LFE Corporation Berhad (579343-A)

Since 1967

holding steadfast

annual report **2012**

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2012

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Dear valued shareholders,

On behalf of the Board of Directors ("the Board") of LFE Corporation Berhad ("the Company"), I have the pleasure of presenting to you the Annual Report and the Consolidated Audited Financial Statements of the Company and its subsidiary companies ("the Group") for the financial year ended 31 July 2012.

FINANCIAL REVIEW

For the financial year under review, the Group registered a consolidated revenue of RM25.58 million, a dip of RM58.27 million or 69.49% compared to the previous year's revenue of RM83.85 million due to lower contribution from the construction activities undertaken by the Group. The total revenue was contributed solely by the construction/mechanical and electrical engineering segment.

The Group recorded loss before tax of RM33.12 million for the current year under review. This is due to the impairment loss of RM26.5 million on the non-recoverability of this amount owing by a former Director.

CORPORATE HIGHLIGHTS

Year 2012 was another challenging and eventful year for the Group, as the financial and operational difficulties faced by our Group, has culminated in the Company being designated an affected Practice Note 17 ("PN 17") company by Bursa Malaysia Securities Berhad ("Bursa Securities") on 1 October 2012. The PN 17 criteria was triggered as based on the Group's quarterly report for the period ended 31 July 2012, the shareholders' equity is less than 25% of the Group's issued and paid-up capital.

The Company is required to submit its regularisation plan to the relevant authorities within twelve (12) months of the first announcement, i.e. by 30 September 2013. In this respect, the Board is working with the relevant consultants to propose a regularisation plan. The relevant details of the proposed regularisation plan will be announced as and when approval is obtained from the Board of the Company.

The Group has been operating on a very tight working capital cycle. Accordingly, we have taken appropriate measures to reduce overheads and financial commitments to ensure that the existing operations of the Group are conducted in a cost efficient manner.

DIVIDEND

The Board is not recommending any dividend in respect of the financial year ended 31 July 2012.

FUTURE PROSPECT

In the year ahead, the Group will remain focused on its core operations and in particular, will further strengthen and expand the business networks to new regions in order to improve the profitability of the Group.

Additionally, the Group will continue to explore viable and profitable business opportunities in the near future to enhance shareholders' value and strengthen its financial foundations.

It is envisaged that the financial position of the Group will be improved upon the successful implementation of the proposed regularisation plan.

ACKNOWLEDGEMENT

I wish to thank my fellow Board members for their contribution and effort, for their astute counsel and assiduous guidance which have been my source of resilience and perseverance. I further thank the management team and staff and record my sincere appreciation especially for their steadfast commitment and dedication in these trying times. On behalf of the Board, I wish to express our thanks and appreciation to our advisors, auditors, the Securities Commission, Bursa Securities and other authorities for their invaluable advice and assistance, our clients, bankers, suppliers, business associates and shareholders for their continuous support and confidence in the Group.

LIEW KIAM WOON
Managing Director

Corporate Information

BOARD OF DIRECTORS

LIEW KIAM WOON	*Managing Director*
KOK TONG YONG	*Executive Director*
JULIANA QUAH KOOI HONG	*Executive Director*
DAVID LOW TECK WEE	*Senior Independent Non-Executive Director*
LOO THIN TUCK	*Independent Non-Executive Director*
TUNKU AZLAN BIN TUNKU AZIZ	*Independent Non-Executive Director*

AUDIT COMMITTEE
David Low Teck Wee (Chairman)
Loo Thin Tuck
Tunku Azlan Bin Tunku Aziz

NOMINATION COMMITTEE
Tunku Azlan Bin Tunku Aziz (Chairman)
Loo Thin Tuck
David Low Teck Wee

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

RISK MANAGEMENT COMMITTEE
Liew Kiam Woon (Chairman)
Juliana Quah Kooi Hong
Tunku Azlan Bin Tunku Aziz

COMPANY SECRETARY
Wong Youn Kim
(MAICSA 7018778)

AUDITORS
Messrs Morison Anuarul Azizan Chew
(AF 1977)
Chartered Accountants

REGISTERED OFFICE
Level 2, Tower 1, Avenue 5
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SHARE REGISTRAR
SYMPHONY SHARE REGISTRARS SDN BHD
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Malaysia
Tel : 603-78418000
Fax : 603-78418008
Website : www.symphony.com.my

PRINCIPAL BANKERS
Hong Leong Bank Berhad
(formerly known as 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
Lot 43117, Off Jalan Balakong
43300 Balakong, Seri Kembangan
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Website : www.lfe.com.my
Email : lfe@lfe.com.my

JOHOR BAHRU, MALAYSIA
LFE ENGINEERING (JB) SDN BHD
No. 43, Jalan Molek 2/30
81100 Johor Bahru, Malaysia
Tel : 607-3539817
Fax : 607-3515887
Email : lfe@lfe.com.my

VIETNAM
LFE ENGINEERING (VIETNAM) COMPANY LIMITED
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ABU DHABI, UNITED ARAB EMIRATES
LFE ENGINEERING SDN BHD - ABU DHABI BRANCH
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Email : dwon@lfe.com.my

QATAR
LFE ENGINEERING QATAR WITH LIMITED LIABILITY
P.O. Box 47055, Doha,
State of Qatar
Email : lfe@lfe.com.my

Group Structure
as at 16 November 2012

LFE Corporation Berhad

- **100%** **LFE Engineering Sdn Bhd** *(LFE Engineering Sdn Bhd Abu Dhabi Branch)*
  - **100%** LFE Engineering (JB) Sdn Bhd
  - **100%** LFE Engineering (Vietnam) Company Limited (2)
  - **49%** LFE Engineering Qatar With Limited Liability (3)
- **100%** LFE Technology Sdn Bhd
- **100%** LFE International Limited (1)
- **100%** LFE Builder Sdn Bhd
- **100%** Teratai Megah Sdn Bhd
- **51%** Lynex Construction Sdn Bhd
- **25.5%** Mediaforte Holdings Sdn Bhd
  - **100%** Mediaforte (Malaysia) Sdn Bhd

(1) Incorporated in The British Virgin Islands
(2) Incorporated in The Socialist Republic of Vietnam
(3) Incorporated in Qatar

Directors' Profile

Mr Liew Kiam Woon
Managing Director &
Chairman of Risk Management Committee

Mr Liew Kiam Woon, a Malaysian, aged 49, has been an Executive Director of the Company since his appointment to the Board on 15 September 2003 and was subsequently re-designated as Managing Director on 28 September 2010. Currently he is also the Chairman of the Risk Management Committee, a member of the Remuneration Committee, the Managing Director of LFE Engineering Sdn Bhd ("LFEE") and sits on the boards of all of the Company's subsidiaries. He is also actively involved in Master Builders Association of Malaysia and currently sits in the Council.

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.

Mr Kok Tong Yong
Executive Director

Mr Kok Tong Yong, a Malaysian, aged 56, has been the Executive Director of the Company since his appointment to the Board on 19 October 2010.

He was previously the Chief Operating Officer of LFE Engineering Sdn Bhd, a wholly-owned subsidiary of the Company. He has 29 years extensive working experience in the construction industry beginning as a design engineer with a consulting firm and leading to experiences as a mechanical and electrical engineer, having held various managerial positions with established main contractors and developers.

Prior to joining the Company and the Group, he was a Director of Mechanical & Electrical in Ireka Engineering and Construction Sdn Bhd and was responsible for the execution of all mechanical and electrical works that were undertaken by Ireka Group throughout his tenure. He is currently not a director of any other public company.

Ms Juliana Quah Kooi Hong
Executive Director

Ms Juliana Quah Kooi Hong, a Malaysian, aged 43, has been the Executive Director of the Company since her appointment to the Board on 19 October 2010. She is currently also a member of the Risk Management Committee.

She joined the Company as its Group Corporate Legal Manager in 2007 and was subsequently promoted to the position of Director, Legal and Corporate Affairs prior to her appointment as Executive Director. She was admitted to the Malaysian Bar in 1996 and immediately practised as an Advocate & Solicitor in the chambers of Kumar Jaspal Quah & Aishah and subsequently in A. Zahari Kanapathy Thulasi. In 1999, she became a Partner in Bryan Perera Quah & Partners and continued in the said partnership until 2007 when she joined the Company. She is currently not a director of any other public company.

