w w w . l f e . c o m . m y

LFE CORPORATION BERHAD (579343-A)
Wisma LFE, Lot 993, Off Jalan Balakong
43300 Balakong, Seri Kembangan
Selangor Darul Ehsan, Malaysia
Tel: 603 8995 8888 Fax: 603 8961 0042

strength through

Resilience

LFE Corporation Berhad (579343-A)

Since 1967

2008/2009
annual report

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LFE CORPORATION BERHAD



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors ("the Board") of LFE Corporation Berhad ("LFE" or "the Company"), I present to you the Annual Report and Consolidated Audited Financial Statements of the Group and the Company for the 15 months financial period from 1 January 2008 to 31 March 2009.

OPERATING ENVIRONMENT OVERVIEW

From the global perspective, 2008/9 has been a difficult year with new challenges of different kind affecting people from all walks of life. We have all experienced the turbulence that hit the US financial system as well as other parts of the financial markets globally including our Malaysian Economy through its trade linkages. The financial tsunami had bankrupted and caused the collapse of several long-established financial institutions and corporate giants. The spiralling crude oil price hit its peak at US$147 per barrel in mid 2008 before plummeting to its low of US$34 per barrel in February 2009. It has since been averaging around US$70 per barrel. According to the International Monetary Fund ("IMF"), on an average annual basis, global growth has moderated from about 5% in 2007 to 3.9% last year. The growth was contributed mainly by the emerging and developing economies since most of the advanced economies were already in recession last year.

On the domestic front, Bank Negara Malaysia reported that the Malaysian Economy grew by 4.6% in 2008 (2007: 6.3%), supported mainly by the robust domestic demand. The rapidly rising fuel price and its accompanying effect on all goods and services caused Malaysia's inflation to peak at 8.5% in July 2008. It eased to 5.7% in November 2008 following a reduction in domestic fuel prices. The inflation rate was 3.5% in March 2009 as reported by the Statistics Department.

The local construction and property development industries operated in a difficult and uncertain environment last year. The prices of major building materials such as steel and cement increased unpredictably, giving rise to severe supply issues. Against this bleak scenario and coupled with the unstable prices, builders were cautious in starting new projects while developers found it challenging trying to determine the selling price of houses.

FINANCIAL HIGHLIGHTS

Against this adverse economic and financial backdrop, the Group managed to register higher consolidated revenue of RM303 million for the financial period ended 31 March 2009, a significant improvement by about 131% as compared to RM131 million in the previous financial year. The main business segment of Mechanical and Electrical engineering ("M&E") division contributed 97% whilst trading and distribution of computer products accounted for 3% of the Group's total revenue in 2009.

However, despite higher revenue, we suffered loss before tax of RM6.5 million for the financial period against a profit before tax of RM4.8 million in the previous financial year. As a result of the above financial losses, the Group's total shareholders' equity now stands at RM39.0 million.

OPERATIONS AND BUSINESS REVIEW

The Zone C, Al Reem Island Project
(Abu Dhabi, United Arab Emirates)

As reported in the previous Annual Report, we participated in a consortium comprising of IJM Construction Sdn Bhd, Sunway Builders Sdn Bhd, Zelan Holdings (M) Sdn Bhd and LFE Engineering Sdn Bhd to undertake the design, execution and completion of the construction of five (5) towers known as CT1, CT2, CT3, CT4 and CT5 together with an associated podium and 7 villas, which are collectively known as "the Zone C, Al Reem Island Project" in Abu Dhabi, United Arab Emirates. The project with a contract sum of AED1,330,000,000 which commenced works on 1 October 2006 was originally expected to be completed by 30 April 2009. Subsequently, the consortium received confirmation of a variation order from the client for additional construction of a shopping mall in the Al Reem Island. As a result, the completion date for the entire project is now extended to 31 December 2009.

The Zone E2, Al Reem Island Project
(Abu Dhabi, United Arab Emirates)

In 2008, an unincorporated joint venture between IJM Construction Sdn Bhd and LFE Engineering Sdn Bhd was formed on a 70:30 sharing basis to undertake the construction of a 43-storey hotel building and a 25-storey suite building together with 2 levels of basement car park which are collectively identified as "the Zone E2, Al Reem Island Project". The joint venture was awarded works for the execution, construction and completion of the said project at a contract sum of AED318,380,561.22 which commenced work on 1 May 2008.

Shanghai Pudong Kerry Centre

In addition to the current construction projects in Middle East, LFE had on 23 September 2008 received a Notification of Award from Shanghai Pudong Kerry City Properties Co. Ltd. to undertake the main contract work of Mechanical & Electrical Services at a contract sum of RMB207,162,000. The construction work is expected to complete by 2010.

FUTURE PROSPECTS

Recently, it has been reported that Malaysia's GDP for 2009 has been revised from 3.5% to between – 1% to 1%. With the softening economy, the domestic inflation rate is expected to subside further, ranging from 1.5% to 2% in 2009 (2008: 5.4%).

The looming recession and rising unemployment have affected both business and consumer sentiments. With fewer new sizeable project roll-outs, the local construction sector's growth in the year ahead is expected to remain low. Nevertheless, the stimulus spending by the Malaysian government is expected to boost growth in the construction sector.

In the face of a weakening domestic and global economy, the Group needs to be more resilient and exercise prudence in managing its resources to tide over this economic downturn.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express my sincere gratitude to our customers, shareholders and business partners for their continuous support and confidence in the Group throughout the year. I am grateful to our past Audit Committee members who have placed the interest of the Group as paramount throughout their tenure. I wish them well in their future endeavours.

I would also like to convey my appreciation to the regulatory and government authorities for their invaluable assistance and guidance.

To our new Audit Committee members – welcome to our Group and may the Group sail to further and more prosperous horizons under your watchful eyes and guidance. Last but not least, to the management and staff, my heartfelt thanks for your dedication and commitment to the Group.

Thank you.

Lew Mew Choi
Managing Director

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lew Mew Choi
Managing Director

Liew Kiam Woon
Executive Director

Liew Meow Nyean
Non-Executive Director

Alan Rajendram A/L Jeya Rajendram
Non-Executive Director

David Low Teck Wee
Independent Non-Executive Director

Loo Thin Tuck
Independent Non-Executive Director

AUDIT COMMITTEE

David Low Teck Wee (Chairman)
Loo Thin Tuck

NOMINATION COMMITTEE

David Low Teck Wee (Chairman)
Loo Thin Tuck

REMUNERATION COMMITTEE

Loo Thin Tuck (Chairman)
David Low Teck Wee
Liew Kiam Woon

RISK MANAGEMENT COMMITTEE

Liew Kiam Woon (Chairman)
Alan Rajendram A/L Jeya Rajendram
Juliana Quah Kooi Hong

SECRETARIES

Leong Oi Wah (MAICSA 7023802)
Kong Yee Fong (MIA 20971)

AUDITORS

Russell Bedford LC & Company (AF 1237)
Chartered Accountants

REGISTERED OFFICE

Wisma LFE, Lot 993, Off Jalan Balakong
43300 Balakong, Seri Kembangan
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Tel : 603-89958888
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Website : www.lfe.com.my

SHARE REGISTRARS

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia
Tel : 603-27212222
Fax : 603-27212530
Website : www.symphony.com.my

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
EON Bank Berhad
Malayan Banking Berhad
Alliance Bank Malaysia Berhad

LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : LFECORP
Stock Code : 7170

PRINCIPAL OFFICES

KUALA LUMPUR, MALAYSIA
LFE Engineering Sdn Bhd
Wisma LFE, Lot 993, Off Jalan Balakong
43300 Balakong, Seri Kembangan
Selangor Darul Ehsan, Malaysia
Tel : 603-89958888
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JOHOR BAHRU, MALAYSIA
Loong Fuat Engineering (JB) Sdn Bhd
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Tel : 607-3539817
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Email : lfe@lfe.com.my

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Tel : +974-4906185
Fax : +974-4906217
Email : obh@lfe.com.my

GROUP STRUCTURE
as at 11 August 2009

LFE Corporation Berhad

100%
LFE Engineering Sdn Bhd
– LFE Engineering Sdn Bhd Abu Dhabi Branch

- 100% LFE Engineering (JB) Sdn Bhd
- 100% Loong Fuat Engineering Limited [1]
- 100% LFE Engineering (Shanghai) Limited [2]
- 100% LFE Engineering (Vietnam) Company Limited [3]
- 60% LFE Technology Sdn Bhd
- 49% LFE Engineering Qatar With Limited Liability [4]

100%
LFE International Limited [1]

100%
LFE Builder Sdn Bhd

100%
Teratai Megah Sdn Bhd

51%
Mediaforte Holdings Sdn Bhd

- 100% Mediaforte (Malaysia) Sdn Bhd

51%
Bestgate Development Sdn Bhd

51%
Lynex Construction Sdn Bhd

(1) Incorporated in The British Virgin Islands
(2) Incorporated in The People's Republic of China
(3) Incorporated in The Socialist Republic of Vietnam
(4) Incorporated in Qatar

PROFILE OF DIRECTORS

LEW MEW CHOI
Managing Director

Mr Lew Mew Choi, a Malaysian, aged 65, is currently the Managing Director of the Company. He was appointed to the Board as the Company's Managing Director on 15 September 2003. He is also currently Managing Director of both LFE Engineering Sdn Bhd ("LFEE") and Loong Fuat Engineering Limited, and he sits on the boards of several of the Company's subsidiaries. He joined Loong Fuat Electrical Company ("Loong Fuat") in 1975, a sole proprietorship set up by his brother, Mr Liew Meow Nyean in 1967 to carry out the business of electrical contracting. Loong Fuat was subsequently sold to LFEE in 1975. Mr Lew has over 3 decades of hands-on experience in the mechanical and electrical engineering ("M&E") business and the LFE Group has, under his stewardship, evolved to become a major player in the M&E industry with M&E installation expertise in infrastructure, residential and commercial developments, both within and outside of Malaysia. He is currently not a director of any other public company.

LIEW MEOW NYEAN
Non-Executive Director

Mr Liew Meow Nyean, a Malaysian, aged 73, is currently a Non-Executive Director of the Company. He is the pioneer of the M&E business of the LFE Group and was appointed to the Board on 15 September 2003. He is also currently the Executive Chairman of LFEE. He started his career as an apprentice and later as a competent wireman with several electrical contracting firms from the 1950s to 1960s. He was certified as a competent 'Wireman Nil' in 1965 and set up his own electrical contracting business, Loong Fuat, in 1967 which he later sold to LFEE in 1975. He is currently not a director of any other public company.

LIEW KIAM WOON
Executive Director &
Chairman of Risk Management Committee

Mr Liew Kiam Woon (Kenneth), a Malaysian, aged 46, is currently an Executive Director of the Company. He was appointed to the Board as the Company's Executive Director on 15 September 2003. He is also currently Chairman of the Company's Risk Management Committee and an Executive Director of LFEE. He also sits on the boards of all the Company's subsidiaries. He graduated from the University of Oregon, United States of America in 1987 with a Bachelor of Arts Degree, majoring in Business Administration and has completed a basic mechanical and electrical engineering course conducted by the Association of Consulting Engineers Malaysia. Upon graduation, he joined MBF Factors Sdn Bhd as a Business Development Executive. In 1990, he joined LFEE as a Project Coordinator and has since then progressed himself to his current position. He is currently not a director of any other public company.

DAVID LOW TECK WEE
Independent Non-Executive Director &
Chairman of Audit Committee and
Nomination Committee

Mr David Low Teck Wee, a Malaysian, aged 38, is currently an Independent Non-Executive Director of the Company. He was appointed to the Board on 18 May 2009 and is the Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee. Mr David Low holds a Bachelor's Degree in Commerce & Finance from the University of Western Australia. He is a member of the CPA Australia and also a member of the Malaysian Institute of Accountants. He started his career in 1994 as an audit assistant with Deloitte Touche Tohmatsu, Kuala Lumpur and progressed himself up to the position of Audit Manager by year 2000. In 2003, he joined another audit firm, RSM Robert Teo, Kuan & Co, as a Senior Audit Manager until year 2005 when he left to join LFL Resources Sdn Bhd as an Executive Director, a position that he is still currently holding. Mr David Low's area of expertise and experience includes the provision of financial advisory and consultancy services, business valuations, as well as, mergers and acquisitions. He is currently not a director of any other public company.

LOO THIN TUCK
Independent Non-Executive Director &
Chairman of Remuneration Committee

Mr Loo Thin Tuck, a Malaysian, aged 44, is currently an Independent Non-Executive Director of the Company. He was appointed to the Board on 18 May 2009 and is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. An accountant by profession, he is also a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Chartered Tax Institute of Malaysia. He has more than 22 years of extensive experience in the areas of taxation, management, accounting, corporate strategic management, secretarial, auditing and operational management in diverse industry sectors. He is currently the Managing Partner of Loo Thin Tuck & Co. and Managing Director of the consulting company, Infotax Planning Sdn Bhd. He is currently not a director of any other public company.

ALAN RAJENDRAM A/L JEYA RAJENDRAM
Non-Executive Director

Mr Alan Rajendram A/L Jeya Rajendram, a Malaysian, aged 53 is currently a Non-Executive Director of the Company. He was appointed to the Board on 19 October 2006 and is a member of the Risk Management Committee. He also sits on the board of LFE International Limited. He received his early training in public accounting from Deloittes from 1977 to 1979. He then obtained a Bachelor of Commerce degree from the University of Melbourne, Australia in 1979. Upon graduation, he worked in Messrs. Rajendram & Co., an accounting practice owned by his father. In 1983, he left the practice to join The Elrond And Kredin Group of Companies (a privately owned group of companies with diverse interests in manufacturing, property development and investment) as its Chief Executive Officer. After a 5-year stint, he left The Elrond And Kredin Group and returned to work for the Rajendram family-owned businesses within the Stanton Group of Companies which are involved in manufacturing, property development, investment and provision of corporate advisory, management, taxation, secretarial and accountancy services. He is currently the Executive Deputy Chairman of Stanton Technologies Limited. He is also currently a Non-Executive Director of Linear Corporation Berhad, a public company listed on Bursa Malaysia Securities Berhad.

OTHER INFORMATION

Mr Lew Mew Choi is the younger brother of Mr Liew Meow Nyean and Mr Liew Kiam Woon is the son of Mr Liew Meow Nyean. Save as abovementioned, there are no family relationships amongst the Directors and/or major shareholders of the Company.

None of the Directors has any conflict of interest with the Company.

None of the Directors of the Company has been convicted of any offence, other than traffic offences, within the past 10 years.

However, Bursa Malaysia Securities Berhad had meted out sanctions on the following Directors and past Directors for the following breaches:

No.	Name	Offence	
1.	Lew Mew Choi	Breach of paragraph 16.11(b) of the Listing Requirements of the Bursa Securities	Public Reprimand on 5 August 2009 and fine RM117,000
2.	Liew Kiam Woon	Breach of paragraph 16.11(b) of the Listing Requirements of the Bursa Securities	Public Reprimand on 5 August 2009 and fine RM117,000
3.	Alan Rajendram A/L Jeya Rajendram	Breach of paragraph 16.11(b) of the Listing Requirements of the Bursa Securities	Public Reprimand on 5 August 2009 and fine RM117,000
4.	Chin Soong Jin	Breach of paragraph 16.11(b) of the Listing Requirements of Bursa Securities	Public Reprimand on 5 August 2009 and fine RM117,000
5.	Liew Meow Nyean	Breach of paragraph 16.11(b) of the Listing Requirements of the Bursa Securities	Public Reprimand
6.	Chung Tack Soon	Breach of paragraph 16.11(b) of the Listing Requirements of the Bursa Securities	Public Reprimand
7.	Tong Hock Sen	Breach of paragraph 16.11(b) of the Listing Requirements of the Bursa Securities	Public Reprimand
8.	Kee Ju-Hun	Breach of paragraph 16.11(b) of the Listing Requirements of the Bursa Securities	Public Reprimand

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Directors" or "the Board") of LFE Corporation Berhad ("LFE" or "the Company") remains committed to ensure that the sound principles of corporate governance set out in the Malaysian Code on Corporate Governance ("the Code") are practised with the ultimate objective of protecting and enhancing shareholders' value. To this end, the Board is pleased to report in this statement, which is made in compliance with paragraph 15.25 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the application of the principles of good governance and the extent of compliance by the Company with the best practices as set out in the Code.

BOARD OF DIRECTORS

Board Composition

The Board currently has 6 members comprising 1 Managing Director, 1 Executive Director, 2 Non-Executive Directors and 2 Independent Non-Executive Directors, thus complying with the Listing Requirements of Bursa Securities for a minimum of one-third of the Board to be independent directors. The Directors bring to the Company a broad mix of business, financial, marketing and technical skills and experience. The Board believes that its existing composition has the required collective skills for the Board to provide clear and effective leadership for the LFE Group ("the Group").

Board Balance

The Board currently has 2 directors with executive functions and who are responsible for the making of day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the management.

The Board has yet to find a suitable replacement for the Chairman position that was vacated on the appointment of past Independent Director, YAB Dato' Hamzah bin Zainudin as Deputy Minister of the Ministry of Housing and Local Government in March 2008.

The Independent Non-Executive Directors play a key supporting role, contributing their skills and knowledge in all major matters and issues referred to the Board for consideration and approval. Their role is particularly important in ensuring that matters proposed by the Management to the Board will be fully discussed and examined, taking into account the long term interest of the Company's stakeholders. Their responsibilities and contributions will provide an element of objectivity, independent judgment and balance on the Board. Both the Independent Non-Executive Directors are free from any business or other relationship that could materially interfere with the exercise of their independent judgment. Mr David Low Teck Wee was designated as the Senior Independent Non-Executive Director on 31 July 2009.

The Non-Executive Directors, who are primarily substantial shareholders of the Company, contribute their business acumen and experience in the making of Board decisions.

Board Responsibilities

The Board retains control of the Company and is committed to take full responsibility for the overall corporate governance of the Group, including its strategic business direction and overall well being. It has reserved for itself a schedule of matters for consideration and decision which include *inter alia,* the Group's business strategy, risk management, acquisition, divestment, capital expenditure, investor relations and internal control policies, significant financial matters, related party transactions and review of financial and operating results and performance of the Group.

