



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 MARCH 2019

	Individual Quarter		Cumulative Quarters	
	Current Quarter Ended	Preceding year corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Revenue	398	N/A	398	N/A
Cost of sales	(358)	N/A	(358)	N/A
Gross Profit	40	N/A	40	N/A
Other operating income	38	N/A	38	N/A
Administrative expenses	(797)	N/A	(797)	N/A
Other operating expenses	(52)	N/A	(52)	N/A
Finance costs	(68)	N/A	(68)	N/A
Share of results of joint ventures	(16)	N/A	(16)	N/A
Loss before taxation	(855)	N/A	(855)	N/A
Taxation	-	N/A	-	N/A
Net Loss for the period	(855)	N/A	(855)	N/A
Other comprehensive income :				
Item that may be reclassified subsequently to profit or loss				
- Currency translation differences of foreign operations	(333)	N/A	(333)	N/A
Total comprehensive loss for the period	(1,188)	-	(1,188)	N/A
Net (Loss) attributable to :				
Owners of the Company	(855)	N/A	(855)	N/A
Non- controlling interest	-	-	-	-
	(855)	N/A	(855)	N/A
Total comprehensive (loss) attributable to :				
Owners of the Company	(1,188)	-	(1,188)	N/A
Non- controlling interest	-	-	-	-
	(1,188)	-	(1,188)	N/A
Earnings per share attributable to owners of the Company (sen)	Sen	Sen	Sen	Sen
- Basic	(0.46)	N/A	(0.46)	N/A
- Diluted (Note B12)	N/A	N/A	N/A	N/A

Note : N/A denotes as Not Applicable

There are no comparative figures for the current quarter and the cumulative quarter of the preceding financial period following the change in the financial year end from 31 July to 31 December.

(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 2018)

LFE CORPORATION BERHAD
(Company No : 579343-A)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MARCH 2019

	At Current Financial Period Ended 31 Mar. 2019 Unaudited (RM'000)	At Previous Financial Period Ended 31 Dec. 2018 Audited (RM'000)
ASSETS		
Non-Current Assets		
Property, plant and equipment	535	552
Investment in Joint Ventures	32,111	32,525
	32,646	33,077
Current Assets		
Amount due from contract customers	-	10,419
Contract Assets	7,883	-
Trade receivables	6,314	6,593
Other receivables	866	822
Cash and bank balances	294	62
	15,357	17,896
TOTAL ASSETS	48,003	50,973
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share Capital	55,470	55,470
Reserves	(23,331)	(22,143)
	32,139	33,327
Current Liabilities		
Trade payables	2,079	2,123
Other payables	13,518	15,256
Bank borrowings	242	242
Provision for taxation	25	25
	15,864	17,646
Total Liabilities	15,864	17,646
TOTAL EQUITY AND LIABILITIES	48,003	50,973
Net assets per share (RM)	0.17	0.18

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018)

LFE CORPORATION BERHAD
(Company No: 579343-A)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	Attributable to Owners of the Company		Exchange		Attributable to Owners of the Company		
	Share capital (RM'000)	Capital Reserves (RM'000)	translation reserve (RM'000)	Accumulated lossess (RM'000)	Total (RM'000)	Non-controlling interest (RM'000)	Total equity (RM'000)
(Unaudited)							
As at 1 January 2019	55,470	17,568	2,099	(41,810)	33,327	-	33,327
Loss for the financial period				(855)		-	(855)
Other comprehensive income			(333)				(333)
Total comprehensive loss for the period	-	-	(333)	(855)	(1,188)	-	(1,188)
As at 31 March 2019	55,470	17,568	1,766	(42,665)	32,139	-	32,139

	Attributable to Owners of the Company		Exchange		Attributable to Owners of the Company		
	Share capital (RM'000)	Capital Reserves (RM'000)	translation reserve (RM'000)	Accumulated lossess (RM'000)	Total (RM'000)	Non-controlling interest (RM'000)	Total equity (RM'000)
(Audited)							
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				(10,572)		-	(10,572)
Other comprehensive income			(1,424)				(1,424)
Total comprehensive Loss for the period	-	-	(1,424)	(10,572)	-	-	(11,996)
As at 31 December 2018	55,470	17,568	2,099	(41,810)	33,327	-	33,327

(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 2018)

LFE CORPORATION BERHAD
(Company No : 579343-A)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