Mr David Low Teck Wee
Senior Independent Non-Executive Director
& Chairman of Audit Committee

Mr David Low Teck Wee, a Malaysian, aged 41, has been an Independent Non-Executive Director of the Company since his appointment to the Board on 18 May 2009. He was subsequently re-designated as Senior Independent Non-Executive Director on 31 July 2010. Currently, he is also the Chairman of the Audit Committee and a member of both the Nomination Committee and Remuneration Committee.

He holds a Bachelor's Degree in Commerce & Finance from the University of Western Australia. He is a member of both the CPA Australia and 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. His 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.

Mr Loo Thin Tuck
Independent Non-Executive Director &
Chairman of Remuneration Committee

Mr Loo Thin Tuck, a Malaysian, aged 47, has been an Independent Non-Executive Director of the Company since his appointment to the Board on 18 May 2009. Currently he is also the Chairman of the Remuneration Committee and a member of both 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, the Chartered Tax Institute of Malaysia and Malaysian Association of Company Secretaries. 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.

YM Tunku Azlan Bin Tunku Aziz
Independent Non-Executive Director &
Chairman of Nomination Committee

YM Tunku Azlan Bin Tunku Aziz, a Malaysian, aged 44, has been an Independent Non-Executive Director of the Company since his appointment to the Board on 5 October 2009. He is also the Chairman of the Nomination Committee and a member of both the Audit Committee and Risk Management Committee.

He is a Fellow member of the Association of Chartered Certified Accountant and a Chartered Accountant of the Malaysia Institute of Accountants. He started his career as a Business Development Officer with a leasing company in 1995 and left in 1996 to join Aseambankers (M) Berhad as a Senior Officer. In 1999, he joined Pengurusan Danaharta Nasional Berhad as Manager, Operations Department and left in 2005. Thereafter, he was the Group Chief Financial Officer and Company Secretary of ARK Resources Berhad until 2009. He is currently a Non-Independent Non-Executive Director of ARK Resources Berhad.

Presently, he is the Chief Financial Officer and Company Secretary of Shapadu Energy & Engineering Sdn Bhd.

Other Information

1) There are no family relationships amongst the Directors and / or major shareholders of the Company.
2) None of the Directors has any conflict of interest with the Company.
3) None of the Directors of the Company has been convicted for offences other than traffic offences (if any), within the past 10 years.

Statement on Corporate Governance

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 practiced 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, 2 Executive Directors, and 3 Independent Non-Executive Directors, thus complying with the Listing Requirements of Bursa Securities for a minimum of 1/3 of the Board to be independent directors. The Directors bring to the Company a broad mix of business, legal, financial, marketing, project management 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 3 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 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 responsibilities and contributions will provide an element of objectivity, independent judgment and balance on the Board. All Independent Non-Executive Directors are free from any business or other relationship that could materially interfere with the exercise of their independent judgment. The Board has identified Mr David Low Teck Wee, the Senior Independent Non-Executive Director, to whom any queries, feedbacks and concerns with regards to the Company, may be conveyed.

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 relation 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 conducted 7 meetings for the financial year ended 31 July 2012, at which a variety of matters including amongst others, the Group's financial and operating results, the Group's overall performance, challenges faced by the Group, business development activities, internal control issues and related party transactions were considered and deliberated upon. Details of attendance of the Directors at the Board meetings are as follows:-

Director	No. of Meeting Attended
Liew Kiam Woon	7 out of 7
Kok Tong Yong	7 out of 7
Juliana Quah Kooi Hong	7 out of 7
David Low Teck Wee	7 out of 7
Loo Thin Tuck	7 out of 7
Tunku Azlan Bin Tunku Aziz	7 out of 7

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
(member of the Malaysian Institute of Accountants) - Chairman
Loo Thin Tuck
(member of the Malaysian Institute of Accountants) - Member
Tunku Azlan Bin Tunku Aziz
(member of the Malaysian Institute of Accountants) - Member

Nomination Committee

(comprising entirely Independent Non-Executive Directors)

Tunku Azlan Bin Tunku Aziz	- Chairman
Loo Thin Tuck	- Member
David Low Teck Wee	- 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
Tunku Azlan Bin Tunku Aziz	- 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 will receive 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, have 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 1/3 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

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

During the financial year ended 31 July 2012, all the Directors have attended the briefings conducted by the Company Secretary and Financial Controller pertaining to the updates on the Listing Requirements of Bursa Securities and new accounting standards issued by International Accounting Standards Board.

Additionally, the following Directors have attended various training programmes, seminars, conferences and evening talks, which include topics, amongst others, relating to corporate governance, finance, project, business structure and audit:-

Kok Tong Yong

- FTSE Bursa Malaysia Index Series Liquidity Rule Enhancement
  Organized by : Bursa Malaysia Berhad
  Date : 16 August 2011

Directors' Training (cont'd)

Kok Tong Yong (cont'd)

- Hill Presentation on Construction Contracts
  Organized by : Kuala Lumpur Regional Centre for Arbitration
  Date : 21 March 2012

David Low Teck Wee

- Comprehensive Overview of Standards
  Organized by : Malaysian Accounting Standards Board
  Date : 30 November & 1 December 2011

- Bursa Malaysia's Half Day Governance Programme: Role of the Audit Committee in Assuring Audit Quality
  Organized by : Bursa Malaysia Berhad
  Date : 22 May 2012

- Corporate Governance Blueprint and Malaysian Code of Corporate Governance 2012
  Organized by : Bursa Malaysia Berhad
  Date : 18 June 2012

Loo Thin Tuck

- Carrying Out Business in Malaysia: Companies, Businesses And Limited Liability Partnership
  Organized by : Suruhanjaya Syarikat Malaysia
  Date : 28 February 2012

- Effective Dispute Resolution for Corporate Malaysia Forum
  Organized by : Kuala Lumpur Regional Centre for Arbitration
  Date : 25 April 2012

The Directors will continue to attend training courses to ensure that they obtain the relevant training as they deem appropriate to further equip themselves and to keep abreast with relevant developments in corporate matters as well as industry practices for them to discharge their duties more effectively.

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 taking into account prevailing market rates and the Company's financial standing. This structure is to ensure that the Company is able to attract and retain Directors of the calibre 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 pursuant to the Articles of Association of the Company. The Company also reimburses the Directors with allowances for expenses necessarily incurred by them for attendance at Board meetings, general meetings and any other meetings in connection with the business of the Company. The Directors are also paid for all travelling and other expenses properly and necessarily incurred by them in and about the business of the Company.

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

The remuneration of the Directors derived from the Group for the financial year ended 31 July 2012 are as follows:-

Type of Remuneration	Executive Directors RM	Non – Executive Directors RM	Total RM
Fees	-	48,000	48,000
Salaries, wages, bonus and allowances	855,467	24,000	879,467
Defined contribution plan	93,540	-	93,540
Benefits-in-kind	7,000	-	7,000
Total	956,007	72,000	1,028,007

The number of Directors whose total remuneration fell within the following bands for the financial year ended 31 July 2012 are as follows:-

Remuneration Band (RM per annum)	Number of Directors Executive Directors	Non – Executive Directors	Total
Below 50,000	-	3	3
100,001 to 150,000	-	-	-
150,001 to 200,000	-	-	-
250,001 to 300,000	1	-	1
300,001 to 350,000	1	-	1
350,001 to 400,000	1	-	1
TOTAL	3	3	6

SHAREHOLDERS

The Board recognizes 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 ("CSR")

The Group recognised that CSR is key to global sustainability. As such, The Group continuously embeds corporate responsibility in every aspect of its business, aligning it to the Group's culture and strategy.

Employees are the most valuable asset of the Company and thus their interest and safety are always in first priority. The Group has in place policies and procedures to ensure workplace safety and health issues are regularly updated and communicated to the employees. Workshop and courses are always provided to constantly upgrade the employees' skills and to create motivation and self-confidence of the employees.

Mutual understanding and closer relationship is cultivated among the employees through organized events such as festive gathering and luncheons which are participated by the employees within the Group.

The main subsidiary, LFE Engineering Sdn Bhd has achieved ISO 9001:2008 certification for having implemented a quality management system to consistently maintain high service and product quality.

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.

Relationship with the Auditors

The Board has maintained a formal and transparent relationship with the Company's External Auditors, Messrs Morison Anuarul Azizan Chew, 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 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 Directors 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.

This statement was reviewed and approved by the Board on 12 November 2012.

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**
Tunku Azlan Bin Tunku Aziz	**- Member**

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Audit Committee is governed by the following Terms of Reference pursuant to Chapter 15 of the Listing Requirements of Bursa Malaysia Securities Berhad.