Board Meetings

The Board held 10 meetings during the financial period from 1 January 2008 to 31 March 2009, at which a variety of matters including amongst others, the Group's financial results, the Group's overall performance, challenges faced by the Group, business development activities, internal control issues and recurrent related party transactions were considered and deliberated upon. Details of attendance of the Directors at the Board meetings are as follows:

Director	No. of Meetings Attended
Lew Mew Choi	9 out of 10
Liew Meow Nyean	5 out of 10
Liew Kiam Woon	9 out of 10
Chin Soon Jin *(resigned on 14.1.2009)*	9 out of 9
Chung Tack Soon *(resigned on 23.12.2008)*	7 out of 8
Tong Hock Sen *(resigned on 16.1.2009)*	6 out of 9
Alan Rajendram A/L Jeya Rajendram	6 out of 10
Kee Ju-Hun *(resigned on 16.1.2009)*	6 out of 9
David Low Teck Wee *(appointed on 18.5.2009)*	N/A
Loo Thin Tuck *(appointed on 18.5.2009)*	N/A
Ahmad Fuad bin Abdul Wahab *(appointed on 18.5.2009)* *(resigned on 31.7.2009)*	N/A

In addition, the Board has exercised control on matters that required the Board's approval during the intervals between the scheduled Board meetings through the circulation of Directors' Circular Resolutions prepared from time to time by the company secretary.

Board Committees

The Board has delegated certain of its functions to the following board committees in order to enhance business and operational efficiency and to comply with the Listing Requirements of Bursa Securities as well as in line with the best practices prescribed in the Code:

Audit Committee
(comprising entirely Independent Non-Executive Directors)

David Low Teck Wee – Chairman
(member of the Malaysian Institute of Accountants)
Loo Thin Tuck – Member
(member of the Malaysian Institute of Accountants)

Nomination Committee
(comprising entirely Independent Non-Executive Directors)

David Low Teck Wee – Chairman
Loo Thin Tuck – Member

Remuneration Committee
(comprising mainly Independent Non-Executive Directors)

Loo Thin Tuck – Chairman
David Low Teck Wee – Member
Liew Kiam Woon – Member

Risk Management Committee

Liew Kiam Woon – Chairman
Alan Rajendram A/L Jeya Rajendram – Member
Juliana Quah Kooi Hong – Member

Supply of Information

The Management has the responsibility and duty to provide the entire Board with all the information, of which it is aware, to facilitate the effective discharge of the Board's duties. Matters specifically reserved for the Board's consideration and decisions were dealt with at the Board meetings. Prior to the Board meetings, all Directors received the Board papers in advance together with the notice calling for each meeting. The Board papers were comprehensive and encompass both quantitative and qualitative factors so that informed decisions can be made by the Directors at the meetings. All Board members, whether as a full Board or in their individual capacity, had access to the advice and services of the company secretary and auditors and all information relating to the Group to assist them in the furtherance of their duties. The Directors may, if necessary, obtain independent professional advice from external consultants, at the Company's expense.

Appointments to the Board

The Code endorses as a good practice, a formal procedure for appointments to the Board based on the recommendation of a nomination committee. As such, the Nomination Committee was established and is charged with the duty to assess and review the suitability of candidates nominated for appointment to the Board based on the candidates' qualifications, skills and experience. The Nomination Committee also keeps in view the need to maintain the required mix of skills and experience of the board members for the effective discharge of duties. The

Nomination Committee will then make its recommendations to the Board and the final decision on the appointment lies with the entire Board.

Re-election of Directors

According to the Company's Articles of Association ("the Articles"), any Director who is appointed during the year shall retire at the Company's annual general meeting following his appointment and one-third of the Board who do not retire as aforesaid, will retire by rotation at every annual general meeting. The Articles further provide that every Director is subject to retirement once in every 3 calendar years and all retiring Directors are eligible for re-election.

All Directors who have attained the age of 70 years are required to submit themselves for re-appointment annually at the Company's annual general meetings in accordance with Section 129 (6) of the Companies Act, 1965 ("the Act").

Directors' Training

There were no training attended by the Directors who were in office during the financial period from 1 January 2008 to 31 March 2009. This was due to the pressing audit issues encountered by the Board during the said financial period, whereby the Directors committed their time in addressing the same and hence the Directors were unable to attend to such trainings. Notwithstanding the same, the Directors will endeavour to attend training courses progressively, to equip themselves and to keep abreast with developments in corporate matters as well as industry practices for them to discharge their duties more effectively.

The Company does not have a formalized orientation programme for all new directors. The new directors are briefed by the Executive Directors on the operations of the Group.

DIRECTORS' REMUNERATION

The Board adopts a formal and transparent procedure to assess and determine the remuneration packages offered by the Group to individual Directors. In general, the component parts of the remuneration of Executive Directors are structured so as to link rewards to corporate and individual performances as well as in line with prevailing market rates. This structure is to ensure that the Company is able to attract and retain Directors of the caliber needed to run the Group successfully. Independent Non-Executive Directors, on the other hand, receive Director's fees that are approved by shareholders at annual general meetings. The Company also reimburses the Directors with meeting allowances for expenses necessarily incurred by them for attendance at Board meetings.

The Board, upon the recommendation of the Remuneration Committee, will determine the remuneration packages of each Director. However, the Directors do not participate in decisions regarding their own remuneration packages.

The remuneration of the Company's Directors derived from the Group during the financial period from 1 January 2008 to 31 March 2009 are as follows:

Type of Remuneration	Executive Directors RM	Non-Executive Directors RM	Total RM
Fees	–	34,000	34,000
Salaries, wages, bonus and allowances	1,230,855	48,000	1,278,855
Defined contribution plan	102,000	5,760	107,760
Benefits-in-kind	90,366	21,251	111,617
Others	1,328	554	1,882
Total	**1,424,549**	**109,565**	**1,534,114**

The number of Directors whose total remuneration fell within the following bands for the financial period from 1 January 2008 to 31 March 2009 are as follows:

	Number of Directors		
Remuneration Band	**Executive Directors**	**Non-Executive Directors**	**Total**
Below 50,000		5	5
50,001 to 100,000		1	1
350,001 to 400,000	2		2
450,001 to 500,000	1		1
Total	**3**	**6**	**9**

SHAREHOLDERS

The Board recognises the importance of clear and effective communication with shareholders and investors, and hence, has ensured that information concerning the Group's performances, corporate developments and matters affecting shareholders' interests are conveyed to shareholders and investors on a timely basis. The Company's annual reports, financial results, announcements made to Bursa Securities, circulars to shareholders and the Group's website are some of the main channels of communication to enable shareholders to have an overview of the Group's performances and operations.

Annual general meetings, held once a year, will be the principal forum for dialogue between the Board and shareholders. Shareholders are encouraged to participate in the question and answer sessions during these meetings where the Directors will respond to shareholders' questions to ensure a high level of accountability and transparency on the business operations, strategy and goals of the Group.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The Group continuously embeds corporate responsibility in every aspect of its business, aligning it to the Group's culture and strategy. As part of the Group's commitment to employees of the Group who are recognised as important assets, the Group has in place policies and procedures to ensure workplace safety and health issues are regularly updated and communicated to the employees. Besides the welfare, there is the constant upgrading of the employees' skills through on-the-job training, attendance at formal training programmes, etc.

As a responsible corporate citizen, the Group also believes in contributing to the communities in which it operates particularly in the area of education. The Group continues to support the Master Builders Association Malaysia Education Fund Scholarship for students who are studying Construction Management through cash donations and providing vocational training. Besides this, in the early part of the financial period from 1 January 2008 to 31 March 2009, the Group made charitable donations to an orphanage and single mothers' home in Kajang.

The Group has achieved significant milestones in the engineering feat and will continue to strive to meet the expectation of its shareholders.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible to present a true and fair assessment of the Group's financial positions and prospects in the Company's quarterly financial results and annual audited financial statements. All quarterly financial results have been reviewed by the Audit Committee and approved by the Board prior to announcement to Bursa Securities.

Internal Control

Whilst matters relating to internal controls and risk management are dealt with in detail by the Audit Committee and the Risk Management Committee respectively, the Board has the overall responsibility to maintain a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with internal procedures and guidelines.

An external consultant was appointed by the Audit Committee to carry out the internal audit function. During the financial period 1 January 2008 to 31 March 2009, the external consultant issued one report dated 4 June 2008 on their review of the Group's Qatar operations. The areas reviewed were Operation Risk Management and Procurement of Contractors and Materials. As there were more pressing matters requiring attention in this financial period, the Company had deferred the internal audit work but will expect it to resume in the current financial year.

Relationship with the Auditors

The Board has maintained a formal and transparent relationship with the Company's external auditors, Russell Bedford LC & Company, in seeking professional advice and ensuring compliance with the relevant laws and applicable approved accounting standards in Malaysia. The final quarter results for the year were discussed in the Audit Committee meeting with the presence of the external auditors and members of the Board and then approved by the Board before announcement to Bursa Securities. The Audit Committee also had the opportunity to consult the external auditors in the absence of the Executive members and the Management before arriving at its independent findings and recommendations. The Board was also assisted by the Audit Committee in the review of the audit plans and audit findings of the external auditors.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee of LFE Corporation Berhad ("LFE" or "the Company") currently comprises the following Independent Non-Executive Directors, namely:

David Low Teck Wee – Chairman
Loo Thin Tuck – Member

TERMS OF REFERENCE OF AUDIT COMMITTEE

The Audit Committee is governed by the following Terms of Reference which have been revised by the Board on 23 November 2007 in line with the Malaysian Code on Corporate Governance which was revised in November 2007.

Objectives

1.1 To provide additional assurance to the Board by giving objective and independent review of the Group's financial, operational and administrative controls and procedures.

1.2 To assist the Board in establishing and maintaining internal controls for areas of risks as well as safeguarding of assets within the Group.

1.3 To assess and supervise the quality of audits conducted by the Internal Auditors and External Auditors.

1.4 To reinforce the independence of the External Auditors and to assure that the External Auditors will have free rein in the audit process.

1.5 To provide a forum for regular, informal and private discussion between the External Auditors and Directors who have no significant relationship with Management.

1.6 To reinforce the objectivity of the Internal Auditors.

Membership

2.1 The members of the Audit Committee shall be appointed by the Board pursuant to a Board Resolution. All members of the Audit Committee shall be non-executive directors who possess adequate financial knowledge to discharge their functions effectively.

It shall comprise at least three (3) members of whom a majority shall be independent non-executive Directors.

2.2 An alternate Director and an Executive Director of the Company is not eligible for membership in the Audit Committee.

2.3 At least one (1) member of the Audit Committee:

2.3.1 must be a member of the Malaysian Institute of Accountants ("MIA"); or

2.3.2 if he/she is not a member of MIA, he must have at least three (3) years' of working experience and:

(a) he/she must have passed the examination specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

(b) he/she must be a member of one (1) of the associations of accountants specified in part II of the 1st Schedule of the Accountants Act, 1967; or

2.3.3 must possess such qualifications as may from time to time be prescribed by Bursa Malaysia Securities Berhad.

2.4 A member who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he/she leaves.

2.5 If the number of members is reduced to below three (3) as a result of resignation or death of a member, or for any other reason(s) the member ceases to be a member of the Audit Committee, the Board shall, within two (2) months of that event but in any case, not later than three (3) months, appoint amongst such other Directors, a new member to make up the minimum number required herein subject to all of the requirements with regards to the composition of the Audit Committee and the qualification of such new member as contained in these Terms of Reference.

2.6 The Chairman of the Audit Committee shall be appointed by the Board, or failing which, amongst the members of the Audit Committee themselves PROVIDED THAT he/she must be an independent non-executive Director.

Authority

3.1 It shall have the resources and full access to both the Internal Auditors and External Auditors as well as all employees of the Group including but not limited to the Management, the chief executive officer and the chief financial officer of the Company or the Group (by whatever name called) and any information which it requires in the course of performing its duties, and the Management and/or employee shall provide the fullest co-operation in providing the information and resources to the Audit Committee, and in implementing or carrying out all requests made by the Audit Committee.

3.2 It shall have direct communication channels with the External Auditors and Internal Auditors with or without the presence of the Management.

3.3 It shall also have the authority to obtain, at the cost of the Company or the Group, independent legal and/or other professional advice and to secure attendance of outsiders with relevant experience and expertise at its meetings if it considers this necessary.

3.4 It shall also have the power to establish Sub-Audit Committee(s) and delegate its powers to such Sub-Audit Committee(s) for the purpose of carrying out certain investigations on its behalf in such manner as the Audit Committee deems fit and necessary and, to appoint any person(s) as member(s) of the Sub-Audit Committee(s) and/or as Head of Internal Audit who shall report directly to the Audit Committee.

Functions

4.1 To review with both the Internal Auditors and External Auditors their audit plans and reports.

4.2 To nominate a person or persons as the External Auditor(s).

4.3 To discuss with the External Auditors before the audit commences, the nature and scope of their audit and ensure co-ordination where more than one audit firm is involved, and to review the adequacy of the existing external audit arrangements, with particular emphasis on the scope and quality of the audit.

4.4 To consider the audit fee and any question of resignation or dismissal of the External Auditors.

4.5 To review the scope of the internal audit programmes and procedures, consider the results of internal audit investigations and assess Management's response and to ensure that appropriate actions are taken on the recommendations of the internal audit function.

4.6 To review and evaluate the adequacy and effectiveness of the internal audit function, and that it has the necessary authority to carry out its work, and to review and evaluate the adequacy and effectiveness of the internal control systems as well as the management information systems, the administrative, operating and accounting policies employed.

4.7 To review the assistance given by the officers and employees of the Group to the Internal Auditors and External Auditors.

4.8 To review the Company's quarterly and annual financial reports and statements with both the External Auditors and the management and thereafter to submit them to the Board, focusing particularly on any changes in accounting policies and practices, significant adjustments arising from the audit, the going concern assumption, compliance with accounting standards and other legal requirements.

4.9 To review all areas of significant financial risks within the Group and the arrangements in place to contain those risks to acceptable levels.

4.10 To review all related party transactions and all potential conflict of interest situations that may arise within the Company or the Group.

4.11 To identify and direct any special projects or investigations it deems necessary.

4.12 To discuss problems and reservations arising from the interim and final audits, and any other matter the External Auditors and/or Internal Auditors may wish to discuss in the absence of the Management, where necessary.

4.13 To review the External Auditors' audit report and management letter and the Management's response thereto.

4.14 To carry out such other functions and consider other topics as may be agreed upon from time to time with the Board.

4.15 To review reports and consider recommendations of the Sub-Audit Committee(s), if any.

4.16 To review any appraisal or assessment of the performance of members of the internal audit function who are full-time employees of the Group, if any.

4.17 To take cognizance of resignations of internal audit staff members who are full-time employees of the Group, if any, and provide such resigning staff member an opportunity to submit his /her reasons for resigning.

Meetings

5.1 The Audit Committee will hold regular meetings as and when the need arises and any such additional meetings as the Chairman of the Audit Committee so decides to fulfill its duties.

5.2 A quorum shall consist of two (2) members. The majority of members present must be independent non-executive Directors.

5.3 Notice of not less than three (3) working days shall be given for the calling of any meeting to those entitled and required to be present.

5.4 Matters raised and tabled at all meetings shall be decided by a majority of votes of the members.

5.5 A resolution in writing, signed by all the members shall be as valid and effective as if it had been deliberated and decided upon at a meeting of the Audit Committee.

5.6 Proceedings of all meetings held and resolutions passed as referred to in para 5.5 above shall be recorded by the Secretary and kept at the Company's registered office.

5.7 Every member of the Board shall have the right at any time to inspect the minutes of all meetings held and resolutions passed by the Audit Committee and the reports submitted thereat.

5.8 The External Auditors and Internal Auditors shall have the right to appear and be heard at any meeting and shall appear before the Audit Committee when so required by the Audit Committee.

5.9 Upon the request of the External Auditors or Internal Auditors, the Chairman shall convene a meeting to consider any matters the External Auditors or Internal Auditors believe should be brought to the attention of the Directors or shareholders of the Company.

5.10 The Audit Committee shall function independently of the other Directors and officers of the Company or the Group. Such other directors or officers may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

5.11 The Audit Committee shall meet with the External Auditors at least twice in a financial year without the presence of any executive board member of the Company or the Management.

Compliance

6.1 The provisions of Articles 119, 120 and 121 of the Company's Articles of Association except as otherwise expressly provided in these Terms of Reference shall apply to the Audit Committee.

AUDIT COMMITTEE MEETINGS

During the financial period from 1 January 2008 to 31 March 2009, the Audit Committee had 11 meetings, in 3 of which, the executive board members and the Management were excused from the meetings to allow the Audit Committee to have separate meetings with the External Auditors. All Audit Committee meetings were duly convened with sufficient notice given to all Audit Committee members together with the agenda, report and proposals for deliberation at the meetings.

Directors who were invited to the Audit Committee meetings responded to all queries raised by the Audit Committee. Representatives from the External Auditors and Internal Auditors, as the case may be, and the chief financial officer and/or the group financial manager were in attendance to present the relevant reports and proposals to the Audit Committee at the meetings which included inter alia, the auditors' audit plans and audit reports, the quarterly results of the Company and the audited financial statements for the financial period from 1 January 2008 to 31 March 2009.

