and financial period-to-date under review.

**A5 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.

**A6 Debts and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the financial period-to-date.

Issuance of New Shares :	Date of Issuance : 1 April 2020	
	Numbers	RM'000
-Placement Shares in relation to Private Placement at RM0.079 each	20,000,000	1,580

On 1 April 2020, the Group completed one tranche of the Private Placement and listing of 20,000,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad

Hence the total number of shares in issue was 224,403,121 units and total paid-up share capital amounted to RM 58,722,100 after the above share issuance.

**A7 Dividends paid**

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

**A8 Segmental reporting**

6 months period ended 30 June 2020	Construction / Electrical & mechanical RM'000	Investment holding RM'000	Distribution of consumer electronics products RM'000	Eliminations RM'000	Consolidated RM'000
<b>REVENUE</b>					
External Sales					
Malaysia	10,009	-	-		10,009
Overseas	-	-	-	-	-
Total revenue	10,009	-	-	-	10,009
<b>RESULTS</b>					
Operating loss	(293)	(437)	-		(730)
Interest expense	-	-	-	-	-
Loss before tax	(293)	(437)	-	-	(730)
Income tax expense	-	-	-	-	-
Net Loss for the period	(293)	(437)	-	-	(730)

**A9 Carrying amount of revalued assets**

This is not applicable.

**A10 Material events subsequent to balance sheet date****Private Placement**

On 1 April 2020, the Group completed one tranche of the Private Placement and quotation for 20,000,000 Placement Shares on the Market of Bursa Malaysia Securities Berhad. The Group raised RM 1.58 million at an issue price of RM 0.079 per share.

**A11 Changes in the composition of the Group**

There were no changes in the compositions of the Group during the period and financial period under review.

**A12 Capital commitments**

There were no capital commitments for the period and financial period under review.

**A13 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.

**A14 Significant Related party transactions**

There were no related party transactions conducted during the financial period under review.

## **B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS**

### **B1 Review of performance**

The Group recorded total revenue of RM4.851 million for the current quarter as compared to RM4.315 million for the corresponding period of the preceding year.

The Group recorded loss after tax (LAT) of RM0.525 million for the current quarter as compared to LAT of RM0.929 million for the corresponding period of the preceding year.

The higher revenue was mainly contributed by the construction projects in Malaysia commenced on last financial year. The current quarter's revenue was solely contributed from the construction sector, including mechanical, electrical engineering, plumbing and C&S works, which is the Group's core business and industry.

### **B2 Comparison between the current quarter and immediate preceding quarter**

The Group recorded revenue and LAT of RM4.851 million and RM0.525 million respectively for the current quarter as compared to revenue of RM5.157 million and LAT of RM0.205 million for the immediate preceding quarter ended 31 March 2020.

The lower revenue and higher loss after tax was due to the slow down on construction site cause by the movement control order(MCO) and reduction of variation order of project.

### **B3 Future prospects**

The Group will continue to monitor and implement appropriate measures to address the adverse risk of Covid-19 on the operations and financial aspects. The Group actively pursue and bid for more new projects in the construction sector, including mechanical, electrical engineering, plumbing and C&S works locally and regionally, either on its own or through strategic alliances with established local partners.

The strategic partnerships with local 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**

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's 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 :

#### **New Issue of Securities ( Chapter 6 of Listing Requirements)**

On 1 April 2020, the Group completed one tranche of the Private Placement and listing of 20,000,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad. The Group raised RM 1.58 million at an issue price of RM 0.079 per share.

The status of the utilisation of proceed as at the reporting date is as follows:

<b>Private Placement</b>	<b>Proposed Utilisation</b>	<b>Amount Utilised</b>	<b>Expected Timeframe for Utilisation</b>
	RM'000	RM'000	
Working capital for new projects	880	880	
General working capital	660	660	
Estimated expenses in relation to the Proposed Private Placement	40	40	
<b>Total Gross Proceed</b>	<b>1,580</b>	<b>1,580</b>	

**B8 Borrowings and debt securities**

There were no borrowings and debt as at the financial period under review.

**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**

Except for the following claims, there was no pending material litigation.

**Arbitration between the Company's subsidiary, Teratai Megah Sdn. Bhd. ("Teratai Megah") and ODS Builder Sdn. Bhd. ("ODS Builder")**

On 23 January 2013, Teratai Megah entered into a contract with ODS Builder whereby Teratai Megah appointed ODS Builder as the subcontractor for a project pertaining to the construction of a proposed service apartment consisting of 96 units including the relevant infrastructure and particularised facilities located at Bandar Petaling Jaya ("the Project").

However, the Project was terminated by the main customer of the Project, Urban Hallmark on 10 July 2013, and consequently the contract between Teratai Megah and ODS Builder was also terminated.

As a result of the termination, ODS Builder is disputing with Teratai Megah for its final claim for work done amounting to RM1,458,668, and both parties have agreed to proceed with the matter by way of arbitration.

On 4 September 2018, ODS Builder issued the Notice of Arbitration to Teratai Megah, and Teratai Megah has filed the Response to the Notice of Arbitration on 14 September 2018.

On 8 July 2019, ODS Builder requested for the commencement of the arbitration and pursuant to letter from Asian International Arbitration Centre ("AIAC"), the arbitration has been registered pursuant to Rule 2 of the AIAC Fast Track Arbitration Rules 2018 and commenced on 8 July 2019.

On 7 November 2019, Teratai Megah appointed an external expert, JKW Consultancy Sdn Bhd ("JKW"), to provide commercial and contractual advisory services namely, to review, assess and quantify damages caused by ODS Builder and uncertified work completed by ODS Builders arising from the termination.

On 10 January 2020, The Quantum Report prepared by JKW have been submitted to AIAC. Teratai Megah's Witness Statement by Mr Tony Kok Tong Yong have been submitted to AIAC on 12 February 2020 and also received a copy of ODS Builder's Witness Statement by Mr Ong Di Seng.

Final hearing had concluded on 5th August 2020, and subsequently the respective counsels are requested to submit their summary report and their subsequent replies to the reports to the arbitrator within 2 months.

**Litigation between the Company, LFE Corporation Berhad and its wholly owned subsidiary, LFE Engineering Sdn Bhd ("LFE") and Juliana Quah Kooi Hong ("Juliana")**

On 5 June 2020, LFE received a Writ and Statement of Claim from Messrs Ghandi, the solicitors for Juliana. The Writ and Statement of Claim against the LFE was due LFE had failed to pay the outstanding salary, allowances and claims constitutes a material breach of Juliana's contract of employment.

LFE not agreed on above and filed the 'Statement of Defence' on 26 June 2020. LFE received the 'Reply to Defence' file by Messrs Ghandi on 10 July 2020.

The hearing will held on 22 September 2020.

**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.

	<b>Current quarter ended 30.06.2020</b>	<b>Cumulative period for 6 months ended 30.06.2020</b>
Net (Loss) attributable to Owners of the Company ('000)	(525)	(730)
Weighted average number of shares ('000)	219,403	219,403
Basic (Loss) per share (sen)	(0.24)	(0.33)

**(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.

**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 27/08/2020.