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 ensure 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 the 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 cooperation 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 with the External Auditors their evaluation of the internal control system.

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

4.7 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.

4.8 To review the adequacy and effectiveness of risk management, internal control and governance systems.

4.9 To review the statement on internal control and recommend to the Board for inclusion in the annual report.

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

4.11 To review the Company's quarterly and annual financial reports, before submission 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.

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

4.13 To identify and direct any special projects or investigations if deem necessary.

4.14 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.

4.15 To review the reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment.

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

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

4.18 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.

4.19 To take cognizance of resignations of internal audit staff members who are full-time employee 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 Paragraph 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 year ended 31 July 2012, the Audit Committee conducted 6 meetings of which all were duly convened with sufficient notices given to all Audit Committee members together with the agenda, report and proposals for deliberation at the meetings.

Representatives from the External Auditors and Internal Auditors, as the case may be, and the Financial Controller 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 year ended 31 July 2012.

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

Name of Audit Committee Member	No. of Audit Committee Meetings
David Low Teck Wee	6 out of 6
Loo Thin Tuck	6 out of 6
Tunku Azlan Bin Tunku Aziz	5 out of 6

Summary of Activities of the Audit Committee

The Audit Committee has carried out the following activities during the financial year in the discharge of its duties:

- Reviewed with External Auditors their evaluation of the internal control system;
- Noted and reviewed the reports of the External Auditors and Internal Auditors on the statement on internal control, thereafter recommended to the Board for inclusion in the annual report;
- Reviewed all quarterly financial results of the Company including the announcements pertaining thereto prior to recommending them for the Board's approval, focusing particularly on any changes in accounting policies, compliance with accounting standards and other legal requirements;
- To discuss problems and reservations arising from final audits, and any other matter with the External Auditors in the absence of the Executive Directors and the Management;
- Reviewed work done and reports from the Internal Auditors and considered the findings of the internal audit and the Management's responses 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;
- Considered the audit fee and any question of resignation of the External Auditors; and
- Noted and reviewed the report of the Internal Auditors on the audit committee report and thereafter recommended to the Board for inclusion in the annual report.

Summary of Activities of the Internal Audit

In the discharge of its duties, the Audit Committee is supported by an independent external consultant that adopts a risk based audit methodology in identifying, evaluating and improving the effectiveness of the internal control systems of the Group. The internal audit function has a primary function to assure the Board, through the Audit Committee, that the systems of internal controls are functioning as intended.

As at the date of this report, the external consultant has completed one (1) cycle of internal audit in accordance with the approved internal audit strategy by the Audit Committee and the findings of the internal audit review has been communicated to the Audit Committee. The Audit Committee reviewed the reports from the consultant and the Management's responses, before reporting and making recommendations to the Board in strengthening the internal control system.

This Audit Committee Report was reviewed and approved by the Audit Committee on 12 November 2012.

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 year ended 31 July 2012.

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 comprised 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.

The Group's system of internal controls, risk management policies and procedures have been created. The Board is aware that the entire process of implementation is 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 an effective enterprise risk management ("ERM") process, particularly in identifying, evaluating the likelihood and impact of, monitoring and managing significant 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 ERM framework.

The Group have in place an ERM policy, reporting structure, frequency of reporting, roles & responsibilities for ERM and a database of risks and controls information captured in the format of risk registers. Key risks of the Group are identified, assessed and categorised to highlight the source of risk, their impacts and the likelihood of occurrence. Risk profiles for the major operating subsidiaries of the Group are presented to the Risk Management Committee and Board for deliberation and approval for adoption. Action plans to address key risks were developed and their status of implementation was reported to the Risk Management Committee and Board.

The risk profile and key risk action plans of the Group are being monitored by its respective senior management. The risks identified for the Group were considered in formulating the strategies and plans that were approved and adopted by the Board. The strategies and plans are monitored and revised as the need arises.

During the financial year, LFE continues to monitor the implementation of risk action plans relating to the key risks of the Group with the guidance from an external consultant. The results of the monitoring process for the Group have been presented and adopted by the Risk Management Committee and the Board.

The ongoing identification and management of risks is a continuous process and is the responsibility of all staff of the Group.

INTERNAL AUDIT FUNCTION

The Group's internal audit function which is outsourced to an independent external consultant, has a primary function to assure the Board, through the Audit Committee, that the systems of internal controls are functioning as intended.

During the financial year, the external consultant has completed one (1) cycle of internal audit in accordance with the approved internal audit strategy by the Audit Committee and the findings of the internal audit review have been communicated to the Audit Committee. The Audit Committee reviewed the report from the consultant and the Management's responses, before reporting and making recommendations to the Board in strengthening the internal control system.

The cost incurred for the internal audit function including the risk management guidance for the financial year ended 31 July 2012 is RM42,000.

KEY ELEMENTS OF INTERNAL CONTROL

Apart from ERM 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 9001:2008 ("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 function, the External Auditors and management, and evaluates the adequacy and effectiveness of the Group's ERM and internal control system.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

There were no material or significant losses incurred during the financial year ended 31 July 2012 as a result of weakness in internal control. The Board and the Management will 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 November 2012.

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 year ended 31 July 2012 ("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 reviewed and approved by the Board on 12 November 2012.

Additional Compliance Information

1. **Utilisation of Proceeds**
   There were no proceeds raised from any corporate exercises during the financial year ended 31 July 2012.

2. **Share buybacks**
   There were no share buyback transactions made by the Company during the financial year ended 31 July 2012.

3. **Options, Warrants or Convertible Securities**
   There were no options, warrants or convertible securities issued by the Company during the financial year ended 31 July 2012.

4. **American Depository Receipt ("ADR")/Global Depository Receipt ("GDR")**
   During the financial year ended 31 July 2012, the Company did not sponsor any ADR or GDR programme.

5. **Related Party Transactions**
   The aggregate value of the Related Party Transactions for the financial year ended 31 July 2012 is set out in Note 35 of the Audited Financial Statements.

6. **Imposition of Sanctions/Penalties**
   There were no sanctions/penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 July 2012.

7. **Non-audit Fees**
   There were no non-audit fees payable to the External Auditors for the financial year ended 31 July 2012.

8. **Profit Estimate, Forecast or Projection**
   Variation In Results
   There were no material variance between the audited results for the financial year ended 31 July 2012 and the unaudited results announced to Bursa Securities on 24 September 2012. The Company did not publish any profit estimates, forecasts or projections for the financial year ended 31 July 2012.

9. **Profit Guarantee**
   There was no profit guarantee received by the Company during the financial year ended 31 July 2012.

10. **Material Contracts**
    There were no other material contracts (not being contracts entered into in the ordinary course of business) either subsisting or entered into during the financial year ended 31 July 2012, by the Company and its subsidiaries which involved the interest of the Directors and substantial shareholders.

11. **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.

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Directors' Report

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 July 2012.

Principal Activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are stated in Note 5 to the financial statements.

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

Financial Results

	Group RM	Company RM
Net loss for the financial year attributable to:		
Owners of the Company	33,130,231	257,205

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial period. The Board of Directors does not recommend any dividend in respect of the current financial year under review.

Reserves and Provisions

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

Issue of Shares and Debentures

There were no issues of shares or debentures during the financial year under review.

Directors

The Directors who served since the date of the last report are as follows:

Liew Kiam Woon
David Low Teck Wee
Loo Thin Tuck
Tunku Azlan Bin Tunku Aziz
Juliana Quah Kooi Hong
Kok Tong Yong

Directors' Interests

Details of holdings and deemed interests in the share capital and options over the shares of the Company or its related corporations by the Directors holding office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.8.2011	Acquired	Disposed	At 31.7.2012
LFE Corporation Berhad				
Direct interest:				
Liew Kiam Woon	4,133,843	-	-	4,133,843
Kok Tong Yong	25,000	-	-	25,000
Indirect interest:				
Liew Kiam Woon	4,605,562	-	-	4,605,562 ^

^ 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.

None of the other Directors holding office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year under review.

Directors' Benefits

Since the end of the previous financial period, no Director of the Company 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 Directors as shown in the financial statements) 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.

Neither during nor at the end of the financial year, was the Company a party to any arrangement the object of which is to enable the 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

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps: -

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

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Other Statutory Information (cont'd)

(b) At the date of this report, the Directors are not aware of any circumstances: -

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

(ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

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

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

(c) No contingent or other liabilities of the Group and of the Company have become enforceable, or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations as and when they fall due.