Details of attendance of the Audit Committee members at the Audit Committee meetings and the Independent Audit Committee meeting during the financial year are as follows:

Name of Audit Committee Member	Audit Committee Meetings Attended
Chung Tack Soon (Resigned on 23.12.2008)	11 out of 11
Tong Hock Sen (Resigned on 16.1.2009)	9 out of 11
Kee Ju-Hun (Resigned on 16.1.2009)	9 out of 11
David Low Teck Wee (Appointed on 18.5.2009)	N/A
Loo Thin Tuck (Appointed on 18.5.2009)	N/A
Ahmad Fuad bin Abdul Wahab (Appointed on 18.5.2009) (Resigned on 31.7.2009)	N/A

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee has carried out the following activities during the financial period from 1 January 2008 to 31 March 2009 in the discharge of its duties:

- Reviewed with the External Auditors, the audit plan and scope of audit for the financial period from 1 January 2008 to 31 March 2009;
- Reviewed all quarterly financial results of the Company including the announcements pertaining thereto before recommending them to the Board for approval;
- Reviewed all recurrent related party transactions that arose in the Group on a quarterly basis;
- Reviewed the work done and reports from the Internal Auditors and considered the findings of the internal audit investigations and the Management's response thereto to ensure that appropriate actions are taken by the Management on the recommendations raised by the Internal Auditors;
- Reviewed the assistance given by the Company's officers and employees to the External and Internal Auditors;
- Reviewed the audit findings of the External Auditors in respect of the financial year ended 31 December 2007 and took appropriate actions to address the issues raised by the External Auditors which resulted in the engagement of a firm of independent auditors to carry out an investigative audit on a subsidiary of the Company;
- Reviewed the findings of the independent auditors in the investigate audit and took appropriate actions to address inter-alia the risk issues involving the same subsidiary and its effects on the Group; and
- Reviewed the audited financial statements of the Company for the financial year ended 31 December 2007 in consultation with the External Auditors before recommending them to the Board for approval.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

This statement is made pursuant to paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad which stipulates that the board of directors of all listed companies must make a statement in its annual report about the state of internal control in the company as a group.

The Board of Directors ("the Board") of LFE Corporation Berhad ("LFE" or "the Company") is pleased to provide the following statement which outlines the nature, scope and extent of internal control of the LFE Group ("the Group") during the financial period from 1 January 2008 to 31 March 2009.

BOARD RESPONSIBILITY

The Malaysian Code on Corporate Governance specifies that the board of directors of all listed companies should maintain a sound system of internal control to safeguard shareholders' investment and the group's assets.

The Board of LFE affirms its overall responsibility for the Group's system of internal control and for reviewing its adequacy, integrity and effectiveness. The role of the Management which is composed of directors with executive functions, is to implement the Board's policies on risks and control, and is accountable to the Board for monitoring the Group's internal control system and for providing assurance to the Board that it has done so.

The system of internal control encompasses financial, operational and compliance controls as well as risk management. Due to the inherent limitations in any system of internal control, this system is designed to manage rather than eliminate the risk of failure to achieve business objectives. It should be noted that the system can only provide reasonable, and not absolute, assurance against material misstatement or loss.

As described in Note 39 of the Audited Financial Statements for the financial year, a Director was made the sole director of a wholly owned subsidiary of the Company and as a result of the ensuing series of events as described therein, Bursa Malaysia has publicly reprimanded the Company on 5 August 2009 and fined four of the Directors a total of RM468,000 for breach of paragraph 16.11(b) of the Listing Requirements of Bursa Malaysia Securities Berhad. The Board recognizes the areas of weaknesses in the system of internal control and is committed to reform and strengthen the said system.

The Board will reappraise the Group's corporate governance, system of internal controls, risk management policies and procedures and the process will be a continuous and progressive one. Where improvements are recommended, it will be implemented with oversight and guidance from the Board.

RISK MANAGEMENT FRAMEWORK

The Board is aware of the importance of effective risk management, particularly in identifying, evaluating the likelihood and impact of, monitoring and mitigating significant operational risks. The Board acknowledges that all areas of the Group's activities involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework.

The Heads of Departments are responsible for managing risks related to their functions on a day-to-day basis. Periodic management meetings are held to ensure that risks faced by the Group are discussed, monitored and appropriately addressed. Key risks issues and corresponding controls to be implemented are communicated amongst the Senior Management Team. Significant risks which are identified are subsequently brought to the attention of the Risk Management Committee and the Board.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an external consultant, who provides the Board and the Audit Committee with the level of assurance required on the adequacy and the integrity of the system of internal control.

During the financial period from 1 January 2008 to 31 March 2009, the internal auditors have completed one (1) cycle of internal audit and the findings of the internal audit review has been communicated to the Audit Committee.

The Audit Committee reviewed the reports from internal audit and the Management's responses, before reporting and making recommendations to the Board in strengthening the internal control system.

KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management and internal audit, the Group has an embedded system of internal control that includes the following:

- The Board meets at least once every quarter and has an agenda to bring to the Board's attention significant matters related to internal control, ensuring that it maintains full and effective supervision over appropriate controls;
- Directors with executive functions participate actively in the daily operations of the Group and regular operational meetings were held with heads of departments. The heads of departments are delegated with the responsibility to ensure that the system of internal control is put into place accordingly;
- Representations from the Company in consortium or joint venture are responsible to oversee the administration, operation and performance of the consortium or joint venture and are further responsible to provide on a regular basis, financial and operational information of the consortium or joint venture to the Management of the Company;
- Quarterly review of financial results by the Board and the Audit Committee before announcement to Bursa Securities;
- An organisational structure with defined lines of responsibilities and delegation of authority within which the Management operates;
- The principal operating subsidiary, LFE Engineering Sdn Bhd, has a formalised Quality Procedure Manual ISO 9001:2000 ("ISO") to inter-alia provide guidance to employees in carrying out daily tasks, to ensure that there is a clear understanding of the operations of the Group, to continually improve the effectiveness of our Quality Management System so as to provide our customers with superior products and services;
- Scheduled in-house ISO internal audit held once a year to ensure full compliance with the ISO requirements, where findings are discussed during the Management review committee meetings.

INDEPENDENCE OF THE AUDIT COMMITTEE

The Audit Committee comprises entirely independent non-executive directors and has full access to both the internal and external auditors.

The Audit Committee, on behalf of the Board, considers the effectiveness of the operation of internal control procedures in the Group. The Audit Committee reviews internal control issues identified by the internal audit division, the external auditors and management, and evaluates the adequacy and effectiveness of the Group's risk management and internal control system.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

There were no material or significant losses incurred during the financial period from 1 January 2008 to 31 March 2009 as a result of weakness in internal control. The Board and the Management continue to take appropriate measures to improve and strengthen the control environment.

This Statement was reviewed by the Audit Committee and approved by the Board on 26 August 2009.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

This statement made pursuant to 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad, is to explain the responsibilities of the Board of Directors ("the Directors" or "the Board") of LFE Corporation Berhad ("LFE" or "the Company") in relation to the preparation of the Company's annual financial statements. The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the LFE Group ("the Group") at the end of the financial year and the profit and loss account of the Company and the Group for the financial year. Further, the Board is required to ensure that the financial statements have been prepared in compliance with the Act, the Listing Requirements and in accordance with the applicable approved accounting standards in Malaysia.

In preparing the financial statements for the financial period from 1 January 2008 to 31 March 2009 ("the Financial Statements"), the Directors have, with the advice from the external auditors:

a) adopted the suitable accounting policies and have applied them consistently;
b) made judgments and estimates that are prudent and reasonable;
c) ensured that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
d) prepared the financial statements on a going concern basis.

The Directors also confirm that, after making reasonable enquiries to the best of their knowledge and belief, there are no other facts, the omission of which would render any statement or information contained in the Financial Statements misleading.

The Directors had, upon the request and advice of the external auditors, took the necessary steps and undertaken the necessary inspections for the purpose of enabling the external auditors to give their audit report for the Financial Statements.

The Board will ensure that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the Company's financial statements comply with the Act.

This Statement was approved by the Board on 26 August 2009.

ADDITIONAL COMPLIANCE INFORMATION

1. **Utilisation of Proceeds**

During the financial year ended 31 December 2007, LFE Corporation Berhad ("the Company") has issued 17,700,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share pursuant to the Company's restricted issue of up to 40,000,000 new ordinary shares of RM1.00 each ("Restricted Issue"). In addition to the 10,000,000 new ordinary shares of RM1.00 each issued at RM1.00 per share during the financial year ended 31 December 2006, the Company has issued a total of 27,700,000 new ordinary shares of RM1.00 each issued at RM1.00 per share raising a total of RM27,700,000 in proceeds pursuant to the Restricted Issue as at 31 December 2007. The total proceeds of RM27,700,000 raised from the Restricted Issue were fully utilized in the financial period from 1 January 2008 to 31 March 2009 ("the 2009 Financial Period):

Purpose	Proposed Utilisation RM'000	Amount Raised RM'000	Amount Utilised RM'000	Balance Unutilised RM'000
Working capital for the Group	39,700	27,400	27,400	–
Incidental expenses	300	300	300	–
Total	**40,000**	**27,700**	**27,700**	**–**

2. **Share Buybacks**

There were no share buyback transactions made by the Company during the 2009 Financial Period.

3. **Options, Warrants or Convertible Securities**

There were no options, warrants or convertible securities issued by the Company during the 2009 Financial Period.

4. **Related Party Transactions**

The aggregate value of the Recurrent Related Party Transactions conducted pursuant to the Shareholders' Mandate granted on 18 December 2008 in respect of the 2009 Financial Period is set out in Note 37 of the Audited Financial Statements.

5. **Imposition of Sanctions/Penalties**

On 5 August 2009, Bursa Malaysia Securities Berhad had publicly reprimanded the Company for breach of paragraph 16.11(b) of the Listing Requirements.

On 5 August 2009, the Directors of the Company namely Lew Mew Choi, Liew Kiam Woon, Liew Meow Nyean, Alan Rajendram a/l Jaya Rajendram and past Directors, Chin Soong Jin, Chung Tack Soon, Tong Hock Sen and Kee Ju-Hun were publicly reprimanded for breach of paragraph 16.11(b) of the Listing Requirements. Lew Mew Choi, Liew Kiam Woon, Chin Soong Jin and Alan Rajendram a/l Jaya Rajendram were each imposed a fine of RM117,000.

Save for the above, there were no other sanctions/penalties imposed on the Company and its subsidiaries, Directors or Management by any regulatory body.

6. Non-audit Fees

There was non-audit fees of RM4,501 paid to the external auditors by the Group in respect of the 2009 Financial Period.

7. Profit Estimate, Forecast or Projection & Variation In Results

There were no material variance between the audited results for the 2009 financial period and the unaudited results announced to Bursa Securities on 31 July 2009. The Company did not publish any profit estimates, forecasts or projections for the 2009 Financial Period.

8. Profit Guarantee

Save as disclosed below, there were no other profit guarantees received by the Company in respect of the 2009 Financial Period.

Alan Rajendram A/L Jeya Rajendram, a non-executive director and substantial shareholder of the Company, had given a profit guarantee of not less than RM6.0 million to the Company in respect of the business of wholly-owned subsidiary LFE International Limited ("LFEI") for 3 full consecutive financial years of 2007, 2008 and 2009. This profit guarantee was crystallized on 27 October 2008 arising from the non-recognition of the business transactions of LFEI for year 2007 and 2008 and in pursuance thereof Alan Rajendram A/L Jeya Rajendram has undertaken to pay the Company the sum of RM6,208,229 in respect of profit guarantee for the full financial year of 2007 and up to April 2008 when the business of LFEI was halted. The Board has initiated actions to recover the profit guarantee.

9. Material Contracts

Save as disclosed in item 8 above, there were no material contracts (not being contracts entered into in the ordinary course of business) either subsisting as at the financial period ended 31 March 2009 or entered into during the 2009 Financial Period, by the Company and its subsidiaries which involved the interest of the Directors and substantial shareholders.

10. Revaluation of Landed Properties

The Group adopts a revaluation policy whereby investment properties are subject to a fair value measurement as at every financial year end whilst non-investment properties that have been classified as "property, plant and equipment" are not included in the revaluation policy.

11. Internal Audit Function

The cost incurred for the internal audit function in respect of the financial period from 1 January 2008 to 31 March 2009 is RM22,500.

FINANCIAL STATEMENTS

LFE CORPORATION BERHAD

DIRECTORS' REPORT

The directors submit their report and the audited financial statements of the Group and the Company for the financial period 1 January 2008 to 31 March 2009.

CHANGE IN FINANCIAL YEAR END

The Company changed its financial year end from 31 December to 31 March. Accordingly, the financial statements for the current financial period are drawn up for the period 1 January 2008 to 31 March 2009 or a period of fifteen months.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements whilst the principal activities of the jointly controlled operations are as stated in Note 16 to the financial statements.

There have been no significant changes in the nature of these activities during the financial period.

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the period	5,727,057	1,310,082
Attributable to:		
Equity holders of the Company	5,627,787	1,310,082
Minority interests	99,270	–
	5,727,057	1,310,082

In the opinion of the directors, the results of the operations of the Group and the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial period.

DIRECTORS

The directors of the Company in office since the date of the last report are:

Lew Mew Choi	
Liew Meow Nyean	
Liew Kiam Woon	
Alan Rajendram A/L Jeya Rajendram	
Ahmad Fuad Bin Abdul Wahab	– Appointed on 18 May 2009
David Low Teck Wee	– Appointed on 18 May 2009
Loo Thin Tuck	– Appointed on 18 May 2009
Chung Tack Soon	– Resigned on 23 December 2008
Chin Soong Jin	– Resigned on 14 January 2009
Tong Hock Sen	– Resigned on 16 January 2009
Kee Ju-Hun	– Resigned on 16 January 2009

DIRECTORS' INTERESTS

The interests in the Company and its related companies of those who were directors at the end of the financial period, as recorded in the Register of Directors' Shareholdings kept under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1 each			
	Balance as at 1.1.2008	Bought	Sold	Balance as at 31.3.2009
Direct interest				
Lew Mew Choi	7,604,108	–	–	7,604,108
Liew Meow Nyean	710,549	–	–	710,549
Liew Kiam Woon	4,133,843	–	–	4,133,843
Alan Rajendram A/L Jeya Rajendram	22,200,100	–	(7,000,000)	15,200,100

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM1 each			
	Balance as at 1.1.2008	Bought	Sold	Balance as at 31.3.2009
Indirect interest				
Lew Mew Choi	8,557,521	–	(297,100)	8,260,421 *
Liew Meow Nyean	5,625,562	–	–	5,625,562 #^^
Liew Kiam Woon	4,605,562	–	–	4,605,562 ^
Alan Rajendram A/L Jeya Rajendram	100	–	–	100 @

* *Deemed interested by virtue of his substantial shareholdings in Kekal Jaya Holdings Sdn Bhd ("KJHSB") of which KJHSB is the registered owner of the shares in the Company.*

\# *Deemed interested by virtue of his substantial shareholdings in Liew Meow Nyean Realty Sdn Berhad ("LMNRSB") and Kekal Jaya Ventures Sdn Bhd ("KJVSB") of which LMNRSB and KJVSB are the registered owners of the shares in the Company.*

^ *Deemed interested by virtue of his substantial shareholdings in Liew Meow Nyean Realty Sdn Berhad ("LMNRSB") of which LMNRSB is the registered owner of the shares in the Company.*

@ *Deemed interested by virtue of his spouse's shareholdings of which his spouse is the registered owner of 100 ordinary shares in the Company.*

^^ *Deemed interested by virtue of his son's shareholdings of which his son is the registered owner of 20,000 ordinary shares in the Company.*

Mr Lew Mew Choi and Mr Alan Rajendram A/L Jeya Rajendram by virtue of their respective holdings of not less than 15% in the share capital of the Company are deemed to have an interest in the share capitals of Company's subsidiaries to the extent the Company has an interest during the financial period.

None of the other directors in office at the end of the financial period, had held shares or beneficial interest in shares of the Company and its related companies during the financial period, according to the register required to be kept under Section 134 of the Companies Act, 1965.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full time employee of the Company by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Group and the Company and certain companies in which the directors of the Company have interests as disclosed in Note 37 to the financial statements.

There were no arrangements during or at the end of the financial period, which had the object of enabling directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps:

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent;

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; and

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION (CONT'D)

In the interval between the end of the financial period and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

No contingent or other liability of the Group and the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may affect the ability of the Group and the Company to meet their obligations as and when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements misleading.

AUDITORS

The auditors, Messrs. Russell Bedford LC & Company, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the directors,

LEW MEW CHOI

LIEW KIAM WOON

Kuala Lumpur
Dated: 31 July 2009

STATEMENT BY DIRECTORS

The directors of LFE CORPORATION BERHAD state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2009, and of their financial performance and their cash flows for the period 1 January 2008 to 31 March 2009.

Signed on behalf of the Board
in accordance with a resolution of the directors,

LEW MEW CHOI

LIEW KIAM WOON

Kuala Lumpur
Dated: 31 July 2009

STATUTORY DECLARATION

I, LIEW KIAM WOON, being the director primarily responsible for the financial management of LFE CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above)
named LIEW KIAM WOON at Kuala Lumpur in)
Wilayah Persekutuan on 31 July 2009) **LIEW KIAM WOON**

Before me:

MOHAN A.S. MANIAM
W 521
Commissioner for Oaths
Kuala Lumpur, Malaysia

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF LFE CORPORATION BERHAD

1. REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements which comprise the balance sheet of the Group and of the Company as at 31 March 2009, and the related statements of income, changes in equity and cash flows for the period 1 January 2008 to 31 March 2009, and a summary of significant accounting policies and other explanatory notes.

The financial statements of the Group and the Company for the year ended 31 December 2007 were audited by another firm of auditors whose report dated 28 October 2008 expressed a qualified opinion on those statements. The auditors were unable satisfy themselves as to the recoverability of the amounts due to the Group by a director of the Company of RM24,144,592 and due to the Company by a subsidiary, LFE International Limited, of RM4,258,568.

1.1 Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act, 1965 ("Act") and the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

1.2 Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

1.3 Basis for qualified opinion

As at 31 March 2009, there is an amount due to the Group by a director of the Company of RM26,506,700 where the scheduled full repayment on or before 21 December 2008 has not been met by the director. The amount arose from an undertaking of the director pursuant to advances made for and his profit guarantee obligations of the computer products trading activities carried out by a wholly owned subsidiary of the Company, LFE International Limited ("LFEI"), which also gave rise to an amount due to the Company by LFEI as at 31 March 2009 of RM17,497,026. The undertaking is secured by way of a pledge by the director of 25 million ordinary shares in Stanton Technologies Limited ("Stanton Shares"), a company incorporated in Dubai International Financial Centre. The details of the events and key matters relating to the undertaking are as discussed more fully in Note 39 to the financial statements.