	Current Financial Period Ended 31 Mar. 2019 (RM'000)	Previous Financial Period Ended 31 Dec. 2018 (RM'000)
Cash Flows From Operating Activities		
Loss before taxation	(855)	(10,564)
Adjustments for :		
Non-cash items	17	128
Non-operating items	149	5,323
Operating loss before working capital changes	(689)	(5,113)
Changes in working capital		
Net change in current assets	2,770	4,598
Net change in current liabilities	(1,781)	(1,836)
Amount owing by associate companies	-	2,441
Cash generated from operations	300	90
Interest received	-	-
Interest paid	(68)	(481)
Income taxes (paid)/ refund	-	(47)
Net cash generated from / (used in) operating activities	232	(438)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	-	-
Proceeds from disposal of investment properties	-	30
Disposal of investment in subsidiary, net of cash acquired	-	(14)
Proceeds from disposal of associate company	-	250
Net cash generated from investing activities	-	266
Cash Flows From Financing Activities		
Repayment of bank borrowings	-	(896)
Repayment of finance lease liabilities	-	(60)
Proceeds from issuance of share capital	-	1,000
Net cash generated from financing activities	-	44
Net increase in cash and cash equivalents	232	(128)
Changes in cash & cash balances from asset held-for-sale	-	14
Cash & cash equivalents at the beginning of year	(180)	(66)
Cash & cash equivalents at the end of period	52	(180)
Cash & cash equivalents comprise:		
Cash and bank balances	294	62
Bank overdrafts	(242)	(242)
	52	(180)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial period ended 31 December 2018)

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 period ended 31 December 2018. 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 period ended 31 December 2018.

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 period ended 31 December 2018 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 2019, as disclosed below:

Annual periods beginning on / after 1 January 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendment to MFRS 1	First-time adoption of Malaysian Financial Reporting Standards
Amendment to MFRS 2	Classification and measurement of Share-based Payment Transactions
Amendment to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts.
128	Investment in Associates and joint Ventures
140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Annual periods beginning on / after 1 January 2019

MFRS 16	Leases
Amendment to MFRS 9	Prepayment features with negative compensation
119	Employee Benefits - Plan amendment, curtailment or settlement
128	Long-term interests in Associates and joint Ventures
Amendment to MFRS 3	Annual Improvements to MFRS standards 2015 - 2017 Cycle
Amendment to MFRS 11	Annual Improvements to MFRS standards 2015 - 2017 Cycle
112	Annual Improvements to MFRS standards 2015 - 2017 Cycle
123	Annual Improvements to MFRS standards 2015 - 2017 Cycle
IC Interpretation 23	Uncertainty over income tax treatments

The above accounting standards, amendments to accounting standards and IC interpretation effective during the financial year do not have any significant impact to the financial results and position of the Group and of the Company, except for the following:

Presentation of contract assets and contract liabilities in the balance sheet

MFRS 15 requires separate presentation of contract assets and contract liabilities from receivables and payables. Contract assets identified are mainly the right to consideration for goods or services transferred to the customers. In the case of property development and construction contracts, contract assets are the excess of cumulative revenue earned over cumulative billing to-date and contract liabilities are the obligations to transfer goods or services to the customers for which the Group or the Company has received the consideration or has billed the customers.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contracts with customers. Transaction price is allocated to each performance obligation on the basis of the relative standalone contract value of each distinct good or service as promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

MFRS 15 further requires that when performance obligation in a construction contract is satisfied over time, an entity shall recognise revenue in profit or loss by reference to the stage of completion, i.e. using the percentage of completion method. Appropriate methods of measuring progress include input method and output method. The Group has applied input method in recognising the construction progress.

A3 Audit report of preceding annual financial statements

The audit report for the financial period ended 31 December 2018 was not subject to any modification or qualification.

The material uncertainty in relation to going concern that has been disclosed in the Auditors' Report is as follows:-

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements, which indicates that the Group and the Company incurred a net loss of RM10,572,034 and RM15,630,928 respectively, and reported a negative operating cash flows amounting to RM437,946 and RM1,248,869 respectively during the financial period ended 31 December 2018. In addition, the Group and the Company have delayed in meeting their operational obligation.

These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

The references to Note 2.1 of the Financial Statements is reproduced as below:-

The Group and the Company incurred a net loss of RM10,572,034 and RM15,630,928 and reported negative operating cash flows amounting to RM437,946 and RM1,248,869 respectively during the financial period ended 31 December 2018. In addition, the Group and the Company have delayed in meeting their operational obligation.

These factors indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concern. The ability of the Group and the Company to continue as going concern are dependent on the timely and successful completion of its existing contracts, the timely collection of the trade receivables, the timely collection and repatriation of funds in its joint ventures, generate profit and cash inflows from the new contracts secured as described in Note 31(a) to the financial statements and the successful implementation of the proposed private placement as described in Note 31(b) to the financial statements.