(d) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liability in respect of the Group or the Company which has arisen since the end of the financial year.

(e) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company for the financial year ended 31 July 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in Note 28 to the financial statements; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made, except as disclosed in Note 28 to the financial statements.

Auditors

The auditors, Morison Anuarul Azizan Chew, have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors.

LIEW KIAM WOON

JULIANA QUAH KOOI HONG

KUALA LUMPUR

Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, LIEW KIAM WOON and JULIANA QUAH KOOI HONG, being two of the Directors of LFE CORPORATION BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 29 to 85 are drawn up in accordance with Financial Reporting Standards in Malaysia and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2012 and of their financial performance and cash flows for the financial year then ended.

Signed in accordance with a resolution of the Directors.

LIEW KIAM WOON

JULIANA QUAH KOOI HONG

KUALA LUMPUR

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, LIEW KIAM WOON, being the Director primarily responsible for the financial management of LFE CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 29 to 85 are to the best of my knowledge and belief, 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)
abovenamed LIEW KIAM WOON at Kuala Lumpur)
in the Federal Territory this)

LIEW KIAM WOON

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report

To The Members Of LFE Corporation Berhad

Report on the Financial Statements

We have audited the financial statements of LFE Corporation Berhad, which comprise the statements of financial position as at 31 July 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 85.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards in Malaysia and the Companies Act, 1965 and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of the financial statement that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, 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.

Basis for Qualified Opinion

As stated under Note 13 to the financial statements, included in the trade receivables are past due outstanding trade receivables of RM22,178,955 due from Tamouh, the developer for the Zone E2 Hotel Development, Phase 1, Plot 1 project in Al Reem Island, United Arab Emirates. The project has been mutually terminated between the IJM-LFE Joint Venture and Tamouh during the financial year. We are unable to satisfy ourselves as to whether the receivables are recoverable due to significant uncertainties on whether there would be sufficient project recoverability.

Qualified Opinion

In our opinion, except for the possible effects on the financial statements, if any, of the matters referred to in the Basis for Qualified Opinion paragraph, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia and the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 July 2012 and of their financial performances and cash flows for the financial year then ended.

Emphasis of Matter

We draw attention to Note 2(a) to the financial statements which indicates that the Group incurred a net loss of RM33,130,231 during the financial year ended 31 July 2012 and at that date, the Group's current liabilities exceeded its current assets by RM474,364 and its shareholders' deficit amounted to RM2,645,499. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern. We have considered the adequacy of disclosures under Note 2(a) to the financial statements and our opinion is not qualified in this respect.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, 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 its subsidiary companies have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the independent auditors' report of all subsidiary companies of which we have not acted as auditors, which are indicated in Note 5(b) to the financial statements.

(c) We are satisfied that the financial statements of the subsidiary companies 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The independent auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification except as disclosed in Note 5(b) to the financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 43 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the Directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the Directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MORISON ANUARUL AZIZAN CHEW
Firm Number: AF 001977
Chartered Accountants

SATHIEA SEELEAN A/L MANICKAM
Approved Number: 1729/05/14 (J/PH)
Partner of Firm

KUALA LUMPUR

Statements Of Financial Position

as at 31 July 2012

	Note	Group 2012 RM	Group 2011 RM	Company 2012 RM	Company 2011 RM
Non-Current Assets					
Property, plant and equipment	3	850,438	1,287,033	-	-
Investment properties	4	402,954	739,825	-	-
Investment in subsidiaries	5	-	-	25,576,084	25,576,082
Investment in associated companies	6	152,405	220,382	25,500	25,500
Other long term investments	7	-	-	-	-
Goodwill on consolidation	9	-	-	-	-
		1,405,797	2,247,240	25,601,584	25,601,582
Current Assets					
Inventories	10	31,098	663,242	-	-
Assets held for sale	11	-	930,880	-	-
Amount owing by customers on contracts	12	6,889,068	22,768,205	-	-
Trade receivables	13	97,479,056	61,561,265	-	-
Other receivables	14	6,571,319	4,600,358	45,000	45,000
Amount owing by subsidiaries	15	-	-	19,878,216	20,013,201
Amount owing by associates	16	6,011,427	5,684,019	769,813	769,813
Amount owing by a former Director	17	-	26,506,700	-	-
Tax recoverable		221,412	528,536	-	-
Fixed deposits with licensed banks	18	904,089	876,025	-	-
Cash and bank balances		2,387,250	2,118,080	1,210	4,050
		120,494,719	126,237,310	20,694,239	20,832,064

Statements Of Financial Position (cont'd)

as at 31 July 2012

		Group		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Current Liabilities					
Amount owing to customers on contracts	12	28,707,223	3,303,980	-	-
Trade payables	19	30,985,115	30,580,437	-	-
Other payables	20	44,224,173	35,539,490	2,321,112	2,201,730
Amount owing to associates	16	37,786	37,786	37,786	37,786
Amount owing to Directors	21	55,563	55,563	-	-
Hire purchase payables	22	77,391	20,723	-	-
Bank borrowings	23	16,881,832	25,171,500	-	-
		120,969,083	94,709,479	2,358,898	2,239,516
Net current (liabilities)/assets		(474,364)	31,527,831	18,335,341	18,592,548
		931,433	33,775,071	43,936,925	44,194,130
Financed by:					
Share Capital	24	84,900,002	84,900,002	84,900,002	84,900,002
Reserves	25	(87,545,501)	(55,205,618)	(40,963,077)	(40,705,872)
Equity attributable to owners of the parent		(2,645,499)	29,694,384	43,936,925	44,194,130
Total equity		(2,645,499)	29,694,384	43,936,925	44,194,130
Non-Current Liabilities					
Hire purchase payables	22	132,734	59,013	-	-
Bank borrowings	23	3,437,698	4,015,174	-	-
Deferred tax liabilities	26	6,500	6,500	-	-
		3,576,932	4,080,687	-	-
		931,433	33,775,071	43,936,925	44,194,130

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

Statements Of Comprehensive Income

for the financial year ended 31 July 2012

	Note	Group 1.8.2011 to 31.7.2012 RM	Group 1.4.2010 to 31.7.2011 RM	Company 1.8.2011 to 31.7.2012 RM	Company 1.4.2010 to 31.7.2011 RM
Revenue	27	25,581,835	83,852,665	-	-
Cost of sales		(25,704,561)	(82,481,797)	-	-
Gross (loss)/profit		(122,726)	1,370,868	-	-
Other operating income		990,808	3,817,516	-	311
Exceptional item	28	(26,506,700)	15,744,069	-	-
Administrative expenses		(3,893,648)	(8,893,458)	(257,205)	(603,989)
Other operating expenses		(858,704)	(6,389,979)	-	(835,702)
Finance costs	29	(2,657,884)	(4,095,653)	-	-
		(33,048,854)	1,553,363	(257,205)	(1,439,380)
Share of results of associated company		(67,977)	24,577	-	-
(Loss)/Profit before taxation	30	(33,116,831)	1,577,940	(257,205)	(1,439,380)
Taxation	31	(13,400)	(105,873)	-	-
Net (loss)/profit for the financial year/period		(33,130,231)	1,472,067	(257,205)	(1,439,380)
Other comprehensive loss:					
- Exchange differences arising from translation of foreign operations		790,348	(1,956,618)	-	-
Total comprehensive loss for the financial year/period		(32,339,883)	(484,551)	(257,205)	(1,439,380)

Statements Of Comprehensive Income (cont'd)

for the financial year ended 31 July 2012

		Group	
		1.8.2011 to 31.7.2012	1.4.2010 to 31.7.2011
	Note	RM	RM
Net (loss)/profit for the financial year/period attributable to:			
Owners of the Company		(33,130,231)	1,412,425
Non-controlling interest		-	59,642
		(33,130,231)	1,472,067
Total comprehensive (loss)/profit for the financial year/period attributable to:			
Owners of the Company		(32,339,883)	(544,193)
Non-controlling interest		-	59,642
		(32,339,883)	(484,551)
Basic (loss)/earnings per share attributable to owners of the parent (sen)	32	(39.02)	1.66

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

Statements Of Changes In Equity

for the financial year ended 31 July 2012

Group	Note	Share Capital RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM	Total Equity RM
		← Attributable to Owners of the Company →				
		← Non-distributable →			← Distributable →	
At 1 August 2011		84,900,002	5,218,125	(1,502,462)	(58,921,281)	29,694,384
Total comprehensive loss		-	-	790,348	(33,130,231)	(32,339,883)
At 31 July 2012		84,900,002	5,218,125	(712,114)	(92,051,512)	(2,645,499)