1. REPORT ON THE FINANCIAL STATEMENTS (CONT'D)

1.3 Basis for qualified opinion (cont'd)

The scheduled full repayment of the undertaking amount has not been met by the director and we are also unable to satisfy ourselves as to whether the value of the pledged Stanton Shares provides adequate security to cover any loss that may arise from the non repayment of the undertaking amount. Accordingly, we are unable to satisfy ourselves as to the recoverability of both the amounts due to the Group by the director of RM26,506,700 and due to the Company by LFEI of RM17,497,026.

1.4 Qualified opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the recoverability of the amounts due to the Group by the director and due to the Company by LFEI as explained in paragraph 1.3, the financial statements have been properly drawn up in accordance with the Act and the Approved Accounting Standards for Entities Other Than Private Entities in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2009, and of their financial performance and their cash flows for the period 1 January 2008 to 31 March 2009.

2. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Act, we also report on the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries incorporated in Malaysia of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 13 to the financial statements, being financial statements that have been included in the Group's financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the Group's financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material in relation to the Group's financial statements and did not include any comment made under Section 174(3) of the Act.

3. OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act and for no other purpose. We do not assume responsibility to any other person for the content of this report.

RUSSELL BEDFORD LC & COMPANY
AF 1237
Chartered Accountants

LOH KOK LEONG
1965/06/11 (J)
Partner

Kuala Lumpur
Dated: 31 July 2009

INCOME STATEMENTS
for the period 1 January 2008 to 31 March 2009

	Note	Group		Company	
		1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Revenue	4	303,498,951	131,023,480	–	81,000
Cost of sales	5	(289,943,848)	(121,733,010)	–	–
Gross profit		13,555,103	9,290,470	–	81,000
Other income		2,859,009	18,214,487	84	10,903
Administrative expenses		(16,965,358)	(12,493,134)	(1,310,166)	(485,075)
Other operating expenses		(602,047)	(5,928,036)	–	–
(Loss)/Profit from operations	6	(1,153,293)	9,083,787	(1,310,082)	(393,172)
Finance costs	7	(5,224,827)	(4,269,915)	–	–
		(6,378,120)	4,813,872	(1,310,082)	(393,172)
Share in losses of an associate		–	(94,340)	–	–
(Loss)/Profit before tax		(6,378,120)	4,719,532	(1,310,082)	(393,172)
Income tax expense	8	651,063	(944,313)	–	(59,020)
Net (loss)/profit for the period/year		(5,727,057)	3,775,219	(1,310,082)	(452,192)
Attributable to:					
Shareholders of the Company		(5,627,787)	3,619,095	(1,310,082)	(452,192)
Minority interests		(99,270)	156,124	–	–
		(5,727,057)	3,775,219	(1,310,082)	(452,192)
Basic (loss)/earnings per ordinary share (sen)	9	(6.63)	5.01		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS
as at 31 March 2009

	Note	Group 31.3.2009 RM	Group 31.12.2007 RM	Company 31.3.2009 RM	Company 31.12.2007 RM
Non current assets					
Property, plant and equipment	10	7,975,199	4,396,851	–	–
Land held for property development	11	3,714,320	3,714,320	–	–
Investment properties	12	4,526,273	6,118,700	–	–
Investment in subsidiaries	13	–	–	26,111,582	20,660,582
Investment in an associate	14	–	–	–	–
Other long term investments	15	2,000,000	7,358,409	–	–
		18,215,792	21,588,280	26,111,582	20,660,582
Current assets					
Inventories	18	2,931,373	2,913,229	–	–
Non current assets held for sale	19	350,000	1,706,556	–	–
Property development costs	11	2,009,931	722,170	–	–
Trade receivables	20	96,620,758	54,902,292	–	–
Amount due from contract customers	21	16,772,718	11,952,738	–	–
Amount due from subsidiaries	22	–	–	22,211,107	27,867,616
Amount due from an associate	23	2,870,774	2,069,248	–	–
Amount due from a director	24	26,506,700	24,144,592	–	–
Other receivables, deposits and prepayments	25	34,558,385	20,084,488	145,000	45,000
Tax recoverable		1,058,457	876,815	–	–
Fixed deposits with licensed banks	26	11,826,973	22,004,242	–	–
Cash and bank balances	27	3,828,344	7,455,037	5,924	218,032
		199,334,413	148,831,407	22,362,031	28,130,648
Current liabilities					
Trade payables	28	64,040,698	26,645,454	–	–
Amount due to contract customers	21	9,148,738	5,868,226	–	–
Amount due to directors	29	1,498,848	1,591,563	1,000,000	1,000,000
Other payables and accruals	30	50,376,159	37,986,693	1,318,067	325,602
Hire purchase liabilities	31	143,516	189,442	–	–
Short term borrowings	32	50,418,404	18,068,065	–	–
Tax payable		158,740	1,480,535	–	–
		175,785,103	91,829,978	2,318,067	1,325,602
Net current assets		23,549,310	57,001,429	20,043,964	26,805,046

BALANCE SHEETS

	Note	Group 31.3.2009 RM	Group 31.12.2007 RM	Company 31.3.2009 RM	Company 31.12.2007 RM
Non current liabilities					
Hire purchase liabilities	31	207,296	250,757	–	–
Long term loans	33	2,019,077	36,800,000	–	–
Deferred tax liabilities	34	–	164,867	–	–
		(2,226,373)	(37,215,624)	–	–
		39,538,729	41,374,085	46,155,546	47,465,628
Represented by:					
Share capital	35	84,900,002	84,900,002	84,900,002	84,900,002
Reserves	36	(46,037,577)	(44,252,491)	(38,744,456)	(37,434,374)
Shareholders' equity		38,862,425	40,647,511	46,155,546	47,465,628
Minority interests		676,304	726,574	–	–
Total equity		39,538,729	41,374,085	46,155,546	47,465,628

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the period 1 January 2008 to 31 March 2009

	Share capital RM	Share premium RM	Foreign exchange translation reserve RM	Accumulated losses RM	Shareholders' equity RM	Minorit interest RM	Total equity RM
Group							
At 1 January 2007	67,200,002	5,218,125	(284,115)	(52,383,501)	19,750,511	570,450	20,320,961
Issue of new ordinary shares (Note 35)	17,700,000	–	–	–	17,700,000	–	17,700,000
Translation differences	–	–	(422,095)	–	(422,095)	–	(422,095)
Net profit for the year	–	–	–	3,619,095	3,619,095	156,124	3,775,219
At 31 December 2007	84,900,002	5,218,125	(706,210)	(48,764,406)	40,647,511	726,574	41,374,085
Acquisition of a subsidiary	–	–	–	–	–	49,000	49,000
Translation differences	–	–	3,842,701	–	3,842,701	–	3,842,701
Net loss for the period	–	–	–	(5,627,787)	(5,627,787)	(99,270)	(5,727,057)
At 31 March 2009	84,900,002	5,218,125	3,136,491	(54,392,193)	38,862,425	676,304	39,538,729

	Share capital RM	Share premium RM	Accumulated losses RM	Total equity RM
Company				
At 1 January 2007	67,200,002	5,218,125	(42,200,307)	30,217,820
Issue of new ordinary shares (Note 35)	17,700,000	–	–	17,700,000
Net loss for the year	–	–	(452,192)	(452,192)
At 31 December 2007	84,900,002	5,218,125	(42,652,499)	47,465,628
Net loss for the period	–	–	(1,310,082)	(1,310,082)
At 31 March 2009	84,900,002	5,218,125	(43,962,581)	46,155,546

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS
for the period 1 January 2008 to 31 March 2009

	Group		Company	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Cash flows from/(used in) operating activities				
(Loss)/Profit before tax	(6,378,120)	4,719,532	(1,310,082)	(393,172)
Adjustments for:				
Allowance for diminution in value of other investment	–	1,500,000	–	–
Allowances for doubtful debts	236,460	333,198	–	–
Allowance for inventory obsolescence	–	16,036	–	–
Bad debts recovered	–	(318,090)	–	–
Bad debts written off	45,168	40,532	–	–
Depreciation	3,557,938	2,729,554	–	–
Fair values adjustments on investment properties	(236,573)	(1,244,873)	–	–
Impairment loss on goodwill	–	393,950	–	–
Interest expense	5,224,827	4,269,915	–	–
Interest income	(666,454)	(1,304,454)	(84)	(10,903)
Loss/(Gain) on disposal of investment properties	202,678	(226,243)	–	–
Loss on disposal of other long term investments	100	6,350	–	–
(Gain)/Loss on disposal of plant and equipment	(6,840)	2,200	–	–
Reinstatement of investment properties	–	(232,000)	–	–
Write back of allowance for diminution in value of investments	–	(4,718,037)	–	–
Share of losses in associate	–	94,340	–	–
Write back of allowances for doubtful debts	–	(1,860,196)	–	–
Write down of other investment to its net realisable value	–	3,567,606	–	–
Unrealised gain on foreign exchange	(1,146,666)	(611,428)	–	–
Unrealised loss on foreign exchange	695,985	407,429	–	–
Operating profit/(loss) before working capital changes	1,528,503	7,565,321	(1,310,166)	(404,075)
Changes in amount due from/to contract customers – net	(1,539,468)	–	–	–
(Increase)/Decrease in inventories	(18,144)	442,693	–	–
Increase in property development costs	(1,287,761)	–	–	–
Increase in trade and other receivables	(59,637,625)	(27,930,356)	(100,000)	(24,014,352)
Increase in trade and other payables	49,691,995	23,741,726	992,465	679,139

CASH FLOW STATEMENTS

	Group 1.1.2008 to 31.3.2009 RM	Group 1.1.2007 to 31.12.2007 RM	Company 1.1.2008 to 31.3.2009 RM	Company 1.1.2007 to 31.12.2007 RM
Cash (used in)/generated from operations	(11,262,500)	3,819,384	(417,701)	(23,739,288)
Interest paid	–	(4,269,915)	–	–
Income tax paid	(838,311)	(940,286)	–	(59,020)
Income tax refunded	280,000	1,733,332	–	–
Net cash (used in)/from operating activities	(11,820,811)	342,515	(417,701)	(23,798,308)
Cash flows from/(used in) investing activities				
Purchase of property, plant and equipment	(6,955,710)	(4,510,229)	–	–
Interest received	666,454	1,304,454	84	10,903
Subscription of additional shares in subsidiary	–	–	–	(5,000,000)
Repayments from subsidiaries	–	–	256,509	–
Advance received from investors for the restricted issue	–	15,000,000	–	15,000,000
Refund to investors of the restricted issue	–	(15,000,000)	–	(15,000,000)
Acquisition of investment properties	–	(94,550)	–	–
Acquisition of a subsidiary (Note 13)	49,000	–	(51,000)	–
Acquisition of investment in an associate	–	(94,340)	–	–
Proceeds from disposal of property, plant and equipment	121,542	11,321,000	–	11,300,000
Proceeds from disposal of investment properties	2,982,878	–	–	–
Proceeds from disposal of other long term investments	5,358,309	38,761	–	–
Increase in property development costs	–	(236,806)	–	–
Net cash from investing activities	2,222,473	7,728,290	205,593	6,310,903
Cash flows from/(used in) financing activities				
Increase in fixed deposits pledged	(1,300,000)	(7,700,000)	–	–
Interest paid	(5,224,827)	–	–	–
Proceeds from issue of shares	–	17,700,000	–	17,700,000
Proceeds from borrowings	25,644,558	23,023,525	–	–
Repayments of borrowings	(27,673,379)	(30,397,899)	–	–
Repayments of hire purchase liabilities	(234,387)	(214,857)	–	–

CASH FLOW STATEMENTS

	Group		Company	
	1.1.2008 to 31.3.2009 RM	**1.1.2007 to 31.12.2007 RM**	**1.1.2008 to 31.3.2009 RM**	**1.1.2007 to 31.12.2007 RM**
Net cash (used in)/from financing activities	(8,788,035)	2,410,769	–	17,700,000
Exchange differences on translation	3,684,174	(409,614)	–	–
Net (decrease)/increase in cash and cash equivalents	(14,702,199)	10,071,960	(212,108)	212,595
Cash and cash equivalents at beginning of period/year	11,430,460	1,358,500	218,032	5,437
Cash and cash equivalents at end of period/year	(3,271,739)	11,430,460	5,924	218,032
Cash and cash equivalents comprise:				
Cash and bank balances	3,828,344	7,455,037	5,924	218,032
Fixed deposits with licensed banks	11,826,973	22,004,242	–	–
Bank overdrafts	(9,254,014)	(9,655,777)	–	–
	6,401,303	19,803,502	5,924	218,032
Less: Fixed deposits pledged	(9,673,042)	(8,373,042)	–	–
	(3,271,739)	11,430,460	5,924	218,032

The accompanying notes form an integral part of the financial statements.

1. GENERAL INFORMATION

The Company is principally engaged in investment holding activities. The principal activities of the subsidiaries are disclosed in Note 13 whilst the principal activities of the jointly controlled operations are as stated in Note 16.

There have been no significant changes in the nature of these activities during the financial period.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of Bursa Malaysia Securities Berhad.

The registered office and principal place of business is located at Wisma LFE, Lot 993, Off Jalan Balakong, 43300 Balakong, Seri Kembangan, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue by the board of directors on 31 July 2009.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared and presented in accordance with the provisions of the Companies Act, 1965 and the Approved Accounting Standards for Entities Other Than Private Entities issued by the Malaysian Accounting Standards Board ("MASB").

In the preparation of the financial statements the Directors are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the financial period. Actual results could differ from those estimates.

Estimates and judgments are continually evaluated by the directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, which are described below, management is of the opinion that there are no instances of application of judgment which are expected to have a significant effect on the amounts recognised in the financial statements.

Management believes that other than those assumptions applied in the estimation of the outcome of construction contracts, there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Company had adopted the new and revised Financial Reporting Standards ("FRS") that become mandatory for the current financial period. The adoption of the new and revised FRSs does not result in significant changes in accounting policies of the Group and the Company.

The Company has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the MASB but are not yet effective:

New and revised Financial Reporting Standards ("FRSs")	**Effective for financial periods beginning on or after**
FRS 4: Insurance Contracts	1 January 2010
FRS 7: Financial Instruments: Disclosures	1 January 2010
FRS 8: Operating Segments	1 July 2009
FRS 123: Borrowing Costs	1 July 2010
FRS 139: Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2 Share-based Payment - Vesting Conditions and Cancellations	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13: Customer Loyalty Programmes	1 January 2010
IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

FRS 4, FRS 123, Amendments to FRS 2, IC Interpretation 9, IC Interpretation 11, IC Interpretation 13 and IC Interpretation 14 are not applicable to the Group and the Company.

The new standards, amendments to published standards and interpretations that may result in changes in the accounting policies of the Group and are mandatory for financial periods beginning after 1 January 2008, but which the Group has not early adopted, do not result in significant changes in accounting policies of the Group and the Company other than the following:

i. FRS 8 Operating Segments

FRS 8 Operating Segments (effective for annual period beginning on or after 1 July 2009). FRS 8 replaces FRS 114_{2004} Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply this standard from financial period beginning on 1 April 2010.

ii. FRS 7 Financial Instruments: Disclosures and FRS 139 Financial Instruments: Recognition and Measurement

FRS 7 Financial Instruments: Disclosures and FRS 139 Financial Instruments: Recognition and Measurement (both effective for the financial period beginning on 1 January 2010) which the Group will apply when effective. FRS 7 requires disclosures in financial statements that enable users to evaluate the significance of financial instruments of the entity to which is exposed and how these risks are managed. FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The impact of applying FRS 7 and FRS 139 on the financial statements upon its initial application is not disclosed by virtue of the exemption given in the standards.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries listed under Note 13 made up to the end of the financial period. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

All significant inter company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign currencies (cont'd)

(iii) Foreign operations

Assets and liabilities of a foreign operation are translated to Ringgit Malaysia at rates of exchange ruling at the balance sheet date and the results and cash flows of foreign operation are translated at the average rate of exchange for the financial period. Exchange differences arising from the translation are recognised as a separate component of equity.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	31.3.2009 RM	31.12.2007 RM
United States Dollar ("USD")	3.6470	3.3069
Renminbi ("RMB")	0.5349	0.4528
100 Vietnamese Dong ("VND")	0.0209	0.0207
UAE Dirhams ("AED")	0.9925	1.1110
Qatari Riyal ("QAR")	1.0035	1.1038
Australian Dollar ("AUD")	2.5139	N/A

Revenue recognition

Revenue relating to construction contracts is recognised when the outcome of a construction contract can be estimated reliably, by reference to the stage of completion of the contract activity.

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement upon delivery of goods and customer's acceptance.

Dividend income is recognised when the shareholder's right to receive payment is established.

Interest income is recognised as it accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.

Rental income is recognised as it accrues unless collectibility is in doubt.

Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Obligations for contributions to defined contributions plans such as Employees Provident Fund are recognised as an expense in the income statement as incurred.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the 'liability' method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of assets

The carrying amounts of assets subject to accounting for impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the income statement immediately whenever the recoverable amount is less than the carrying amount of the asset. All reversals of an impairment loss are recognised as income immediately.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Gain and loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the income statement.

No depreciation is provided on freehold land. Depreciation on other property, plant and equipment is calculated generally on a reducing balance basis at the following annual rates based on their estimated useful lives:

Plant and machinery	33.33% – 50%
Freehold buildings	2%
Leasehold building	Over the unexpired leased period of 99 years
Motor vehicles	20%
Furniture, fittings and office equipment	10% – 33.33%
Air conditioners and renovation	10% – 20%

The assets of the jointly controlled operations are depreciated on a straight line basis over the expected duration of the respective contracts of approximately 40 months.

Development property and costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non current and is stated at cost less any impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings under trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings under trade payables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties having valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in income statement for the period in which it arises.

A property interest under an operating lease is classified and accounted for as an investment property on a property by property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classifies as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

Investment in subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to derive benefits from its activities.

