



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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	Individual Quarter		Cumulative Quarters	
	Current Quarter Ended	Preceding year Corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period
	30 Sept 2019 RM'000	30 Sept 2018 RM'000	30 Sept 2019 RM'000	30 Sept 2018 RM'000
Revenue	5,607	N/A	10,320	N/A
Cost of sales	(4,167)	N/A	(8,336)	N/A
<b>Gross Profit</b>	<b>1,440</b>	N/A	<b>1,984</b>	N/A
Other operating income	173	N/A	338	N/A
Administrative expenses	(823)	N/A	(2,556)	N/A
Other operating expenses	(188)	N/A	(780)	N/A
Finance costs	(75)	N/A	(214)	N/A
Share of results of joint ventures	(45)	N/A	(74)	N/A
<b>Profit/(Loss) before taxation</b>	<b>482</b>	N/A	<b>(1,302)</b>	N/A
Taxation	-	N/A	-	N/A
<b>Net Profit/(Loss) for the period</b>	<b>482</b>	N/A	<b>(1,302)</b>	N/A
<b>Other comprehensive income :</b>				
Item that may be reclassified subsequently to profit or loss				
- Currency translation differences of foreign operations	221	N/A	405	N/A
<b>Total comprehensive income/(loss) for the period</b>	<b>703</b>	N/A	<b>(897)</b>	N/A
<b>Net Profit/(Loss) attributable to :</b>				
Owners of the Company	482	N/A	(1,302)	N/A
Non- controlling interest	-	-	-	-
	<b>482</b>	N/A	<b>(1,302)</b>	N/A
<b>Total comprehensive income/(loss) attributable to :</b>				
Owners of the Company	703	N/A	(897)	N/A
Non- controlling interest	-	-	-	-
	<b>703</b>	N/A	<b>(897)</b>	N/A
Earnings per share attributable to owners of the Company (sen)	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
- Basic	0.24	N/A	(0.66)	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 30 SEPTEMBER 2019**

	<b>At Current Financial Period Ended 30 Sept. 2019 Unaudited (RM'000)</b>	<b>At Previous Financial Period Ended 31 Dec. 2018 Audited (RM'000)</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	500	552
Investment in Joint Ventures	32,938	32,525
	<b>33,438</b>	<b>33,077</b>
<b>Current Assets</b>		
Amount due from contract customers	-	10,419
Contract assets	8,186	-
Trade receivables	15,601	6,593
Other receivables	531	822
Cash and bank balances	6	62
	<b>24,324</b>	<b>17,896</b>
<b>TOTAL ASSETS</b>	<b>57,762</b>	<b>50,973</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	57,142	55,470
Reserves	(23,040)	(22,143)
	<b>34,102</b>	<b>33,327</b>
<b>Current Liabilities</b>		
Trade payables	9,552	2,123
Other payables	14,083	15,256
Bank borrowings	-	242
Provision for taxation	25	25
	<b>23,660</b>	<b>17,646</b>
<b>Total Liabilities</b>	<b>23,660</b>	<b>17,646</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>57,762</b>	<b>50,973</b>
<b>Net assets per share (RM)</b>	<b>0.17</b>	<b>0.18</b>

(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 THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	← Attributable to Owners of the Company →				Total	Non-controlling interest	Total equity
	Share capital	Capital Reserves	Exchange translation reserve	Accumulated losses			
(Unaudited)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
As at 1 January 2019	55,470	17,568	2,099	(41,810)	33,327	-	33,327
Private Placement	1,672	-	-	-	1,672	-	1,672
Loss for the financial period	-	-	-	(1,302)	(1,302)	-	(1,302)
Other comprehensive income	-	-	405	-	405	-	405
Total comprehensive loss for the period	-	-	405	(1,302)	(897)	-	(897)
As at 30 September 2019	<b>57,142</b>	<b>17,568</b>	<b>2,504</b>	<b>(43,112)</b>	<b>34,102</b>	-	<b>34,102</b>