Group	Note	Share Capital RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	Total Equity RM
		← Attributable to Owners of the Company →						
		← Non-distributable →			← Distributable →			
At 1 April 2010								
- As previously reported		84,900,002	5,218,125	454,156	(60,094,102)	30,478,181	310,042	30,788,223
- Effect on adopting FRS 139		-	-	-	(239,604)	(239,604)	-	(239,604)
- As restated		84,900,002	5,218,125	454,156	(60,333,706)	30,238,577	310,042	30,548,619
Total comprehensive loss		-	-	(1,956,618)	1,412,425	(544,193)	59,642	(484,551)
Changes arises in changes in composition of group		-	-	-	-	-	(369,684)	(369,684)
At 31 July 2011		84,900,002	5,218,125	(1,502,462)	(58,921,281)	29,694,384	-	29,694,384

Statements Of Changes In Equity (cont'd)

for the financial year ended 31 July 2012

		← Distributable →		
	Share Capital RM	**Share Premium RM**	**Accumulated Losses RM**	**Total Equity RM**
Company				
At 1 August 2011	84,900,002	5,218,125	(45,923,997)	44,194,130
Total comprehensive loss	-	-	(257,205)	(257,205)
At 31 July 2012	84,900,002	5,218,125	(46,181,202)	43,936,925
At 1 April 2010	84,900,002	5,218,125	(44,484,617)	45,633,510
Total comprehensive loss	-	-	(1,439,380)	(1,439,380)
At 31 July 2011	84,900,002	5,218,125	(45,923,997)	44,194,130

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

Statements Of Cash Flow

for the financial year ended 31 July 2012

	Note	Group 1.8.2011 to 31.7.2012 RM	Group 1.4.2010 to 31.7.2011 RM	Company 1.8.2011 to 31.7.2012 RM	Company 1.4.2010 to 31.7.2011 RM
Cash Flows From Operating Activities					
(Loss)/Profit before taxation		(33,116,831)	1,577,940	(257,205)	(1,439,380)
Adjustments for:					
Impairment for trade receivables		-	2,941,935	-	-
Impairment loss on amount owing by a former Director	28	26,506,700	-	-	-
Depreciation of property, plant and equipment		403,282	1,483,426	-	-
Gain on disposal of property, plant and equipment		(7,368)	(809,702)	-	-
Gain on disposal of investment properties		(123,129)	(237,947)	-	-
(Gain)/Loss on disposal of assets held for sale		(34,120)	127,460	-	-
Waiver on collateralised loan obligations	28	-	(15,744,069)	-	-
Impairment for obsolete inventories		-	647,631	-	-
Inventories written off		70,735	-	-	-
Bad debt written off		-	32,440	-	-
Property, plant and equipment written off		-	690,864	-	-
Loss on disposal of investment in subsidiary companies		-	605,693	-	509,999
Impairment for trade receivables written back		-	(280,000)	-	-
Share of loss/(profit) in associates		67,977	(24,577)	-	-
Interest income		(28,128)	(174,390)	-	(310)
Interest expense		2,657,884	4,095,653	-	-
Operating loss before working capital changes		(3,602,998)	(5,067,643)	(257,205)	(929,691)
Decrease/(Increase) in working capital					
Amount owing by/(to) customers on contracts		41,282,380	(19,117,961)	-	-
Inventories		561,410	263,187	-	-
Trade and other receivables		(37,888,752)	62,158,973	-	-
Trade and other payables		9,089,360	(37,233,193)	119,382	(7,960)
Amount owing to Directors		-	2,005,156	-	-
Amount owing by subsidiaries		-	-	134,985	1,705,256
Amount owing by/(to) associates		(327,408)	(1,855,933)	-	(769,813)
		12,716,990	6,220,229	254,367	927,483
Cash generated from/(used in) operations		9,113,992	1,152,586	(2,838)	(2,208)
Interest received		28,128	174,390	-	310
Interest paid		(2,657,884)	(4,095,653)	-	-
Tax refunded		293,724	249,817	-	-
		(2,336,032)	(3,671,446)	-	310
Net cash from/(used in) operating activities		6,777,960	(2,518,860)	(2,838)	(1,898)

Statements Of Cash Flow (cont'd)

for the financial year ended 31 July 2012

	Note	Group 1.8.2011 to 31.7.2012 RM	Group 1.4.2010 to 31.7.2011 RM	Company 1.8.2011 to 31.7.2012 RM	Company 1.4.2010 to 31.7.2011 RM
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	3(d)	(44,237)	(1,319,879)	-	-
Investment in subsidiary company		-	-	(2)	-
Investment in associated company		-	(201,115)	-	-
Proceeds from disposal of investment in subsidiary companies		-	-	-	1
Disposal of subsidiary companies	5(c)	-	(1,641,570)	-	-
Proceeds from disposal of property, plant and equipment		56,911	973,918	-	-
Proceeds from disposal of assets held for sale		965,000	5,092,540	-	-
Proceeds from disposal of investment properties		460,000	3,619,880	-	-
Net cash from/(used in) investing activities		1,437,674	6,523,774	(2)	1
Cash Flows From Financing Activities					
(Decrease)/Increase in fixed deposits pledged		(39,611)	11,656,413	-	-
Repayment of bank borrowings		(8,334,613)	(19,158,080)	-	-
Repayment of hire purchase payables		(28,064)	(71,706)	-	-
Net cash used in financing activities		(8,402,288)	(7,573,373)	-	-
Net decrease in cash and cash equivalents		(186,654)	(3,568,459)	(2,840)	(1,897)
Effect of exchange rate changes		988,355	(1,270,639)	-	-
Cash and cash equivalents at beginning of the financial year/period		(1,262,174)	3,576,924	4,050	5,947
Cash and cash equivalents at end of the financial year/period		(460,473)	(1,262,174)	1,210	4,050
Cash and cash equivalents at end of the financial year/period comprises:					
Cash and bank balances		2,387,250	2,118,080	1,210	4,050
Fixed deposits with licensed banks		904,089	876,025	-	-
Bank overdrafts		(2,847,723)	(3,380,254)	-	-
		443,616	(386,149)	1,210	4,050
Less: Fixed deposits pledged		(904,089)	(876,025)	-	-
		(460,473)	(1,262,174)	1,210	4,050

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

1. Corporate Information

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are disclosed in Note 5 to the financial statements.

The Company is a public limited liability company, incorporated under the Companies Act, 1965 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business is located at Lot 43117, Off Jalan Balakong, 43300 Balakong, Seri Kembangan, Selangor Darul Ehsan.

The Company triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a) of Practice Note 17 ("PN17") under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") on 1 October 2012 and as of that date is considered a PN17 company. The PN17 criteria was triggered as a consequence of the Company's latest unaudited quarterly announcement for the full financial year ended 31 July 2012 that was announced on 28 September 2012 wherein the shareholders' equity of the Company on a consolidated basis is less than 25% of the Company's issued and paid-up capital and such shareholders' equity is less than RM40 million. The Company has until 30 September 2013 to submit its Proposed Regularisation Plan to the regulatory authorities to regularise the Group's financial condition and business operations.

In the event the Company fails to comply with the obligations to regularise its condition, all its listed securities will be suspended from trading on the next market day after five (5) market days from the date of notification of suspension by Bursa Securities and de-listing procedures shall be taken against the Company, subject to the Company's right to appeal against the de-listing.

2. Significant Accounting Policies

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the accounting policies below and in accordance with Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia.

The Group incurred a net loss of RM33,130,231 during the financial year ended 31 July 2012. As at that date, the Group's current liabilities exceeded its current assets by RM474,364 and its shareholders' deficit amounted to RM2,645,499. This indicates the existence of material uncertainties which may cast significant doubt on the ability of the Group to continue as a going concern and may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding this, the financial statements of the Group has been prepared on a going concern basis as the Directors are optimistic that the Group would generate future profitable results and positive cash flows. The Directors have based these assumptions on anticipation of sufficient budgeted profits from new and upcoming projects. The Directors are also confident that its Proposed Regularisation Plan will be successfully formulated and implemented to strengthen the business operations of the Group. Accordingly, the financial statements of the Group do not include any adjustment and classification relating to the recorded assets and liabilities that may be necessary should the Group be unable to continue as a going concern.