The Company's investment in subsidiaries is stated at cost less impairment losses, if any.

Investment in associates

An associate is a company in which the Group or the Company, directly or indirectly has significant influence and which is neither a subsidiary nor a joint venture of the Group or the Company.

The Company's investment in associates is stated at cost less impairment losses, if any.

The Group's investment in associates is accounted for under the equity method of accounting based on the audited or management financial statements of the associates made up to the balance sheet date. Under this method of accounting, the Group's interest in the post acquisition profit of the associates is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments have been made to the financial statements of associates to ensure consistency of accounting policies with the Group.

Investment in jointly controlled operations

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled operation is a joint venture that involves the use of the assets and other resources of the venturers rather than the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the venturers themselves.

Investments in jointly controlled entities are accounted for in the financial statements using the proportionate consolidation method of accounting. The Group combines its share of each of the assets, liabilities, income and expenses of the joint ventures with the similar items, line by line, in its financial statements. The financial statements of the joint ventures are prepared for the same reporting dates as the Company using consistent accounting policies.

Other long term investments

Other long term investments in quoted and unquoted corporations are stated at cost less impairment losses, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill/Reserve on acquisition

Goodwill arising on acquisition represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets acquired. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investments in associates.

Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Reserve arising from acquisition represents the excess of the sum of the fair values of the identifiable net assets acquired over the purchase consideration as at the date of acquisition and is recognised immediately in the income statement.

Inventories

Inventories comprising trading merchandise and consumables are stated at the lower of cost and net realisable value. Cost of inventories is determined on a weighted average basis. Cost of trading merchandise and consumables comprises the cost of purchase plus the cost of bringing the inventories to their present location and condition. Net realisable value represents the estimated selling prices less all estimated costs to completion and selling and distribution expenses.

Non current assets held for sale

Non current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and its sale must be highly probable.

Non current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Construction contracts and amount due from/to contract customers

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Cost includes direct materials, labour, sub contract sum and attributable overheads paid or payable to date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Amount due from contract customers for construction contracts is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

Amount due to contract customers for construction contracts is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Leases

Assets acquired under leases which transfer substantially all the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the correspondence lease obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payments of the leased assets at the inception of the respective leases.

Finance costs, which represent the difference between the total lease commitments and the fair values of the assets acquired, are charged to the income statement over the term of the relevant lease periods so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

All other leases which do not meet such criteria are classified as operating leases. Lease payments under operating leases are recognised as an expense in the income statement on a straight line basis over the terms of the relevant lease.

Plant and equipment acquired under hire purchase

Plant and equipment acquired under hire purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statement to give a constant periodic rate of interest on the remaining hire purchase liabilities.

Provisions

A provision is recognised when a present legal or constructive obligation exists as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting segment information is in respect of business segments as the Group's risks and returns are affected predominantly by differences in the products it produces and in the services it renders, while the secondary information is reported geographically.

A segment with a majority of operating income earned from providing product or services to external clients and whose operating income, results or assets are 10 percent or more of all the segments is reported separately.

Segment results, assets and liabilities include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income.

Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has legal enforceable right to offset and intends to settle either on a net basis or realise the asset and settle the liability simultaneously.

(i) Receivables

Receivables are carried at anticipated realisable value. All known bad debts are written off and specific provisions are made for debts that are considered to be doubtful with regards to collection. In addition, general provisions are made to cover possible debts which are not specifically identified.

(ii) Payables

Payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iii) Interest bearing borrowings

Interest bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended period in which active construction or production of these assets is interrupted.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(iv) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

Cash flow statements

Cash flow statement is prepared using the indirect method.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and fixed deposits pledged.

4. REVENUE

	Group		Company	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Contract revenue	293,952,705	122,055,870	–	–
Rental income	–	66,000	–	81,000
Sale of technology products	9,546,246	8,901,610	–	–
	303,498,951	131,023,480	–	81,000

5. COST OF SALES

	Group		Company	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Contract costs recognised	281,504,479	113,899,672	–	–
Sale of technology products	8,439,369	7,833,338	–	–
	289,943,848	121,733,010	–	–

6. (LOSS)/PROFIT FROM OPERATIONS

	Group		Company	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
(Loss)/Profit from operations is arrived at after charging:				
Allowance for diminution in value of other investment	–	1,500,000	–	–
Allowances for doubtful debts	236,460	333,198	–	–
Allowance for inventory obsolescence	–	16,036	–	–
Auditors' remuneration				
– auditors' of the Company				
– statutory audit				
– current period/year	112,500	116,000	32,000	35,000
– under provision	100,600	4,500	100,000	2,000
– non statutory audit	4,501	–	–	–
– other services				
– current period/year	–	9,000	–	9,000
– under provision	10,000	–	10,000	–
– other auditors				
– statutory audit	61,313	54,636	–	–
Bad debts written off	45,168	40,532	–	–
Depreciation				
– recognised in income statement	762,939	494,985	–	–
– recognised in contract costs	2,794,999	2,234,569	–	–
Estimated cash value benefit in kind for directors of the Company	111,617	171,374	–	–
Impairment loss on goodwill	–	393,950	–	–
Loss on disposal of				
– investment properties	202,678	–	–	–
– plant and equipment	8,239	2,200	–	–
– other investments	100	6,350	–	–
Loss on foreign exchange				
– realised	16,527	871,306	–	–
– unrealised	695,985	1,182,323	–	–
Rental of plant and machinery recognised in contract costs	31,324	150,428	–	–
Rental of				
– equipment			–	–
– recognised in income statement	25,179	17,048	–	–
– recognised in contract costs	20,038	18,996	–	–
– premises	609,673	498,379	–	–

6. (LOSS)/PROFIT FROM OPERATIONS (CONT'D)

	Group		Company	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
(Loss)/Profit from operations is arrived at after charging:				
Write down of other investment to its net realisable value	–	3,567,606	–	–
Staff costs				
– directors' remuneration				
– directors of the Company				
– fees	34,000	60,000	34,000	60,000
– other than fees	1,388,497	851,063	–	–
– directors of subsidiaries				
– fees	7,500	17,550	–	–
– other than fees	585,727	723,562	–	–
– other staff costs	15,107,755	8,738,998	–	–
	17,123,479	10,391,173	34,000	60,000
And crediting:				
Bad debts recovered	–	318,090	–	–
Fair value adjustments on investment properties	236,573	1,244,873	–	–
Gain on disposal of plant and equipment				
– recognised in income statement	4,720	–	–	–
– recognised in contract costs	10,359	–	–	–
Gain on disposal of investment properties	–	226,243	–	–
Gain on foreign exchange				
– realised	37,311	728,361	–	–
– unrealised	1,146,666	611,428	–	–
Interest income				
– fixed deposits	616,197	1,216,249	–	10,903
– current account	50,146	4,237	-	–
– others	111	84,997	84	–
Profit guarantee for IT business	665,874	6,208,229	–	–
Rental income on land and buildings	1,500	66,000	–	81,000
Write back of allowance for diminution in value of other investments	–	4,718,037	–	–
Write back of allowances for doubtful debts	–	1,860,196	–	–

Staff cost comprise:

	Group		Company	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Defined contribution plan	597,099	457,978	–	–
Salaries, bonus, allowances and overtime	16,480,252	9,893,487	34,000	60,000
Other employee related expenses	46,128	39,708	–	–
	17,123,479	10,391,173	34,000	60,000

The key management personnel of the Group and the Company whose remuneration is analysed as follows:

	Group		Company	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Directors of the Company				
Executive directors:				
Salaries, wages, bonus and allowances	1,230,855	733,716	–	–
Defined contribution plan	102,000	74,904	–	–
Benefits-in-kind	90,366	147,424	–	–
Others	1,328	–	–	–
	1,424,549	956,044	–	–
Non executive directors:				
Fees	34,000	60,000	34,000	60,000
Salaries, wages, bonus and allowances	48,000	37,943	–	–
Defined contribution plan	5,760	4,500	–	–
Benefits-in-kind	21,251	23,950	–	–
Others	554	–	–	–
	109,565	126,393	34,000	60,000

6. (LOSS)/PROFIT FROM OPERATIONS (CONT'D)

	Group		Company	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Directors of the subsidiaries				
Fees	7,500	17,550	–	–
Salaries, wages, bonus and allowances	547,858	702,898	–	–
Defined contribution plan	37,869	20,664	–	–
	593,227	741,112	–	–
Total directors' remuneration	2,127,341	1,823,549	34,000	60,000

The number of directors of the Company where total remuneration (included benefits in kind) during the financial period/year falls within the following bands is analysed as follows:

	Group		Company	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Executive directors:				
Below RM50,000	–	–	3	3
RM200,001 to RM250,000	–	1	–	–
RM350,001 to RM400,000	2	2	–	–
RM450,001 to RM500,000	1	–	–	–
Non executive directors:				
Below RM50,000	5	5	6	6
RM51,001 to RM100,000	1	1	–	–

7. FINANCE COSTS

	Group		Company	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Interest expense on:				
Term loans	3,107,053	2,691,968	–	–
Revolving credits	173,786	90,748	–	–
Bank overdrafts	939,509	962,413	–	–
Bankers' acceptance and trust receipts	953,910	471,542	–	–
Hire purchase	50,569	42,357	–	–
Others	–	10,887	–	–
	5,224,827	4,269,915	–	–

8. INCOME TAX EXPENSE

	Group		Company	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Estimated income tax payable				
Malaysia				
– current period/year	520,000	(837,245)	–	–
– over/(under) provision in prior years	6,210	(56,891)	–	(59,020)
Overseas				
– current period/year	(40,014)	(222,032)	–	–
	486,196	(1,116,168)	–	(59,020)
Deferred tax (Note 34)				
– over provision in prior years	164,867	171,855	–	–
	651,063	(944,313)	–	(59,020)

8. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to (loss)/profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
(Loss)/Profit before tax	(6,378,120)	4,719,532	(1,310,082)	(393,172)
Income tax using Malaysian tax rate of 25% (31.12.2007: 27%)	1,594,530	(1,274,274)	327,520	106,156
Expenses not deductible for tax purposes	(1,975,747)	(2,018,845)	(327,520)	(106,156)
Effect of tax rates in foreign jurisdictions*	–	(497,058)	–	–
Effect of lower tax rate for certain subsidiaries **	–	137,343	–	–
Effect of change in tax rate***	–	(507,485)	–	–
Income not subject to tax	1,949,523	2,458,164	–	–
Deferred tax assets not recognised during the period/year	(1,601,596)	403,257	–	–
Over/(Under) provision in prior years				
– income tax	6,210	(56,891)	–	–
– deferred tax	164,867	171,855	–	(59,020)
Other items	513,276	239,621	–	–
Income tax expense for the period/year	651,063	(944,313)	–	(59,020)

* *Subsidiaries operating in several foreign jurisdictions with lower tax rates.*

** *With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.*

*** *The domestic statutory tax rate has been reduced to 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Thus, domestic income tax is calculated at the Malaysian statutory tax rate of 25% (31.12.2007: 27%) of the estimated assessable profit for the period/year. The computation of deferred tax as at 31 March 2009 has reflected these changes.*

9. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per ordinary share is based on net (loss)/profit attributable to ordinary shareholders and weighted average number of ordinary shares in issued as follows:

	Group	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Net (loss)/profit attributable to ordinary shareholders	(5,627,787)	3,619,095
Weighted average number of ordinary shares	84,900,002	72,282,466
Basic (loss)/earnings per ordinary share (sen)	(6.63)	5.01

10. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RM	Freehold land and buildings RM	Leasehold buildings RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Air conditioners and renovation RM	Total RM
Group							
31.3.2009							
Cost							
At beginning of period	3,799,458	159,252	–	2,578,030	1,971,853	518,191	9,026,784
Additions	4,700,706	–	1,060,010	575,065	687,978	76,951	7,100,710
Disposals	(23,382)	–	–	(242,174)	(37,119)	–	(302,675)
Foreign exchange adjustment	541,922	–	–	52,156	101,843	7,097	703,018
At end of period	9,018,704	159,252	1,060,010	2,963,077	2,724,555	602,239	16,527,837
Accumulated depreciation							
At beginning of period	1,961,010	10,330	–	1,533,581	918,529	206,483	4,629,933
Charge for the period	2,723,660	–	13,429	319,256	452,835	48,758	3,557,938
Disposals	(13,733)	–	–	(154,707)	(19,533)	–	(187,973)
Foreign exchange adjustment	440,828	–	–	50,148	54,674	7,090	552,740
At end of period	5,111,765	10,330	13,429	1,748,278	1,406,505	262,331	8,552,638
Net book value							
At 31 March 2009	3,906,939	148,922	1,046,581	1,214,799	1,318,050	339,908	7,975,199

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Plant and machinery RM	Freehold land and buildings RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Air conditioners and renovation RM	Total RM
31.12.2007						
Cost						
At beginning of year	–	159,252	2,382,704	1,570,530	485,289	4,597,775
Additions	3,830,833	–	241,848	405,271	32,277	4,510,229
Disposals	–	–	(49,920)	–	–	(49,920)
Foreign exchange adjustment	(31,375)	–	3,398	(3,948)	625	(31,300)
At end of year	3,799,458	159,252	2,578,030	1,971,853	518,191	9,026,784
Accumulated depreciation						
At beginning of year	–	10,330	1,214,084	560,695	154,985	1,940,094
Charge for the year	1,977,203	–	342,821	358,668	50,862	2,729,554
Disposals	–	–	(26,720)	–	–	(26,720)
Foreign exchange adjustment	(16,193)	–	3,396	(834)	636	(12,995)
At end of year	1,961,010	10,330	1,533,581	918,529	206,483	4,629,933
Net book value						
At 31 December 2007	1,838,448	148,922	1,044,449	1,053,324	311,708	4,396,851

At the balance sheet date:

(i) Motor vehicles with net book value of RM478,629 (31.12.2007: RM638,172) of the Group are held in trust by a director of the Company;

(ii) Included under property, plant and equipment of the Group are motor vehicles with net book value of RM558,597 (31.12.2007: RM608,352) acquired under hire purchase arrangements;

(iii) The leasehold building of the Group with the carrying amount of RM1,046,581 (31.12.2007: RM Nil) has been charged as collateral to secure a term loan referred to in Note 32; and

(iv) The title deed to the leasehold building of the Group has yet to be transferred to the Group by the developer.

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

During the financial period/year, cash payments made to purchase property, plant and equipment are as follows:

	Group 1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Total additions	7,100,710	4,510,229
Additions through hire purchase arrangements	(145,000)	–
	6,955,710	4,510,229

11. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

	Group 31.3.2009 RM	31.12.2007 RM
Land held for property development		
Freehold land at cost		
At beginning/end of period/year	3,714,320	3,714,320
Property development costs		
At beginning of period/year	722,170	485,364
Additions	1,287,761	236,806
At end of period/year	2,009,931	722,170

Included in the property development costs is interest expense of RM198,844 (31.12.2007: RM153,168) capitalised during the financial period/year.

The freehold land of the Group with carrying amount of RM3,714,320 (31.12.2007: RM3,714,320) has been charged as collateral to secure a banking facility referred to in Note 32.

12. INVESTMENT PROPERTIES

	Group 31.3.2009 RM	31.12.2007 RM
At beginning of period/year	6,118,700	5,078,606
Additions	–	1,041,180
Reinstatement	–	232,000
Disposals	(1,479,000)	(930,000)
Transfer from assets held for sale (Note 19)	–	1,158,597
	4,639,700	6,580,383
Change in fair value	236,573	1,244,873
Transfer to assets held for sale (Note 19)	(350,000)	(1,706,556)
At end of period/year	4,526,273	6,118,700
Comprises		
– freehold land and building	3,433,443	4,675,870
– long term leasehold land and buildings	1,092,830	1,442,830
	4,526,273	6,118,700

The investment properties of the Group amounting to RM3,362,044 (31.12.2007: RM3,125,471) have been pledged as collaterals to secure a banking facility referred to in Note 32.

Fair value of the investment properties are determined based on the market values where the fair value is derived by reference to market evidence of transaction prices of similar properties in the vicinity.

The investment properties with carrying amount of RM3,096,573 (31.12.2007: RM2,860,000) of the Group is held in trust by a director of the Company.

13. INVESTMENT IN SUBSIDIARIES

	Company 31.3.2009 RM	Company 31.12.2007 RM
Unquoted shares at cost		
At beginning of period/year	62,139,201	57,139,201
Acquisition of a subsidiary	51,000	–
Additional subscription of shares in a subsidiary	5,400,000	5,000,000
	67,590,201	62,139,201
Accumulated impairment losses		
At beginning/end of period/year	(41,478,619)	(41,478,619)
	26,111,582	20,660,582

The details of the subsidiaries are as follows:

	Country of incorporation	Issued and paid up share RM (unless otherwise indicated)	Group's effective interest 31.3.2009 %	Group's effective interest 31.12.2007 %	Principal activities
Subsidiaries of the Company					
LFE Engineering Sdn Bhd ("LFEE")	Malaysia	36,845,000	100	100	Provision of general and specialised electrical and mechanical engineering services and maintenance works
Mediaforte Holdings Sdn Bhd ("MHSB")	Malaysia	50,000	51	51	Investment holding company
LFE Builder Sdn Bhd	Malaysia	100,000	100	100	Property investment

	Country of incorporation	Issued and paid up share RM (unless otherwise indicated)	Group's effective interest 31.3.2009 %	Group's effective interest 31.12.2007 %	Principal activities
Subsidiaries of the Company					
Bestgate Development Sdn Bhd *	Malaysia	1,000,000	51	51	Builders and contractors for construction work
Lynex Construction Sdn Bhd	Malaysia	100,000	51	–	General contractors
LFE International Limited */**	British Virgin Islands	USD3,800	100	100	Distribution of consumer electronics products
Subsidiaries of LFEE					
LFE Engineering (JB) Sdn Bhd	Malaysia	50,000	100	100	Provision of general and specialised electrical and mechanical engineering services and maintenance works
Loong Fuat Engineering Limited **/#	British Virgin Islands	RMB8	100	100	Provision of general and specialised electrical and mechanical engineering services and maintenance works
LFE Engineering (Shanghai) Limited #	People's Republic of China	RMB 15,702,550	100	100	Provision of general and specialised electrical and mechanical engineering services and maintenance works

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Country of incorporation	Issued and paid up share RM (unless otherwise indicated)	Group's effective interest 31.3.2009 %	Group's effective interest 31.12.2007 %	Principal activities
Subsidiaries of LFEE					
LFE Engineering (Vietnam) Company Limited*	Socialist Republic of Vietnam	VND 4,815,300,000	100	100	Technical design and provision of consultancy services for design, implementation and contracting of mechanical and electrical engineering services
LFE Technology Sdn Bhd	Malaysia	50,000	60	60	Provision of specialised engineering services for extra low voltage electrical systems and instrumental and control systems for intelligent transportation systems applications such as expressway traffic management systems, tunnel plant and traffic management systems and automatic cash transfer systems
Subsidiary of MHSB					
Mediaforte (Malaysia) Sdn Bhd	Malaysia	100,000	51	51	Trading and distributing computer products, parts and components

* The financial statements of subsidiaries are not audited by Russell Bedford LC & Company.