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

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

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

	Current Financial Period Ended 30 Sept. 2019 (RM'000)	Previous Financial Period Ended 31 Dec. 2018 (RM'000)
<b>Cash Flows From Operating Activities</b>		
Loss before taxation	(1,302)	(10,564)
Adjustments for :		
Non-cash items	51	128
Non-operating items	207	5,323
Operating loss before working capital changes	<u>(1,044)</u>	<u>(5,113)</u>
Changes in working capital		
Net change in current assets	(6,483)	4,598
Net change in current liabilities	6,255	(1,836)
Amount owing by associate companies	-	2,441
Cash (used in)/generated from operations	<u>(1,272)</u>	<u>90</u>
Interest paid	(214)	(481)
Income taxes paid	-	(47)
<b>Net cash used in operating activities</b>	<b><u>(1,486)</u></b>	<b><u>(438)</u></b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of investment properties	-	30
Disposal of investment in subsidiary, net of cash acquired	-	(14)
Proceeds from disposal of associate company	-	250
<b>Net cash generated from investing activities</b>	<b><u>-</u></b>	<b><u>266</u></b>
<b>Cash Flows From Financing Activities</b>		
Repayment of bank borrowings	-	(896)
Repayment of finance lease liabilities	-	(60)
Proceeds from issuance of share capital	1,672	1,000
<b>Net cash generated from financing activities</b>	<b><u>1,672</u></b>	<b><u>44</u></b>
Net increase/(decrease) in cash and cash equivalents	186	(128)
Changes in cash and bank balances from asset held-for-sale	-	14
Cash and cash equivalents at the beginning of year	(180)	(66)
<b>Cash and cash equivalents at the end of period</b>	<b><u><u>6</u></u></b>	<b><u><u>(180)</u></u></b>
<b>Cash and cash equivalents comprise of:</b>		
Cash and bank balances	6	62
Bank overdrafts	-	(242)
	<b><u><u>6</u></u></b>	<b><u><u>(180)</u></u></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 2018)**

**LFE CORPORATION BERHAD**  
**(Company No: 579343-A)**  
**NOTES TO THE INTERIM FINANCIAL REPORT**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

**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.
Amendment to MFRS 128	Investment in Associates and joint Ventures
Amendment to MFRS 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
Amendment to MFRS 119	Employee Benefits - Plan amendment, curtailment or settlement
Amendment to MFRS 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
Amendment to MFRS 112	Annual Improvements to MFRS standards 2015 - 2017 Cycle
Amendment to MFRS 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 was 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 cyclical 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

Hence the total number of shares in issue was 204,403,121 units and total paid-up share capital amounted to RM 57,142,100 after the above share issuance.

### A8 Dividends paid

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

**A9 Segmental reporting**

9 months period ended 30 September 2019	Construction, mechanical and electrical 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	10,320	-	-	-	10,320
Overseas	-	-	-	-	-
Total revenue	10,320	-	-	-	10,320
<b>RESULTS</b>					
Operating loss	(808)	(280)	-	-	(1,088)
Interest expense	(214)	-	-	-	(214)
Loss before tax	(1,022)	(280)	-	-	(1,302)
Taxation	-	-	-	-	-
Net Loss for the period	(1,022)	(280)	-	-	(1,302)

**A10 Carrying amount of revalued assets**

This is not applicable.

**A11 Material events subsequent to balance sheet date of previous audit report****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) 1,000 each for a total cash consideration of USD 100.

The anticipated completion date for the share sale registration will be in the financial year of 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 and contingent assets 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 30 September 2019 was as follows:

**Transactions with the related companies of shareholders :**

30. 09. 2019  
RM'000

Arkema Plant Expansion and Building Construction in Kerteh, 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 5.607 million and profit after tax ("PAT") of RM 0.482 million for the current quarter ended 30 September 2019.

The higher revenue was due to the sites commencement of the few projects in Malaysia . The current quarter's revenue was mainly contributed from the construction, mechanical and electrical 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 PAT of RM5.607 million and RM0.482 million respectively for the current quarter as compared to revenue of RM4.315 million and loss after tax ("LAT") of RM0.929 million for the immediate preceding quarter ended 30 June 2019.

Thus, the Group recorded aggregate revenue of RM10.32 million and LAT of RM1.302 million for the financial period to date ended 30 September 2019.

**B3 Future prospects**

The Group has secured three (3) new projects in the current financial year. These new projects have contributed approximately RM 66.60 million of order book for the Group. New projects secured are from the states of Johor and Terengganu. The above new projects will enhance the shareholders value and strengthen the financial foundation of the Group.

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.

The strategic partnerships with its new shareholders and other strategic alliance, 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 the 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 and financial period-to-date 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	1,672	N/A



**B8 Borrowings and debt securities**

Details of the Group's borrowings as at 30 September 2019 are as follows:

	30.09.2019 RM'000	31.12.2018 RM'000
<b>Short Term Borrowings</b>		
Overdraft	-	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.

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, 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

**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 30.09.2019	Cumulative period for 9 months ended 30.09.2019
Net Profit/(Loss) attributable to Owners of the Company ('000)	482	(1,302)
Weighted average number of shares ('000)	198,209	198,209
Basic Earning/(Loss) per share (sen)	0.24	(0.66)

**(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 29 November 2019.