2. Significant Accounting Policies (cont'd)

(a) Basis of accounting (cont'd)

During the financial year, the Group and the Company have adopted the following new FRSs, revised FRSs, Issues Committee Interpretations ("IC Int"), amendments to FRSs and IC Interpretations issued by the Malaysian Accounting Standards Board ("MASB") that are relevant to their operations:-

	Effective date for financial periods beginning on or after
Amendments to FRS 132: Financial Instruments: Presentation:- paragraphs 11,16 and 97E	1 March 2010
FRS 3: Business Combination (Revised)	1 July 2010
FRS 127: Consolidated and Separate Financial Statements (Revised)	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
IC Interpretation 4: Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
Amendments to FRSs contained in the documents entitled "Improvements to FRSs (2010)"	1 January 2011

The adoption of the above new FRSs, revised FRSs, IC Interpretations, amendments to FRSs and IC Interpretations did not have a significant impact on the financial statements of the Company except as disclosed in Note 38 to the financial statements.

To converge with International Financial Reporting Standards ("IFRS") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretations 15 Agreements for Construction of Real Estate, including its parent significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer the adoption of the new MFRSs for an additional two years. Consequently, adoption of MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. However, the Group and the Company do not qualify as Transitioning Entities and is therefore required to adopt the MFRSs for the financial period beginning on or after 1 January 2012.

MFRSs effective on 1 January 2012

MFRS 1	First time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payments
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for Evaluation of Mineral Resource
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events after the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment

2. Significant Accounting Policies (cont'd)

(a) Basis of accounting (cont'd)

MFRSs effective on 1 January 2012 (cont'd)

MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economics
MFRS 131	Interests in Joint Ventures
MFRS 132	Financial Instruments : Presentation
MFRS 133	Earnings per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments : Recognition and Measurement
MFRS 140	Investment Property
IC Int 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int 4	Determining whether an Arrangement contains a Lease
IC Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Int 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economics
IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 12	Service Concession Arrangements
IC Int 13	Customer Loyalty Programmes
IC Int 14	MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int 107	Introduction of the Euro
IC Int 110	Government Assistance – No Specific Relation to Operation Activities
IC Int 112	Consolidation – Special Purpose Entities
IC Int 113	Controlled Entities – Non-Monetary Contributions by Ventures Jointly
IC Int 115	Operating Leases – Incentives
IC Int 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Int 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int 129	Concession Arrangements: Disclosures Services
IC Int 131	Revenue – Barter Transactions Involving Advertising Services
IC Int 132	Intangible Assets – Web Site Costs

2. Significant Accounting Policies (cont'd)

(a) Basis of accounting (cont'd)

MFRSs effective on 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard ("IAS") 9 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine

MFRSs effective on 1 January 2015

MFRS 9	Financial Instruments (International Financial Reporting Standards ("IFRS") 9 issued by International Accounting Standards Board ("IASB") in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

Amendments to MFRSs

Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 9 and MFRS 7	Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015

New FRSs

		Effective for financial periods beginning on or after
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interest in Other Entities	1 January 2013
FRS 13	Fair Value Measurements	1 January 2013
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)	1 January 2015
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)	1 January 2015

Revised FRS

FRS 119	Employee Benefits (as amended in November 2011)	1 January 2013
FRS 124	Related Party Disclosures	1 January 2013
FRS 127	Separate Financial Statements (as amended in November 2011)	1 January 2013
FRS 128	Investments in Associates and Joint Ventures (as amended in November 2011)	1 January 2013

2. Significant Accounting Policies (cont'd)

(a) Basis of accounting (cont'd)

Amendments/Improvements to FRSs

		Effective for financial periods beginning on or after
FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
FRS 7	Disclosures-Transfer of Financial Assets	1 January 2012
FRS 112	Deferred Tax : Recovery of Underlying Assets	1 January 2012
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 9 and FRS 7	Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to IC Int		
IC Int 14	Prepayments of Minimum Funding Requirement	1 July 2011

Withdrawal of FRSs and IC Int

The following FRSs and IC Int will be withdrawn upon the adoption of the new/revised standards as disclosed above:

FRSs

FRS 119	Employee Benefits (2007)
FRS 127	Consolidated and Separate Financial Statements (2010)
FRS 128	Investments in Associates (2005)
FRS 131	Interests in Joint Ventures (2005)

IC Int

IC Int 9	Reassessment of Embedded Derivatives (2008)
IC Int 112	Consolidation – Special Purpose Entities (2005)
IC Int 113	Jointly Controlled Entities – Non-Monetary Contributions by Ventures (2005)
IC Int 121	Income Taxes – Recovery of Revalued Non-depreciable Assets (2005)

The Group's and the Company's next set of financial statements for annual period beginning on 1 August 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRS"). As a result, the Group and the Company will not be adopting the above FRSs, Interpretations and amendments that are effective for annual periods beginning on or after 1 August 2012.

Technical Release Guidance on Disclosures of Transition to IFRSs ("TR3") provides voluntary disclosure requirements on the potential impact of adoption of MFRSs. However, the Group is currently in the process of assessing the financial effects of the difference between the current FRS framework and accounting standards under the MFRS framework and as such, the disclosure would be reflected in the subsequent year financial statements.

2. Significant Accounting Policies (cont'd)

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and presentation currency.

(c) Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation or 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 are set out below:

(i) Revenue recognition of construction contracts

Revenue from work done on construction contracts is recognised based on the percentage of completion method. The stage of completion is determined based on the total costs incurred to date over the estimated total project costs. Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

(ii) Estimation of fair value of properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts) adjusted to reflect those differences; or

(b) recent prices of similar properties based on less active market, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

(iii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis, in accordance with the accounting policy stated in Note 2(m). This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Impairment of other investments and assets held for sale

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the CGU to which the other investments and assets held for sale are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to opt for a suitable discount rate in order to calculate the present value of those cash flows.

(v) Impairment of receivables

The Group makes allowance for impairment losses based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses historical bad debt, customer payment terms when making a judgement to evaluate the adequacy of allowances for doubtful debts. Where expectations differ from the original estimates, the differences will impact the carrying amount of receivables.

2. Significant Accounting Policies (cont'd)

(c) Significant accounting estimates and judgements (cont'd)

(vi) Impairment of non financial assets

The Group assesses impairment of property, plant and equipment, land held for development and property development costs when the events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. In assessing such impairment, the recoverable amount of the assets is estimated using the latest available fair value after taking into account the costs to sell or expected value in use of the relevant assets.

(vii) Depreciation of property, plant and equipment

The costs of property, plant and equipment of the Group are depreciated on a reducing balance basis over the useful lives of the assets. Management estimates the useful lives of the property, plant and equipment as disclosed in Note 2(k)(iii). These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact on the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(viii) Assets held for sale

The Group follows the guidance of FRS5 in classifying assets recovered principally through a sale transaction as assets held for sale. This classification requires significant judgement. In making this judgement, the Group takes into consideration the likelihood of the sale.

(ix) Allowances for inventory write down

Allowances for inventory write down is made based on an analysis of the ageing profile and expected sales patterns of individual items in inventory. This requires an analysis of inventory usage based on expected future sales transactions taking into account current market prices and expected cost to sell. Changes in the inventory ageing and expected usage profiles can have an impact on the allowance recorded.

(x) Income taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is involved especially in determining tax base allowances and deductibility of certain expenses in determining the Group-wide provision for income taxes. The Group recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will have impact on the income tax and deferred tax provisions in the period in which such determination is made.

(xi) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using the valuation techniques including discounted cash flow method. The inputs of these valuation models are taken from observable markets where possible. However, when this is considered unfeasible, a degree of judgement is made in establishing fair values. The judgements made include having considered a host of factors including liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2. Significant Accounting Policies (cont'd)

(c) Significant accounting estimates and judgements (cont'd)

(xii) Impairment of investments in subsidiaries

The Directors review the material investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries are assessed by references to the value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumption to reflect their income and cash flows. Judgement has been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

(xiii) Contingent liabilities

As disclosed in Note 39 to the financial statements, the Group has several pending litigation with various parties as at current financial year end. The Board of Directors, after due consultation with the Group's solicitors, assess the merit of each case, and makes the necessary provision for liabilities in the financial statements if its crystallisation is deemed to be probable.

(xiv) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

(d) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies and its associated companies through equity accounting, which are made up to the end of the financial year.

(i) Subsidiary companies

Subsidiary companies are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in the statements of comprehensive income.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interest.