** Company not required to be audited in its country of incorporation.

\# A special examination of financial statements is carried out for the purposes of consolidation.

During the period:

(i) On 20 February 2008, the Company acquired 51 ordinary shares of RM1 each, representing 51% of the issued and paid up share capital of Lynex Construction Sdn Bhd ("Lynex"), a company incorporated in Malaysia, which is engaged in general construction, for a total cash consideration of RM51. On 31 March 2008, the Company further subscribed for an additional 50,949 new ordinary shares of RM1 each in for a total consideration of RM50,949.

(ii) On 28 June 2008, the Company further subscribed for additional 5,400,000 new ordinary shares of RM1.00 each in the share capital of LFE Engineering Sdn Bhd for a consideration of RM5,400,000.

The acquisition of Lynex had the following effects on the Group's financial results for the period:

	Group Date of acquisition to 31.3.2009 RM
Net loss for the period	(218,833)

The acquisition of Lynex had the following effects on the financial position of the Group:

	Group At date of acquisition RM
Net asset acquired comprising cash and cash equivalents	100,000
Less: Minority interest	(49,000)
Purchase consideration	51,000
Cash and cash equivalents acquired	(100,000)
Net cash inflow arising from acquisition	49,000

14. INVESTMENT IN AN ASSOCIATE

	Group 31.3.2009 RM	31.12.2007 RM
Unquoted shares at cost	94,340	94,340
Share in post acquisition losses of associate	(94,340)	(94,340)
Carrying amount	–	–

The details of the associate are as follows:

Name of company	Country of incorporation	Group's effective interest 31.3.2009 %	31.12.2007 %	Principal activities
LFE Engineering (Qatar) W.L.L	Qatar	49	49	Provision of mechanical and electrical works and general building contracting

The financial statements of the associate are not audited by Russell Bedford LC & Company.

The summarised financial information of the associate is as follows:

	31.3.2009 RM	31.12.2007 RM
Assets and liabilities		
Total assets	32,353,997	9,775,163
Total liabilities	33,109,531	10,469,235

	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Results		
Revenue	38,512,533	7,610,489
Loss for the period/year	(29,781)	(859,467)

The Group's share in results of the associate has been recognised to the extent of the carrying amount of the investment. The cumulative and current period's unrecognised share of losses amounted to RM389,505 (31.12.2007: RM765,127) and RM14,593 (31.12.2007: RM765,127) respectively.

15. OTHER LONG TERM INVESTMENTS

	Group 31.3.2009 RM	31.12.2007 RM
Equity shares quoted, at cost		
– At beginning of period/year	28,928,938	29,239,066
– Disposals	(28,928,938)	(310,128)
– At the end of period/year	–	28,928,938
Unquoted subordinated bonds		
– At beginning/end of period/year	3,500,000	3,500,000
	3,500,000	32,428,938
Accumulated impairment losses		
At beginning of period/year	25,070,529	24,985,976
Impairment loss during the year	–	5,067,606
Reversal of previously recognised impairment loss	–	(4,718,037)
Disposals	(23,570,529)	(265,016)
At end of period/year	1,500,000	25,070,529
Carrying amount	2,000,000	7,358,409
Market value of quoted equity shares	–	8,926,015

Investment in unquoted subordinated bonds is in respect of those bonds issued by Kerisma Berhad, which are under the primary collateralised loan obligations (Primary CLO) programme, for a subsidiary to obtain the term loan of RM35,000,000 referred to in Note 32.

16. INVESTMENTS IN JOINTLY CONTROLLED OPERATIONS

The details of the unincorporated jointly controlled operations are as follows:

Name of jointly control operations	Principal place of operations	Proportion of ownership 31.3.2009 %	31.12.2007 %	Principal activities
IJM - Sunway Builders – Zelan – LFE Consortium* ("ISZL")	Abu Dhabi, United Arab Emirates	25	25	Designing, execution and completion of Zone C, Phase 1, Plot 1, Al Reem Island Development, consisting of five towers with an associated podium and villas
IJM – LFE*	Abu Dhabi, United Arab Emirates	30	–	Execution and completion of Zone E2 Hotel Development, Phase 1, Plot 1, Al Reem Island

The financial statements of the jointly controlled operations indicated by * are not audited by Russell Bedford LC & Company.

The Group's aggregate share of the current assets, non current assets, current liabilities, non current liabilities, income and expenses of the jointly controlled operations, which are included in the consolidated's financial statements are as follows:

	Group 31.3.2009 RM	31.12.2007 RM
Assets and liabilities		
Current assets	70,935,235	35,098,813
Non current assets	4,244,256	2,076,067
Total assets	75,179,491	37,174,880
Current liabilities	61,415,514	31,978,187
Non current liabilities	–	120,223
Total liabilities	61,415,514	32,098,410

	Group 1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Results		
Revenue	180,595,736	55,932,005
Expenses	173,043,404	50,813,615
Profit for the period/year	7,552,332	5,118,390

17. GOODWILL ON CONSOLIDATION

	Group 31.3.2009 RM	31.12.2007 RM
At cost	393,950	393,950
Less: Accumulated impairment losses	(393,950)	(393,950)
	–	–

18. INVENTORIES

	Group 31.3.2009 RM	31.12.2007 RM
At cost:		
Trading merchandise	985,643	593,801
Consumables	1,961,766	2,335,464
	2,947,409	2,929,265
Less: Allowances for inventory obsolescence	(16,036)	(16,036)
	2,931,373	2,913,229
Inventories carried at net realisable value	–	–

19. NON CURRENT ASSETS HELD FOR SALE

	Group	
	31.3.2009	**31.12.2007**
	RM	**RM**
At beginning of period/year	1,706,556	1,158,597
Transfer from investment properties (Note 12)	350,000	1,706,556
Transfer to investment properties (Note 12)	–	(1,158,597)
Disposals	(1,706,556)	–
At end of period/year, at fair value less costs to sell	350,000	1,706,556
Comprises		
– freehold land and building	–	1,171,075
– long term leasehold land and buildings	350,000	535,481
	350,000	1,706,556

Subsequent to the balance sheet date, the Group entered into a sale and purchase agreement to dispose of the long term leasehold building of the Group for a total consideration of RM350,000. The disposal is expected to complete within next twelve months upon the fulfilment of all conditions precedent of the sale and purchase agreement. Accordingly, the fair value less costs to sell of the long term leasehold building is classified as assets held for sale.

20. TRADE RECEIVABLES

	Group	
	31.3.2009	**31.12.2007**
	RM	**RM**
Trade receivables	72,299,508	44,463,174
Less: Allowances for doubtful debts	(1,476,901)	(1,488,794)
	70,822,607	42,974,380
Retention sums for contract works	25,798,151	11,927,912
	96,620,758	54,902,292

The Group's normal trade credit term is 60 days (31.12.2007: 60 days).

21. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	31.3.2009	**31.12.2007**
	RM	**RM**
Aggregate costs incurred to date	366,032,290	239,237,995
Add: Attributable profits	20,846,047	22,665,714
Less: Recognised losses	(6,188,454)	(11,128,955)
	380,689,883	250,774,754
Less: Progress billings	(373,065,903)	(244,690,242)
	7,623,980	6,084,512

Presented as follows:

	Group	
	31.3.2009	**31.12.2007**
	RM	**RM**
Amount due from contract customers	16,772,718	11,952,738
Amount due to contract customers	(9,148,738)	(5,868,226)
	7,623,980	6,084,512

22. AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries represents unsecured interest free advances and are receivable on demand (31.12.2007: with no fixed terms of repayment).

23. AMOUNT DUE FROM AN ASSOCIATE

	Group	
	31.3.2009	**31.12.2007**
	RM	**RM**
Balances arising from trade transactions	1,315,317	866,619
Unsececured interest free advances and are receivable on demand (31.12.2007: with no fixed terms of repayment)	1,555,457	1,202,629
	2,870,774	2,069,248

24. AMOUNT DUE FROM A DIRECTOR

The amount due from a director arose from an undertaking as more fully explained in Note 39.

25. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	31.3.2009 RM	31.12.2007 RM	31.3.2009 RM	31.12.2007 RM
Other receivables	22,855,621	18,151,890	2,022,224	2,022,224
Less: Allowances for doubtful debts	(1,977,224)	(1,977,224)	(1,977,224)	(1,977,224)
	20,878,397	16,174,666	45,000	45,000
Advanced payments to sub-contractors and suppliers	7,929,987	3,025,795	–	–
Deposits	4,181,281	370,110	100,000	–
Prepayments	1,568,720	513,917	–	–
	34,558,385	20,084,488	145,000	45,000

26. FIXED DEPOSITS WITH LICENSED BANKS

	Group	
	1.1.2008 to 31.3.2009 %	1.1.2007 to 31.12.2007 %
Weighted average effective interest rate	2.8	3.0

	Group	
	31.3.2009 Days	31.12.2007 Days
Average maturity as at the end of the financial period/year	24	24

The fixed deposits of the Group with aggregate carrying amount of RM9,673,042 (31.12.2007: RM8,373,042) have been pledged as collaterals to secure the banking facilities referred to in Note 32.

27. CASH AND BANK BALANCES

Included in cash at bank of the Group is an amount of RM520 (31.12.2007: RM Nil) which are Housing Development Accounts held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and therefore is restricted from use in other operations.

28. TRADE PAYABLES

	Group	
	31.3.2009 RM	31.12.2007 RM
Trade payables	53,943,136	21,969,617
Retention sums for contracts works	10,097,562	4,675,837
	64,040,698	26,645,454

The normal trade credit terms granted to the Group is 60 days (31.12.2007: 60 days).

29. AMOUNT DUE TO DIRECTORS

The amount due to directors represents unsecured interest free advances and are repayable on demand (31.12.2007: with no fixed terms of repayment).

30. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	31.3.2009 RM	31.12.2007 RM	31.3.2009 RM	31.12.2007 RM
Amount due to shareholders of the Company	1,037,500	636,500	–	–
Advanced progress payments from customers	13,640,914	23,064,510	–	–
Other payables	28,137,936	10,205,581	1,272,501	284,482
Business tax payable	282,649	–	–	–
Accruals	7,277,160	4,080,102	45,566	41,120
	50,376,159	37,986,693	1,318,067	325,602

31. HIRE PURCHASE LIABILITIES

	Group 31.3.2009 RM	Group 31.12.2007 RM
Amount outstanding	424,231	533,878
Less: Interest in suspense	(73,419)	(93,679)
Principal portion	350,812	440,199
Less: Portion due within one year	(143,516)	(189,442)
Non current portion	207,296	250,757

	Group 31.3.2009 RM	Group 31.12.2007 RM
The non current portion of the hire purchase obligations is payable as follows:		
Later than 1 year and not later than 2 years	116,755	135,228
Later than 2 years and not later than 5 years	66,067	115,529
Later than 5 years	24,474	–
	207,296	250,757

The interest rate implicit in the hire purchase obligations is 6.2% (31.12.2007: 4.8%) per annum.

32. SHORT TERM BORROWINGS

	Group 31.3.2009 RM	Group 31.12.2007 RM
Secured:		
Bank overdrafts	2,020,737	3,996,644
Revolving credits	3,047,707	–
Term loans	2,954,446	1,800,000
	8,022,890	5,796,644
Unsecured:		
Bank overdrafts	7,233,277	5,659,133
Bankers' acceptance	488,879	7,777,802
Term loans	36,692,435	35,204,167
Trust receipts	–	430,319
	44,414,591	49,071,421
	52,437,481	54,868,065
Less: Portion due within one year	(50,418,404)	(18,068,065)
Non current portion (Note 33)	2,019,077	36,800,000

The average effective interest rates are as follows:

	Group 31.3.2009 %	Group 31.12.2007 %
Bank overdrafts – unsecured	7.1	7.5
Bank overdrafts – secured	7.1	7.5
Revolving credits – secured	7.4	–
Bankers' acceptance – unsecured	3.8	3.7
Term loans – secured	8.1	8.5
Term loans – unsecured	7.0	7.0
Trust receipts – unsecured	–	7.9

Secured borrowings are secured by way of:

	Carrying amount Group 31.3.2009 RM	Carrying amount Group 31.12.2007 RM
Leasehold building (Note 10)	1,046,581	–
Land held for property development (Note 11)	3,714,320	3,714,320
Investment properties (Note 12)	3,362,044	3,125,471
Fixed deposits with licensed banks (Note 26)	9,673,042	8,373,042

Certain short term borrowings are also secured by way of:

(i) corporate guarantee by the Company;
(ii) joint and several guarantees by certain directors of the Company;
(iii) deed of assignment of contract proceeds of designated contract/project;
(iv) fixed charge over the project accounts for the proceeds of designated contract/project and sinking fund accounts;
(v) a debenture by way of a fixed and floating charge over all present and future assets of a subsidiary; and
(vi) assignment of all sales proceeds as well as all monies standing in credit in Housing Development Account in respect of the proposed project subject however to the provisions of the Housing Development (Housing Development Account) Regulations, 1991.

32. SHORT TERM BORROWINGS (CONT'D)

A subsidiary, LFE Engineering Sdn Bhd ("LFEE"), has not met the scheduled bullet repayment on 1 June 2009 ("Repayment Date") of RM35,000,000 to a special purpose vehicle, Kerisma Berhad ("Kerisma"), under a Primary Collaterised Loan Obligations programme. The trustee for Kerisma's bondholders ("Bondholders"), Malaysian Trustees Berhad, had on 11 June 2009 informed LFEE in writing that:

(i) the Bondholders have in principle agreed to LFEE's restructuring proposal to reschedule the repayments of the term loan over the next 2 years;

(ii) pursuant to the Bondholders' extraordinary general meeting held on 3 June 2009;

   (a) the Bondholders have granted LFEE a grace period of 1 month from the Repayment Date or such other period as may be agreed by the Bondholders' Steering Committee, provided that the same shall not exceed 3 months from the Repayment Date; and

   (b) the Bondholders will not declare an event of default under LFEE's facility until the end of the grace period.

Under the restructuring proposal of LFEE, the repayments of the term loan will be rescheduled as follows:

From 31 March 2009	RM
Within next 12 months	3,300,000*
Later than 1 year but not later than 2 years	10,000,000
Later than 2 years but not later than 3 years	21,700,000
	35,000,000

* This amount has been paid subsequent to the balance sheet date.

The restructuring proposal of LFEE also entails the pledging as security of assets belonging to the Group and certain directors of the Company, and irrevocable instructions to certain third parties for the repatriation of LFEE's portion of profits or security money relating to its overseas joint venture projects. LFEE has received a written opinion from its solicitors that the security documents as required for the restructuring proposal of LFEE can, when executed, stamped and registered, constitute legal, valid and binding obligations of the respective security providers. In this connection, the directors of the Company who are to provide security assets have also each given an undertaking to LFEE to pledge such assets offered in the restructuring proposal.

33. LONG TERM LOANS

	Group	
	31.3.2009 RM	**31.12.2007 RM**
Amount outstanding	39,646,881	37,004,167
Less: Portion due within one year	(37,627,804)	(204,167)
Non current portion	2,019,077	36,800,000

	31.3.2009 RM	**31.12.2007 RM**
The non current portion of term loans is payable as follows:		
Later than 1 year and not later than 2 years	1,363,928	35,000,000
Later than 2 years and not later than 5 years	111,519	1,800,000
Later than 5 years	543,630	–
	2,019,077	36,800,000

34. DEFERRED TAX LIABILITIES

	Group	
	31.3.2009 RM	**31.12.2007 RM**
At beginning of period/year	(164,867)	(336,722)
Recognised in income statement (Note 8)		
– over provision in prior years	164,867	171,855
At end of year	–	(164,867)

	Group	
	31.3.2009 RM	**31.12.2007 RM**
Presented after appropriate offsetting as follows:		
Deferred tax assets	9,572,953	7,535,831
Deferred tax liabilities	(1,064,354)	(164,867)
	8,508,599	7,370,964
Less: Unrecognised deferred tax assets	(8,508,599)	(7,370,964)
	–	–

34. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets of the Group are in respect of the following:

	Group	
	31.3.2009 RM	31.12.2007 RM
Tax effects of:		
Unabsorbed capital allowances and unutilised tax losses	8,001,443	7,321,975
Other deductible temporary differences	1,571,510	213,856
	9,572,953	7,535,831

Deferred tax liabilities of the Group are in respect of the following:

	Group	
	31.3.2009 RM	31.12.2007 RM
Tax effects of:		
Excess of tax capital allowances over related depreciation of property, plant and equipment	1,064,354	164,867

Portion of the deferred tax assets have not been recognised as it is not probable that taxable profit will be available in the foreseeable future to utilise these tax benefits.