The financial statements of the Group and of the Company do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Group and the Company be unable to continue as going concerns.

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 and 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 : 2 May 2019	
	Numbers	RM'000
Placement Shares in relation to Private Placement at RM0.09 each	18,582,100	1,672

On 2 May 2019, the Group completed one tranche of the Private Placement and listing of 18,582,100 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

3 months period ended 31 March 2019	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	398	-	-	-	398
Overseas	-	-	-	-	-
Total revenue	398	-	-	-	398
RESULTS					
Operating loss	(721)	(66)	-	-	(787)
Interest expense	(68)	-	-	-	(68)
Loss before tax	(789)	(66)	-	-	(855)
Income tax expense	-	-	-	-	-
Net Loss for the period	(789)	(66)	-	-	(855)

A10 Carrying amount of revalued assets

This is not applicable.

A11 Material events subsequent to balance sheet date

Private Placement

On 2 May 2019, the Group completed one tranche of the Private Placement and quotation for 18,582,100 Placement Shares on the Market of Bursa Malaysia Securities Berhad. The Group raised RM 1.672 million at an issue price of RM 0.09 per share.

A12 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, except for the following:

Disposal of LFE Engineering Qatar W.L.L.

On 30 July 2018, the Group entered into an agreement for the disposal of a dormant Associate Company : LFE Engineering Qatar W.L.L. for the 49% share comprising 98 shares of Qatari Riyals (QR) 1000 each for a total cash consideration of USD 100.

The anticipated completion date for the share sale registration will be mid of financial year 2019.

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 31 March 2019 was as follows:

Transactions with the related companies of shareholders :

31.03. 2019
RM'000

Arkema Plant Expansion and Building Construction in Keroh, Daerah Kemaman, Terengganu for Shapadu Energy Services Sdn Bhd

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS

B1 Review of performance

The Group recorded total revenue of RM 0.398 million and Loss after tax (LAT) of RM 0.855 million for the current quarter ended 31 March 2019.

The low revenue was due to the near completion of the projects in Malaysia and new projects will only commence in the following quarter. The current quarter's revenue was solely contributed from the construction, mechanical and electrical and plumbing segments, the Group's core business and industry.

There are no comparative figures for the current quarter and the cumulative quarter of the preceding financial period following the change in the financial year end from 31 July to 31 December.

B2 Comparison between the current quarter and immediate preceding quarter

The Group recorded revenue and LAT of RM0.398 million and RM0.855 million respectively for the current quarter as compared to revenue of RM0.848 million and LAT of RM1.024 million for the immediate preceding quarter ended 31 December 2018.

Thus, the Group recorded aggregate revenue of RM0.398 million and LAT of RM0.855 million for the financial period to date ended 31 March 2019.

B3 Future prospects

The Group has recently secured three (3) new projects, this has resulted in the Group's total outstanding order book being increased to approximately RM 66.6 million. The new projects secured are from the states of Johor and Terengganu.

While working on the secured projects the Group will continue to actively pursue and bid for many more new projects in the mechanical, electrical engineering, plumbing and construction sectors locally and regionally, either on its own or through strategic alliances with established local and foreign partners. Since the second half of 2018 to date, the Group has tendered for a total of 7 projects worth approximately RM202.36 million and the result of the tenders is expected to be released in the first half of 2019. With the above new projects, we hope this will enhance the shareholders' value and strengthen the Group's financial foundations in the long run.

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

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 2 May 2019, the Group completed one tranche of the Private Placement and listing of 18,582,100 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad. The Group raised RM 1.672 million at an issue price of RM 0.09 per share.

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

Private Placement	Proposed Utilisation	Amount Utilised	Expected timeframe for Utilisation
For Working Capital Purpose	RM'000	RM'000	
Total Gross Proceed	1,672	1,170	Within the next 6 months

B8 Borrowings and debt securities

Details of the Group's borrowings as at 31 March 2019 are as follows:

	31.03.2019 RM'000	31.12.2018 RM'000
Short Term Borrowings		
Overdraft	242	242
	242	242

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

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. Thereafter, there is no request from ODS Builder to commence the arbitration till the date of this report.

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 31.03.2019	Cumulative period for 3 months ended 31.03.2019
Net (Loss) attributable to Owners of the Company ('000)	(855)	(855)
Weighted average number of shares ('000)	185,821	185,821
Basic (Loss) per share (sen)	(0.46)	(0.46)

(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 Comparative Figures

The financial statements of the preceding year was for a financial period of 17 months from 1 August 2017 to 31 December 2018. Hence they are not comparable to the current financial year's results.

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 30 May 2019.