2. Significant Accounting Policies (cont'd)

(d) Basis of consolidation (cont'd)

(i) Subsidiary companies (cont'd)

The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. The accounting policy on goodwill on acquisition of subsidiaries is set out in Note 2(j). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Subsidiaries are consolidated from the date on which control is transferred to the Group to the date on which that control ceases. Entities which are subject to temporary control are not regarded as subsidiaries and are not consolidated.

Non-controlling interests are measured at the minorities' share of the fair value of identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority are attributed to the equity holders of the Company.

(ii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the consolidated statements of comprehensive income.

When the Group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition accounting method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iii) Transactions eliminated on consolidation

Intra-group balances including any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Transaction costs

Costs directly attributable to an acquisition are included as part of the cost of acquisition.

2. Significant Accounting Policies (cont'd)

(e) Investment in subsidiary companies

Investment in subsidiary companies is stated at cost less accumulated impairment losses. The policy of the recognition and measurement of impairment losses is in accordance with Note 2(m).

On disposal of such investments, the difference between net disposal proceeds and their carrying amount is recognised in the statement of comprehensive income.

(f) Investment in associated companies

Associated companies are entities over which the Group has significant influence and that are neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policies decision of the investee but not control or joint control over those policies.

Investments in associated companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in the statements of comprehensive income.

Investments in associated companies are accounted for using the equity method of accounting. Investments in associated companies include goodwill identified on acquisition, net of any accumulated impairment loss in accordance with Note 6.

Equity accounting involves recording investments in associates initially at cost, and recognising the Group's share of its associated companies' post-acquisition results and its share of post-acquisition movements in reserves against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

(g) 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.

(h) Other long term investments

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

(i) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment property is measured initially at cost, including related transaction costs.

Subsequent to initial recognition, investment properties are carried at fair value reviewed annually by external professional valuers. Changes in fair values are recognised in the statements of comprehensive income.

2. Significant Accounting Policies (cont'd)

(i) Investment properties (cont'd)

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the statements of comprehensive income during the financial period in which they are incurred.

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.

(j) Goodwill on consolidation

Goodwill arising from consolidation represents the excess of the purchase price over the Group's interest in the fair value of the identifiable assets and liabilities of subsidiary companies at the date of acquisition.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently of 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.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's CGU expected to benefit from synergies of the business combination. An impairment loss is recognised in the consolidated statement of comprehensive income when the carrying amount of CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rate on the basis of the carrying amount of each asset in the CGU. Impairment loss on goodwill is not reversed in a subsequent period.

(k) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2(m).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of other items of property, plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. Significant Accounting Policies (cont'd)

(k) Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statements of comprehensive income as incurred.

(iii) Depreciation

Depreciation is recognised in the statements of comprehensive income on a reducing balance basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Plant and machinery	2 - 3 years
Freehold buildings	50 years
Leasehold building	99 years
Motor vehicles	5 years
Furniture, fittings and office equipment	10 years
Air conditioners and renovation	5 - 10 years

Leasehold land is amortised on a straight line method over the period of the lease.

The depreciable amount is determined after deducting the residual value.

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method of depreciation are the expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

Gains or losses on disposals are determined by comparing net disposal proceeds with carrying amount and are recognised in the statement of comprehensive income. On disposal of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to distribution reserve.

(l) Leases

Lease of property, plant and equipment is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to the ownership. All other leases are treated as operating lease.

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease.

(m) Impairment of non financial assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. An impairment loss is charged to the statement of comprehensive income immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the statements of comprehensive income immediately.

2. Significant Accounting Policies (cont'd)

(n) Inventories

Inventories comprising trading merchandise and consumables are valued at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow-moving inventories.

Cost of inventories comprises the original cost of purchase plus the cost of bringing the inventories to their intended location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(o) Assets held for sale

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

(p) Construction contracts

Construction contracts are stated at cost plus the attributable profits less applicable progress billings and provision for foreseeable losses, if any.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activities at the reporting date. The stage of completion is determined by the proportion that contract cost incurred for the work performed to date as a percent of the estimated contract costs.

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

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount owing by customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount owing to customers on contracts.

(q) Financial assets

Financial assets are recognised in the statements of financial position when the Group and the Company have become a party to the contractual provisions of the instruments.

The Group classifies its financial assets as loan and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date except for financial assets at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are unquoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statements of financial position.

2. Significant Accounting Policies (cont'd)

(q) Financial assets (cont'd)

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in statements of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are initially recognised at fair value plus transactions costs that are directly attributable to their acquisitions. Investment in equity instruments whose fair value cannot be reliably measured are valued at cost less impairment loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains and losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in statements of comprehensive income.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in statements of comprehensive income.

(r) Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. For an equity instrument, a significant or prolonged declined in fair value below its cost is also considered objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in statements of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in statements of comprehensive income.

(s) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, deposits and other short term highly liquid investments that are readily convertible to cash and are subject to insignificant risk of changes in value. For the purpose of the statements of cash flow, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

2. Significant Accounting Policies (cont'd)

(t) Financial liabilities

Borrowings, trade and other payables are classified as financial liabilities in the statement of financial position as there is a contractual obligation to make cash payments to another entity and is contractually obliged to settle the liabilities in cash.

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the Group designates the liabilities at fair value through profit or loss. Financial liabilities are designated at fair value through profit or loss when:

(i) they are acquired or incurred for the purpose of selling or repurchasing in the near term;
(ii) the designation eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial liabilities or recognising gains or losses on them; or
(iii) the financial liability contain an embedded derivative that would need to be separately recorded.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(u) Hire purchase

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statement of financial position as liabilities. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the hire purchase, when it is practical to determine; otherwise, the Group's incremental borrowing rate is used.

Hire purchase payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the statement of comprehensive income over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for hire purchase assets is consistent with that for depreciable property, plant and equipment which are owned.

Lease rental under operating lease is charged to the statement of comprehensive income on a straight line basis over the term of the relevant lease.

(v) Provisions

Provisions are recognised when the Group has a present obligation 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 reporting 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.

(w) Borrowing costs

Borrowing costs which are not eligible for capitalisation are recognised as an expense in the statement of comprehensive income in the period in which they are incurred.

2. Significant Accounting Policies (cont'd)

(x) Foreign currencies

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 statements of comprehensive income.

Translation differences on non-monetary items, such as financial assets held for trading held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non monetary items, such as equities classified as available-for-sale financial assets, are included in the exchange fluctuation reserve in the equity.

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 equity.

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

The closing exchange rates used for each unit of the main foreign currency in the Group is:

	2012 RM	2011 RM
United States Dollar (USD)	3.1440	2.9555
Renminbi (RMB)	0.4929	0.4588
100 Vietnamese Dong (VND)	0.0151	0.0144
UAE Dirhams (AED)	0.8560	0.8076
Qatari Riyal (QAR)	0.8595	0.8149
Australian Dollar (AUD)	3.3094	3.2447

(y) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following bases:

(i) Construction Contract

Revenue from work done on construction contracts is recognised based on the percentage of completion method. The stage of completion is determined based on the total costs incurred to date over the estimated total project costs.

Allowance for foreseeable losses is made in the financial statements when such losses can be determined.

(ii) Goods sold and services rendered

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts and is recognised in the statements of comprehensive income when significant risks and rewards of the ownership have been transferred to the customers.

(iii) Rental and Interest income

Rental income and interest income are recognised on an accrual basis.

2. Significant Accounting Policies (cont'd)

(y) Revenue recognition (cont'd)

(iv) Dividend income

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

(z) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group/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.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the statements of comprehensive income as incurred.

(aa) Income taxes

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

Deferred tax is recognised on the liability method for all temporary differences between the carrying amount of an asset or liability in the statements of financial position and its tax base at the reporting date. 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 future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the reporting date. The carrying amount of a deferred tax asset is reviewed at each reporting date and is reduced to the extent that it becomes probable that sufficient future taxable profit will be available.

Deferred tax is recognised in the statements of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(bb) Earnings per share

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares.

2. Significant Accounting Policies (cont'd)

(cc) Operating segments

For management purposes, the Group is organised into operating segment based on their business activities. An operating segment's operating results are reviewed regularly by the chief operating decision maker, who will make decisions to allocate resources to the segments and assess the segment performance.

(dd) Reserves

(i) Share Premium

Share premium represent the excess of the consideration received over the nominal value of the share issued by the Group.