35. SHARE CAPITAL

	Group and Company		Group and Company	
	31.3.2009 No. of ordinary share of RM1 each	31.12.2007 No. of ordinary share of RM1 each	31.3.2009 RM	31.12.2007 RM
Authorised:				
At beginning/end of of period/year	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
At beginning of period/ year	84,900,002	67,200,002	84,900,002	67,200,002
Issued during the period/year	–	17,700,000	–	17,700,000
At end of period/year	84,900,002	84,900,002	84,900,002	84,900,002

36. RESERVES

	Group		Company	
	31.3.2009 RM	31.12.2007 RM	31.3.2009 RM	31.12.2007 RM
Accumulated losses	(54,392,193)	(48,764,406)	(43,962,581)	(42,652,499)
Non distributable:				
Share premium	5,218,125	5,218,125	5,218,125	5,218,125
Foreign exchange translation reserve	3,136,491	(706,210)	–	–
	8,354,616	4,511,915	5,218,125	5,218,125
	(46,037,577)	(44,252,491)	(38,744,456)	(37,434,374)

Share premium represents the excess of the consideration received over the nominal value of the shares issued by the Company.

The Group's foreign exchange translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

37. RELATED PARTY DISCLOSURES

(a) Related party transactions

Significant transactions with related parties are as follows:

	Type of transactions	Group 1.1.2008 to 31.3.2009 RM	Group 1.1.2007 to 31.12.2007 RM	Company 1.1.2008 to 31.3.2009 RM	Company 1.1.2007 to 31.12.2007 RM
With a subsidiary:					
– LFE Engineering Sdn Bhd	Rental income	–	–	–	15,000
With an associate: – LFE Engineering Qatar W.L.L	Recharge of project mobilisation expenses	–	1,230,891	–	–
	Technical consultancy fees charged	–	866,619	–	–
	Human resources and accounting service fees	284,430	164,268	–	–
With companies in which a director has interest:					
– Megaduct Systems Sdn Bhd	Rental expenses	325,647	195,388	–	–
– Megaduct Technology Sdn Bhd (formerly known as Mayduct Technology Sdn Bhd)	Purchases of materials	163,298	23,281	–	–
	Rental income	–	66,000	–	–
– Nihon Spindle (M) Sdn Bhd	Purchases of materials	–	188,000	–	–

	Type of transactions	Group 1.1.2008 to 31.3.2009 RM	Group 1.1.2007 to 31.12.2007 RM	Company 1.1.2008 to 31.3.2009 RM	Company 1.1.2007 to 31.12.2007 RM
With a company in which a substantial shareholder has interest:					
– Kejuruteraan Rayton Sdn Bhd	Contract revenue	39,552	1,023,066	–	–
– Linear Cooling Industries Sdn Bhd	Contract revenue	21,879,232	–	–	–
With directors of the Company:					
– Lew Mew Choi	Rental expense	88,973	80,425	–	–
– Alan Rajendram A/L Jeya Rajendram	Undertaking and profit guarantee	2,285,471	24,144,592	–	–

The directors are of the opinion that the terms and conditions and prices of the above transactions are not materially different from that obtainable in transactions with unrelated parties.

(b) Related party balances

	Type of transactions	Group 31.3.2009 RM	Group 31.12.2007 RM	Company 31.3.2009 RM	Company 31.12.2007 RM
Individually significant outstanding balances arising from transactions (other than normal trade transactions) are as follows:					
Receivables					
From an associate:					
– LFE Engineering Qatar W.L.L	Advances	1,555,457	2,069,248	–	–

37. RELATED PARTY DISCLOSURES (CONT'D)

(b) Related party balances (cont'd)

	Type of transactions	Group 31.3.2009 RM	Group 31.12.2007 RM	Company 31.3.2009 RM	Company 31.12.2007 RM
Receivables					
From subsidiaries:					
– LFE Engineering Sdn Bhd	Advances	–	–	557,348	19,534,360
– LFE Engineering (JB) Sdn Bhd	Advances	–	–	264,620	264,309
– Loong Fuat Engineering Limited	Advances	–	–	26,247	25,483
– LFE Technology Sdn Bhd	Advances	–	–	12,752	10,243
– LFE Builder Sdn Bhd	Advances	–	–	2,038,301	2,035,840
– LFE International Limited	Advances	–	–	17,497,026	4,258,568
– Mediaforte Holdings Sdn Bhd	Advances	–	–	769,813	769,813
– Bestgate Development Sdn Bhd	Advances	–	–	1,045,000	969,000
From companies in which certain directors have interests:					
– Kejuruteraan Rayton Sdn Bhd	Advances	–	1,560,718	–	–
– ISZL	Advances	–	23,445	–	–
From a director of the Company:					
– Alan Rajendram A/L Jeya Rajendram	Undertaking and profit guarantee	26,506,700	24,144,592	–	–

(c) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The key management personnel comprises mainly executive directors of the Company and its subsidiaries whose remuneration is disclosed in Note 6.

38. OPERATING LEASE COMMITMENTS

	Group 31.3.2009 RM	Group 31.12.2007 RM
The future minimum lease payments under non cancellable operating leases are as follows:		
Not later than 1 year	66,300	–

39. SIGNIFICANT EVENT

The Board of the Company have, out of prudence, decided not to recognise the revenue, cost of sales and profit generated from the trading of computer products by LFE International Limited ("LFEI"), a wholly-owned subsidiary of the Company.

This decision was taken for the following reasons:

39.1 On 4 December 2006, LFEI entered into a distribution agreement ("the Distribution Agreement") appointing an Austrian company ("the Distributor") as its authorised distributor for the sale of computer products over a period of 36 months from 1 January 2007. The Distributor agreed to buy an average of RM120 million worth of computer products from LFEI per annum. Arrangements were put into place whereby LFEI obtained these products from a sole supplier, a company incorporated in Hong Kong ("the Supplier"). The delivery of all computer products was to be made from and to warehouses nominated by the Supplier and the Distributor in China, respectively.

39.2 A director of LFE Corporation Berhad ("the Director") experienced in the trading and distribution of technology products introduced both the Distributor and the Supplier to LFEI. The Director was made the sole director of LFEI and it commenced trading in February 2007.

39. SIGNIFICANT EVENT (CONT'D)

39.3 In order to ensure that LFEI would not suffer losses from such trading, the Director was asked to and did provide a profit guarantee guaranteeing that LFEI would generate profit therefrom of not less than RM6 million per year for 3 consecutive financial years ending 31 December 2007, 31 December 2008 and 31 December 2009 respectively. The profit guarantee was provided pursuant to a management agreement dated 1 March 2007. In order to fund the trading business, the management agreement also provided that the Company would make advances to LFEI as working capital and RM18,463,000 was so advanced. The Director further guaranteed that on the termination of the trading business or the fulfilment of the profit guarantee in 2009, LFEI would refund the said advance. As the Director had provided the said guarantee, he was, under the terms of the management agreement, given full powers to manage LFEI without interference.

39.4 It was a firm arrangement between LFEI and the Distributor on the one hand and LFEI and the Supplier on the other, that all payments on the trades would be effected through an on-line internet trading platform. LFEI agreed to this so as to ensure the efficient and quick receipt and payment of funds.

39.5 In this regard, in December 2007, the 3 parties agreed to use a Swedish economic association ("the Swedish association") as the on-line internet trading platform. The Swedish association has members who basically agree to use the association as a platform for facilitating payments between each other.

39.6 During the financial year ended 31 December 2007 and up to August 2008 the sum realised and standing to the credit of LFEI in the account of the Swedish association is USD7,576,410.45.

39.7 In April 2008 and during the course of the audit of the financial statements of LFEI for the year ended 31 December 2007, the external auditors ("KPMG") expressed concerns to the Audit Committee ("AC") as to the authenticity of LFEI's trading transactions and recommended that an Investigative Accountant be appointed to investigate these transactions. Out of caution, LFEI's trading business was voluntarily suspended by the Director in April 2008.

On 7 May 2008, the Securities Commission commenced an investigation on the operations of LFEI. The Board of Directors is not aware of any adjustments that would impact the financial position of the Group and Company arising from the investigation.

39.8 In response to these concerns, the AC examined the relevant documents in the possession LFEI and obtained explanations from management. Further, a member of the AC and AC's solicitor travelled to Copenhagen to meet with the managing director of the Distributor to verify its existence.

39.9 On 2 June 2008 and in view of KPMG's concerns, the Board of the Company, appointed a firm of professional accountants, Ferrier Hodgson MH Sdn. Bhd. as the Investigative Accountant ("IA"), to address KPMG's concerns.

39.10 In order to strengthen internal controls over the monies in the account of the Swedish association, on 19 August 2008 the Director executed a Variation Agreement to the Management Agreement placing the sums in the account with the Swedish association under the administration of the AC, who were to act on the joint instructions of the 2 directors of LFEI. The second director was appointed to the board of LFEI on 4 June 2008.

39.11 The IA completed the investigation and submitted a report dated 27 August 2008 to the AC. The IA concluded that while they noted that there are many inconsistencies and issues in the application of the business model: "The working capital and cash surpluses residing in the Swedish association accounts would suggest that the transactions took place ......"

39.12 However, on 6 September 2008, KPMG raised queries with respect to the Swedish association. This prompted the obtaining of a legal opinion from Baker & McKenzie (Sweden) dated 20 October 2008 who have raised concerns on the Swedish association for, amongst others, possible non compliance of various Swedish laws in deposit taking, lending and related financial intermediary activities. Given that the financial statements for the year ended 31 December 2007 had to be filed before 31 October 2008, the Director and management have been unable to properly deal with the issues raised in the Baker & McKenzie opinion and to resolve the doubts surrounding the Swedish association.

39.13 However, given the uncertainty now surrounding the Swedish association, management have recommended that, out of prudence, the Company does not recognise the trading transactions of LFEI in the financial statements for the year ended 31 December 2007 as well as those occurring up to April 2008 when the trading business was voluntarily suspended. This recommendation was accepted by the AC on 27 October 2008.

39. SIGNIFICANT EVENT (CONT'D)

On 20 October 2008, the AC recommended safeguarding and obtaining the return of the monies residing in the Swedish association. The recommendation was referred to the Director, whom, by a letter dated 22 October 2008, advised that for commercial reasons, the monies should not be so transferred. While maintaining the authenticity of the trading transactions, the Director recognised that not moving these sums may have a serious impact on the financial statements of the Company. In view of his existing obligation to guarantee the RM18,463,000 advance and the profit of RM6 million for each of 2007 and 2008, he was prepared, as a pragmatic solution of this impasse, to crystallise those obligations and to undertake ("the Undertaking") to pay the full amount of USD7,526,230.45 still standing to the credit of the Swedish association account on or before 21 December 2008. The Director also agreed, in order to fully secure the Undertaking, to pledge 25 million shares in Stanton Technologies Limited ("Stanton"), a company incorporated in Dubai International Financial Centre ("the Pledge"). In return, the Director proposed that LFEI be sold to the Director for USD1,000 from which he could fully recoup the sums paid under the Undertaking; the sale of LFEI would only be completed upon payment under the Undertaking.

39.14 At a board meeting on the 25 October 2008, the directors of Company present thereat (save for the Director who abstained from voting), after having considered the Director's offer and representations and the desktop valuation from a Malaysian investment bank dated 16 July 2008 ("the Valuation") which indicates that Stanton shares are valued at no less than USD0.45 per share, unanimously agreed and resolved to:

39.14.1 accept the proposed Undertaking to pay the full amount of USD7,526,230.45 still standing to the credit of the Swedish Association account on or before 21 December 2008;

39.14.2 accept the Director's pledge of 25 million Stanton shares at USD0.30 per share based on the exchange rate of USD1.00 to RM3.5817 as at the close of business on 24 October 2008 to secure the Undertaking.

39.15 At a Board meeting on 27 October 2008, the Board deliberated on the various issues concerning LFEI and resolved as follows:

39.15.1 based on the recommendation of management, the AC advised and the Board agreed that LFEI's trading transactions not be recognised;

39.15.2 the Board also decided that given the problems caused by trading in computer products internationally, the group would no longer engage in such international business and as such, LFEI may be sold;

39.15.3 the Board was satisfied that the doubts as to the Swedish association would be rendered academic upon the Director executing the Undertaking and the Pledge. The Valuation indicated that the shares in Stanton pledged as security were valued at no less than USD0.45 each and at such value, were sufficient to secure the payment under the Undertaking. Further, the Board accepted management's advice that the Pledge is legal and enforceable under the laws of Dubai International Financial Centre. A legal opinion to that effect was obtained from a legal firm in Dubai on 26 October 2008. As such, the Board agreed that there was no immediate need to move the sums out of the Swedish association provided that the Undertaking and the Pledge were executed. The Board also agreed that LFEI be sold to the Director for USD1,000 in exchange for the Undertaking and Pledge;

39.15.4 the Board has agreed to recognise the total advance and the profit guarantee as at 31 March 2009 totalling RM26,506,700 (RM26,956,700 less repayment of RM450,000) (31.12.2007: RM24,671,229), provided that the Undertaking and Pledge are duly executed. The profit guarantee for the period ended 31 March 2009 of RM665,874 (31.12.2007: RM6,208,229) was recognised as "Other income" in the Group financial statements.

39.16 The Undertaking and Pledge were duly executed by the Director pursuant to agreements dated 27 October 2008 and 28 October 2008.

The amount of revenue, cost of sales and profit generated from the trading activities of LFEI that were not recognised are as follows:

	Group	
	1.1.2008 to 31.3.2009 RM	**1.1.2007 to 31.12.2007 RM**
Revenue	21,128,149	126,394,533
Cost of sales	(19,937,664)	(119,152,044)
Profit	1,190,485	6,208,229

39. SIGNIFICANT EVENT (CONT'D)

The Director has not met the repayment schedule on or before 21 December 2008 to pay the full amount of Undertaking of RM26,956,700. The Board of the Company has initiated actions to recover the amount receivable in accordance with the terms of the Undertaking and Pledge.

Having considered the valuation from a Malaysian investment bank dated 16 July 2008 which indicated that Stanton shares are valued at no less than USD0.45 per share, being the practicable valuation for the management to rely on given the lack of accessibility to the financial information of Stanton, the Board of the Company is satisfied that the pledged Stanton shares adequately mitigate the financial risk that may arise from any non payment of the undertaking amount. Consequently, the Board of the Company is also satisfied that the amount due to the Company by LFEI that arose from advances of RM17,497,026 (31.12.2007: RM4,258,586) is recoverable through the recovery activities being carried out on the Undertaking.

40. SUBSEQUENT EVENTS DURING THE PERIOD

On 13 January 2009, the Company entered in a conditional sale and purchase agreement to acquire the entire issued and paid up share capital of Teratai Megah Sdn Bhd ("TMSB"), comprising 750,003 ordinary shares of RM1.00 each for a cash consideration of RM700,000. Pursuant to the acquisition, TMSB became a subsidiary of the Company. The rationale for this acquisition is to venture into the civil and structural construction activities with a view to tender for more projects in the Middle East. The sale and purchase agreement was completed in June 2009 upon the issuance of a letter of award by Al Tamouh Investments LLC in favour of IJM-LFE Joint Venture for the construction and completion of Phase 1 Plot 1 Zone E2 Al Reem Island Development, Abu Dhabi, United Arab Emirates.

41. CONTINGENT LIABILITIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Group		Company	
	31.3.2009	31.12.2007	31.3.2009	31.12.2007
	RM	RM	RM	RM
Guarantees issued to a third party relating to letters of credit of a jointly controlled operation	–	626,899	–	–
Labour related guarantees issued to the Ministry of Labour on behalf of a jointly controlled operation	–	1,457,696	–	–
Guarantees issued to financial institutions for credit facilities granted to subsidiaries	–	–	152,300,000	156,650,000
Guarantees issued to financial institutions for credit facilities granted to a jointly control operation	–	–	30,174,000	27,002,700
Guarantees issued to suppliers of raw materials purchased by a subsidiary	–	–	7,000,000	7,000,000
Guarantee issued by a subsidiary to a third party for a contract awarded	250,000	250,000	–	–
Performance bonds issued by Company to clients in respect of due performance of contracts awarded to subsidiaries	–	–	627,900	628,000

42. SEGMENT INFORMATION OF THE GROUP

Segment information is presented in respect of the Group's business and geographical segments. The primary reporting segment information is in respect of business segments while the secondary information is reported as geographical segments.

Inter segment transactions were entered in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Segments results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses and tax assets and liabilities.

The Group's operations comprise the following segments:

Business segments

Electrical and mechanical engineering	–	Provision of general and specialised electrical and mechanical engineering services and maintenance works.
Technology products	–	Trading and distributing consumer electronic and technology products, parts and components.
Property and investment holdings	–	Property and investment holding activities

Geographical segments

Malaysia
United Arab Emirates
Socialist Republic of Vietnam
People's Republic of China
Europe

Business segments

	Electrical and mechanical engineering RM	Technology products RM	Property and investment holdings RM	Elimination RM	Group RM
31.3.2009					
Revenue					
Revenue from external customers	293,952,705	9,546,246	–	–	303,498,951
Inter-segment revenue	–	–	–	–	–
Total revenue	293,952,705	9,546,246	–	–	303,498,951
Results					
Segment results	(3,247,536)	618,416	(1,339,977)	2,149,350	(1,819,747)
Interest income					666,454
Loss from operations					(1,153,293)
Finance costs					(5,224,827)
Loss before tax					(6,378,120)
Income tax expense					651,063
Loss after tax					(5,727,057)

42. SEGMENT INFORMATION OF THE GROUP (CONT'D)

Business segments (cont'd)

	Electrical and mechanical engineering RM	Technology products RM	Property and investment holdings RM	Elimination RM	Group RM
31.3.2009					
Assets and liabilities					
Segment assets	182,362,020	30,943,604	53,755,370	(63,268,708)	203,792,286
Unallocated corporate assets					13,757,919
Consolidated total assets					217,550,205
Segment liabilities	176,145,302	21,589,735	7,160,603	(29,666,858)	175,228,782
Unallocated corporate liabilities					2,782,694
Consolidated total liabilities					178,011,476
Other information					
Capital expenditure	6,719,565	381,145	–	–	7,100,710
Depreciation	3,516,643	41,295	–	–	3,557,938
Non cash expenses other than depreciation and amortisation	1,109,642	–	78,988	–	1,188,630

	Electrical and mechanical engineering RM	Technology products RM	Property and investment holdings RM	Elimination RM	Group RM
31.12.2007					
Revenue					
Revenue from external customers	122,055,871	8,901,609	66,000	–	131,023,480
Inter-segment revenue	649,617	155	15,000	(664,772)	–
Total revenue	122,705,488	8,901,764	81,000	(664,772)	131,023,480
Results					
Segment results	408,468	6,623,539	(124,297)	871,623	7,779,333
Interest income					1,304,454
Profit from operations					9,083,787
Finance costs					(4,269,915)
Share in loss of an associate					(94,340)
Profit before tax					4,719,532
Income tax expense					(944,313)
Profit after tax					3,775,219

42. SEGMENT INFORMATION OF THE GROUP (CONT'D)

Business segments (cont'd)

31.12.2007	Electrical and mechanical engineering RM	Trading and distribution of technology products RM	Property and investment holdings RM	Elimination RM	Group RM
Assets and liabilities					
Segment assets	153,938,406	27,836,638	52,544,873	(80,485,632)	153,834,285
Unallocated corporate assets					16,585,402
Consolidated total assets					170,419,687
Segment liabilities	151,533,731	21,353,011	5,294,135	(52,273,221)	125,907,656
Unallocated corporate liabilities					3,137,946
Consolidated total liabilities					129,045,602
Other information					
Capital expenditure	4,498,379	11,850	–	–	4,510,229
Depreciation	2,724,431	5,123	–	–	2,729,554
Allowance for diminution in value of other investment	1,500,000	–	–	–	1,500,000
Allowance for disposal loss in share	3,567,606	–	–	–	3,567,606
Write back allowances for doubtful debts	1,860,196	–	–	–	1,860,196
Write back of diminution in value of other investments	4,718,037	–	–	–	4,718,037
Non cash expenses other than depreciation and amortisation	1,544,729	818,235	–	–	2,362,964

In presenting information on the bases of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

	Revenue		Assets employed		Capital expenditure	
	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM	31.3.2009 RM	31.12.2007 RM	1.1.2008 to 31.3.2009 RM	1.1.2007 to 31.12.2007 RM
Geographical Segments						
Malaysia	60,082,865	61,956,373	145,479,664	168,106,567	1,653,163	152,559
United Arab Emirates	180,595,736	55,932,005	91,845,520	37,611,889	5,066,402	4,335,434
Europe	–	–	8,046,000	24,225,432	–	–
Socialist Republic of Vietnam	7,543,114	4,954,817	9,138,641	3,928,978	–	–
People's Republic of China	55,277,236	8,845,057	26,309,088	17,032,453	381,145	22,236
	303,498,951	131,688,252	280,818,913	250,905,319	7,100,710	4,510,229
Elimination	–	(664,772)	(63,268,708)	(80,485,632)	–	–
	303,498,951	131,023,480	217,550,205	170,419,687	7,100,710	4,510,229

43. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity, foreign exchange and credit risks. The Group operates within guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

Interest rate risk

The Group's primary interest rate risk relates to interest bearing debt. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. The information on maturity dates and effective interest rates of financial liabilities are disclosed in their respective notes.

43. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

Except as disclosed in Note 2, the Group actively monitors its debt maturity profile, operating cash flows and the availability of funding so as to best ensure that all funding needs are met. As part of its overall liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to best meet its working capital requirements.

A subsidiary has not met the scheduled bullet loan repayment in June 2009 of RM35,000,000 to a special purpose vehicle, Kerisma Berhad, under a Primary Collaterised Loan Obligations programme. The bondholders of Kerisma Berhad had in principle agreed to the subsidiary's restructuring proposal as more fully explained in Note 32.

Foreign exchange risk

The Group is exposed to foreign currency risks on sales and purchases that are denominated in a currency other than the respective operations' functional currency and also from translation of the financial statements of the Group's foreign subsidiaries and Branch to Ringgit Malaysia. The currencies giving rise to this risk are primarily US Dollar, Vietnamese Dong, Renminbi, UAE Dirhams and Qatari Riyal.

The Group maintains natural hedges to the extent that payments for foreign currency payables will be matched against receivables denominated in the same foreign currency and whenever possible, borrow in the currency of the country in which the business is located.

Exposure to foreign currency risks are monitored on an ongoing basis. The Group does not hedge their foreign currency risks but keeps this policy under review and will take necessary action to minimise the exposure.

The net unhedged financial assets/(liabilities) of the Group that are not denominated in their functional currencies are as follows:

Functional currency	**Ringgit Malaysia RM**	**Renminbi RMB**
Group		
At 31 March 2009		
Australian Dollar	1,939,210	–
UAE Dirhams	10,299,517	–
Qatari Riyal	2,870,774	–
United States Dollar	(417,075)	461
	14,692,426	461

Functional currency	**Ringgit Malaysia RM**	**Renminbi RMB**
Group		
At 31 December 2007		
UAE Dirhams	(1,843,407)	–
Qatari Riyal	2,069,248	–
United States Dollar	(162,782)	455
	63,059	455

Credit risk

Credit risks are managed by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures. At balance sheet date, there were no significant concentrations of credit risk other than as follows:

	Group		**Company**	
	31.3.2009 RM	**31.12.2007 RM**	**31.3.2009 RM**	**31.12.2007 RM**
Amount due from one trade receivable (31.12.2007: two trade receivables)	54,320,021	17,573,668	–	–
Amount due from a subsidiary	–	–	17,497,026	–
Amount due from a director	26,506,700	24,144,592	–	–
	80,826,721	41,718,260	17,497,026	–

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

43. FINANCIAL INSTRUMENTS (CONT'D)

Fair values

The fair values of all financial assets and financial liabilities of the Group and the Company as at balance sheet date are not materially different from their carrying values other than as follows:

	Group 31.3.2009		Group 31.12.2007	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial asset				
Unquoted subordinated bonds included in other long term investments	2,000,000	#	2,000,000	#

\# It is not practicable to estimate the fair values of the unquoted investments due to the lack of quoted market prices and inability to estimate fair value without incurring excessive costs.

44. CHANGE IN FINANCIAL YEAR END

The Company changed its financial year end from 31 December to 31 March. The comparative figures relate to the previous 12 months ended 31 December 2007 are hence not comparable to those of the current 15 months ended 31 March 2009.

LIST OF PROPERTIES
as at 31 March 2009

Title/Location	Description/ existing use	Tenure	Total land area sq. ft.	Built-up area sq. ft	Age of building/land (years)	NBV as at 31-03-2009 RM	Date of revaluation/ *Date of acquisition
Held under Geran 32501 Lot No. 550, Mukim 07 Daerah Seberang Perai Selatan Pulau Pinang	Land for development	Freehold	398,312	Not applicable	Not applicable	3,450,000	*10.01.2005
Serdang Perdana, Phase 1 Unit B-G-10, G-Storey, Building No. B erected on land held under Master Title H.S. (D) 103045 P.T. No. 35940, Mukim of Petaling District of Petaling, State of Selangor	4-storey shop apartment for disposal	Leasehold for a period of 99 years, expiring in April 2095	–	1,343	Approximately 3	350,000	*20.03.2009
Held under GM 333, Lot P.T. No. 1189 Mukim Petaling, Dearah Petaling Negeri Selangor	Agricultural land for investment purpose	Freehold	95,260	Not applicable	Not applicable	3,096,574	08.11.2006
Lot 26-329 erected on land held under H.S. (D) 32209 P.T. No. 20064 Mukim of Rawang, District of Gombak State of Selangor	Double storey link house for investment purpose	Leasehold for a period of 99 years, expiring on 11.07.2060	1,040	1,200	9	137,484	01.10.2001
Lot 8-154 erected on land held under H.S. (D) 32195 P.T. No. 20050 Mukim of Rawang, District of Gombak State of Selangor	Double storey link house for investment purpose	Leasehold for a period of 99 years, expiring on 11.07.2060	365.84 sq meters	1,566	7	265,471	17.06.2002

LIST OF PROPERTIES

Title/Location	Description/ existing use	Tenure	Total land area sq. ft.	Built-up area sq. ft	Age of building/land (years)	NBV as at 31-03-2009 RM	Date of revaluation/ *Date of acquisition
Resort Suites At Pyramid Tower Lot L23-120 held under Hakmilik PN 17415, Daerah Petaling Bandar Sunway, Negeri Selangor	Apartment for investment purpose	Leasehold for a period of 99 years expiring on 21.02.2102	–	456	5	321,542	*16.10.06
Resort Suites At Pyramid Tower Lot L23-119 held under Hakmilik PN 17415, Daerah Petaling Bandar Sunway, Negeri Selangor	Apartment for investment purpose	Leasehold for a period of 99 years expiring on 21.02.2102	–	525	5	368,333	*16.10.06
Unit No. RC-11-9 erected on lands held under Geran Mukim 1831 & 1832 Lot 220 & 221, & H.S. (D) 75981 P.T. No. 171, Seksyen 83 Bandar & Daerah Kuala Lumpur Negeri Wilayah Persekutuan	Apartment for investment purpose	Freehold	–	1504	Approximately 1	336,870	*07.07.09

ANALYSIS OF SHAREHOLDINGS
as at 11 August 2009

SHARE CAPITAL

Authorised share capital	:	RM100,000,000
Issued and paid-up share capital	:	RM84,900,002
Class of Shares	:	Ordinary shares of RM1.00 each
Voting rights	:	One (1) vote per ordinary share
Number of shareholders	:	823

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of Shareholders	%	Shareholdings	%
Less than 100	7	0.85	269	0
100 to 1,000	353	42.89	210,800	0.25
1,001 to 10,000	268	32.56	1,247,500	1.47
10,001 to 100,000	121	14.70	4,069,043	4.79
100,001 to less than 5 % of issued share capital	70	8.51	52,902,199	62.31
5% and above of issued share capital	4	0.49	26,470,191	31.18
Total	**823**	**100.00**	**84,900,002**	**100.00**

SUBSTANTIAL SHAREHOLDERS
As per the Register of Substantial Shareholders

Name	Shareholdings Direct	Shareholdings Indirect	%
Alan Rajendram A/L Jeya Rajendram	15,200,100	100	17.90
Lew Mew Choi	7,604,108	8,260,421	18.69
Ramli bin Abu Kasim	–	9,260,421	10.91
Kekal Jaya Holdings Sdn Bhd	8,260,421	–	9.73
Soong Moi @ Song Mou	–	8,260,421	9.73
Liew Meow Nyean	710,549	5,625,562	7.46
Liew Kiam Woon	4,133,843	4,605,562	10.29
Liew Meow Nyean Realty Sdn Bhd	4,605,562	–	5.42
Chang Lau Hoi @ Chang Sow Lan	–	4,605,562	5.42
	40,514,583	**40,618,049**	**95.55**

DIRECTORS' INTERESTS IN SHARES
As per the Register of Directors' Shareholdings

In The Company

Name	Shareholdings Direct	%	Indirect	%
Lew Mew Choi	7,604,108	8.96	8,260,421	9.73
Liew Meow Nyean	710,549	0.84	5,625,562	6.63
Liew Kiam Woon	4,133,843	4.87	4,605,562	5.42
David Low Teck Wee	–	–	–	–
Loo Thin Tuck	–	–	–	–
Alan Rajendram A/L Jeya Rajendram	15,200,100	17.90	100	–
	27,648,600	**32.57**	**18,491,645**	**21.78**

Shares in related corporation

There is no change to the deemed interest of Directors in related companies as disclosed in the Directors' Report for the period ended 31 March 2009 dated 31 July 2009.

ANALYSIS OF SHAREHOLDINGS
as at 11 August 2009

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	Shareholdings	%
1.	Kekal Jaya Holdings Sdn Bhd	8,260,421	9.73
2.	Lew Mew Choi	7,604,108	8.96
3.	Alan Rajendram A/L Jeya Rajendram	6,000,100	7.07
4.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Liew Meow Nyean Realty Sdn Berhad	4,605,562	5.42
5.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Liew Kiam Woon	4,080,900	4.81
6.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Alan Rajendram A/L Jeya Rajendram	4,000,000	4.71
7.	Lee Muk Siong	3,859,920	4.55
8.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Alan Rajendram A/L Jeya Rajendram	3,000,000	3.53
9.	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sew Hoey (Tan Siew Hoey)	2,631,600	3.10
10.	Lee Ming Wah	2,600,000	3.06
11.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Alan Rajendram A/L Jeya Rajendram	2,200,000	2.59
12.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Lee Saw Im	2,000,000	2.36
13.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pervez Rustim Manecksha	1,970,000	2.32
14.	Tan Kia Loke	1,875,461	2.21
15.	ECML Nominees (Tempatan) Sdn Bhd Peter Yew Cheong Eng	1,563,300	1.84
16.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Rudy Ng Chong Jin	1,392,900	1.64
17.	Low Boon Wah @ Lawrence Low	1,206,700	1.42
18.	Chua Shiok Hoon	1,154,000	1.36
19.	Lan Geok Nam @ Tan Geok Nam	1,153,901	1.36
20.	Amsec Nominees (Tempatan) Sdn Bhd Tan Soon Muay @ Tan Kim Huay	1,101,000	1.30
21.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Kekal Jaya Ventures Sdn Bhd	1,000,000	1.18
22.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kee Ju Hun	870,000	1.02
23.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse	797,900	0.94
24.	Lee Kuan Chen	761,400	0.90
25.	Cho See Yoo	715,000	0.84
26.	Tasec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choy Sook Kuen	714,000	0.84
27.	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Liew Meow Nyean	710,549	0.84
28.	Thong Lou Hoong	701,100	0.83
29.	Yong Mee Queen	529,100	0.62
30.	Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Soon Foo	516,000	0.61

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting ("the Meeting") of LFE Corporation Berhad ("the Company") will be held at The Conference Room, Ground Floor, Wisma LFE, Lot 993, Off Jalan Balakong, 43300 Balakong, Seri Kembangan, Selangor Darul Ehsan, Malaysia on Thursday, 24 September 2009 at 10.00 a.m. to transact the following businesses:

Ordinary Business	**Ordinary Resolution**
1. To receive the Audited Financial Statements for the financial period from 1 January 2008 to 31 March 2009 and the Reports of the Directors and Auditors thereon.	–
2. To approve the payment of Directors' fees.	1
3. To re-elect the following Directors who retire pursuant to Article 91 of the Company's Articles of Association and who, being eligible, have offered themselves for re-election:	
3.1 David Low Teck Wee	2
3.2 Loo Thin Tuck	3
4. To re-appoint auditors of the Company and to authorise the Directors to fix their remuneration.	4

Special Business

To consider, and if thought fit, to pass the following resolution:-

5. **Re-appointment Of Director Pursuant To Section 129(6) Of The Companies Act, 1965**

   "That Liew Meow Nyean, who is above the age of 70 years, be and is hereby re-appointed as a Director of the Company and to hold office until the conclusion of the next annual general meeting of the Company pursuant to Section 129(6) of the Companies Act, 1965." — Ordinary Resolution 5

BY ORDER OF THE BOARD

Leong Oi Wah (MAICSA 7023802)
Kong Yee Fong (MIA 20971)
Secretaries

Selangor Darul Ehsan, Malaysia
1 September 2009

NOTES

1. Appointment of Proxy

A member entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies (but not more than two (2)) to attend and vote in his stead. A proxy may but need not be a member of the Company and Section 149 (1) (b) of the Companies Act, 1965 shall not apply.

The Form of Proxy must be deposited at the Company's Registered Office, Wisma LFE, Lot 993, Off Jalan Balakong, 43300 Balakong, Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for the holding of the Meeting.

2. Explanatory Note on Special Business

(a) The proposed Ordinary Resolution 5 is for the purpose of re-appointing Liew Meow Nyean, who is above the age of 70 years, as a Director of the Company to hold office until the conclusion of the next annual general meeting of the Company in compliance with Section 129(6) of the Companies Act, 1965.

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FORM OF PROXY

LFE CORPORATION BERHAD

(579343-A)

I/We ____

of ____

being a member/members of LFE CORPORATION BERHAD ("the Company") hereby

appoint ____

of ____

or failing whom ____

of ____

/the Chairman of the Meeting as my/our proxy to attend, speak and vote on my/our behalf at the SEVENTH ANNUAL GENERAL MEETING of the Company ("the Meeting") to be held at Ground Floor, Wisma LFE, Lot 993, Off Jalan Balakong, 43300 Balakong, Seri Kembangan, Selangor Darul Ehsan, Malaysia on Thursday, 24 September 2009 at 10.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote *(see Note 4 herein)* for or against the resolutions to be proposed at the Meeting as indicated hereunder:

Ordinary Resolution		For	Against
1	Payment of Directors' Fees		
2	Re-election of David Low Teck Wee		
3	Re-election of Loo Thin Tuck		
4	Re-appointment of Auditors		
5	Re-appointment of Liew Meow Nyean		

Dated this __________ day of ____________________ 2009.

No. of Shares Held

____

Signature/common seal of shareholder

NOTES

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies (but not more than two (2)) to attend and vote in his stead. A proxy may but need not be a member of the Company and Sections 149 (1) (b) of the Companies Act, 1965 shall not apply.

2. This Form of Proxy, in the case of an individual, must be signed by the appointor or by his attorney duly authorised in writing and in the case of a body corporate, it must be given under its common seal or signed on its behalf by an attorney or officer of the body corporate duly authorised in writing.

3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of shareholdings to be represented by each proxy. Each proxy appointed shall represent a minimum of 1,000 shares held by the member.

4. Please indicate with an **X** in the appropriate column as to how you wish your proxy to vote [For or Against] each resolution. If this Form of Proxy is returned without any indication as to how the proxy shall vote, the proxy will be entitled to vote or abstain from voting as he thinks fit.

5. This Form of Proxy must be deposited at the Company's Registered Office, Wisma LFE, Lot 993, Off Jalan Balakong, 43300 Balakong, Seri Kembangan, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for the holding of the Meeting.

Fold along this line

Affix
Postage
Stamp
Here

The Company Secretary
LFE CORPORATION BERHAD (579343-A)
Wisma LFE, Lot 993, Off Jalan Balakong
43300 Balakong, Seri Kembangan
Selangor Darul Ehsan
Malaysia

Fold along this line