(ii) Foreign exchange translation reserves

The foreign exchange translation reserve represents 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.

(ee) Equity instruments

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

3. Property, Plant and Equipment

Group	Plant and machinery RM	Buildings RM	Motor vehicles RM	Furniture, fittings and equipment RM	Air conditioners and renovation RM	Total RM
Cost/Valuation						
At 1 August 2011	3,906,389	12,780	1,360,172	1,154,850	244,272	6,678,463
Additions	-	-	188,800	20,487	4,950	214,237
Disposals	(1,391,523)	-	(130,395)	(209,554)	(4,940)	(1,736,412)
Foreign exchange adjustment	207,645	-	15,649	29,253	118	252,665
At 31 July 2012	2,722,511	12,780	1,434,226	995,036	244,400	5,408,953
Accumulated depreciation						
At 1 August 2011	3,273,576	12,780	1,058,746	959,474	86,854	5,391,430
Charge for the financial year	264,036	-	74,657	49,728	14,861	403,282
Disposals	(1,368,980)	-	(106,396)	(209,554)	(1,939)	(1,686,869)
Foreign exchange adjustment	397,005	-	20,382	33,233	52	450,672
At 31 July 2012	2,565,637	12,780	1,047,389	832,881	99,828	4,558,515
Carrying amount						
At 31 July 2012	156,874	-	386,837	162,155	144,572	850,438

3. Property, Plant and Equipment (cont'd)

Group	Note	Plant and machinery RM	Freehold land and buildings RM	Leasehold building RM	Motor vehicles RM	Furniture, fittings and equipment RM	Air conditioners and renovation RM	Total RM
Cost/Valuation								
At 1 April 2010		6,674,255	159,252	1,060,010	2,285,141	2,519,762	521,591	13,220,011
Additions		504,442	-	580,880	-	111,312	123,245	1,319,879
Disposals		(2,673,496)	-	-	(516,373)	(82,733)	-	(3,272,602)
Disposal of subsidiary companies	5(c)	-	-	(1,060,010)	(379,340)	(447,219)	(40,501)	(1,927,070)
Write-off		-	(146,472)	-	-	(877,738)	(359,845)	(1,384,055)
Reclassification to assets held for sale	11	-	-	(580,880)	-	-	-	(580,880)
Foreign exchange adjustment		(598,812)	-	-	(29,256)	(68,534)	(218)	(696,820)
At 31 July 2011		3,906,389	12,780	-	1,360,172	1,154,850	244,272	6,678,463
Accumulated depreciation								
At 1 April 2010		5,504,816	10,330	24,172	1,403,927	1,610,396	272,998	8,826,639
Charge for the financial period		1,001,582	-	12,534	200,742	227,727	40,841	1,483,426
Disposals		(2,673,493)	-	-	(383,473)	(51,420)	-	(3,108,386)
Disposal of subsidiary companies	5(c)	-	-	(36,706)	(140,710)	(253,999)	(40,498)	(471,913)
Write-off		-	2,450	-	-	(509,236)	(186,405)	(693,191)
Foreign exchange adjustment		(559,329)	-	-	(21,740)	(63,994)	(82)	(645,145)
At 31 July 2011		3,273,576	12,780	-	1,058,746	959,474	86,854	5,391,430
Carrying amount								
At 31 July 2011		632,813	-	-	301,426	195,376	157,418	1,287,033

(a) Motor vehicles with carrying amount of RM68,262 (2011: RM95,021) of the Group are held in trust by a Director of the Company.

(b) Included under property, plant and equipment of the Group are motor vehicles with carrying amount of RM244,475 (2011: RM201,667) acquired under hire purchase arrangement.

(c) The aggregate additional cost for the property, plant and equipment of the Group during the financial year/period under hire purchase and cash payment are as follows:-

	2012 RM	2011 RM
Aggregate costs	214,237	1,319,879
Hire purchase financing	(170,000)	-
Cash payments	44,237	1,319,879

4. Investment Properties

	Group 2012 RM	Group 2011 RM
At beginning of year/period	739,825	4,121,758
Disposal during the year/period	(336,871)	(3,381,933)
At end of year/period	402,954	739,825
Comprises		
- Freehold land and building	-	336,871
- Long term leasehold land and buildings	402,954	402,954
	402,954	739,825

The investment properties of the Group amounting to RM402,954 (2011: RM739,825) have been pledged to a licensed bank to secure the banking facility as disclosed in Note 23 to the financial statements.

The fair value of investment properties are determined by the Directors based on their assessment of available market prices of similar property in the vicinity.

5. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

	Company 2012 RM	Company 2011 RM
Unquoted shares, at cost		
At beginning of year/period	67,754,701	68,290,201
Additions during the year/period	2	-
Disposal of subsidiary companies	-	(535,500)
At end of year/period	67,754,703	67,754,701
Accumulated impairment losses		
At beginning/end of year/period	(42,178,619)	(42,178,619)
	25,576,084	25,576,082

5. Investment in Subsidiary Companies (cont'd)

(b) The subsidiary companies and shareholdings therein are as follows:

	Name of company	Country of incorporation	Effective interest 2012 %	Effective interest 2011 %	Principal activities
	Direct holding:				
#	LFE Engineering Sdn Bhd ("LFEE")	Malaysia	100	100	Provision of general and specialised electrical and mechanical engineering services and maintenance works
	LFE Builder Sdn Bhd	Malaysia	100	100	Property investment
	Lynex Construction Sdn Bhd	Malaysia	51	51	General contractors
**/ ##	LFE International Limited	British Virgin Islands	100	100	Distribution of consumer electronics products
	Teratai Megah Sdn Bhd	Malaysia	100	100	Building and general contractors
###	LFE Technology Sdn Bhd	Malaysia	100	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
	Indirect holding:				
	Subsidiary companies of LFE Engineering Sdn Bhd :				
	LFE Engineering (JB) Sdn Bhd	Malaysia	100	100	Provision of general and specialised electrical and mechanical engineering services and maintenance works
*	LFE Engineering (Vietnam) Company Limited	Socialist Republic of Vietnam	100	100	Technical design and provision of consultancyservices for design, implementation and contracting of mechanical and electrical engineering services

* Companies not audited by Morison Anuarul Azizan Chew

** Companies not required to be audited in its country of incorporation

\# The independent auditors' reports on the financial statements of the subsidiary company is qualified due to uncertainties in the recoverability of trade receivables as disclosed in Note 13 to the financial statements.

\## A non statutory audit of financial statements was carried out by Morison Anuarul Azizan Chew for the purpose of consolidation.

\### On 13 January 2012, the Company acquired the entire equity interest in LFE Technology Sdn Bhd, formerly an indirect subsidiary company with 60% indirect equity interest.

5. Investment in Subsidiary Companies (cont'd)

(c) Disposal of subsidiary companies in previous financial period

In the previous financial period, LFEE disposed of its entire equity interest held in Loong Fuat Engineering Limited and LFE Engineering (Shanghai) Limited, for a total cash consideration of RM6,000,000.

In the previous financial period, the Group disposed of its 51% equity interest held in Bestgate Development Sdn Bhd., for a total cash consideration of RM1.

In the previous financial period, the Group's wholly-owned subsidiary company Mediaforte Holdings Sdn Bhd ("MHSB") increased its issued and paid up capital from RM50,000 to RM100,000 by the issue of 50,000 new ordinary of RM1.00 each at par for cash. Consequently, MHSB has ceased to be a subsidiary company and has in turn become an associate of the Company.

The financial effects of this disposal on the financial position of the Group as at the end of the previous financial period are as follows:

	Group 2011 RM
Net assets disposed of:	
Property, plant and equipment	1,455,157
Inventories	1,202,095
Amount due from contract customers	12,880,132
Trade and other receivables	14,664,411
Amount owing by related companies	2,221,051
Tax recoverable	51,893
Fixed deposit with a licensed bank	2,628,078
Cash and bank balances	5,013,493
Trade and other payables	(27,011,775)
Amount owing to related companies	(2,293,656)
Amount due to holding company	(627,297)
Amount owing to directors	(2,553,315)
Bank borrowings	(649,889)
Deferred tax liabilities	(5,000)
Non-controlling interest	(369,684)
Group's share of net assets	6,605,694
Loss on disposal of subsidiary companies	(605,693)
Total disposal consideration in cash	6,000,001
Cash and cash equivalent disposed of	(7,641,571)
Cash outflow on disposal of subsidiary companies	(1,641,570)

6. Investment in Associated Companies

(a) Investment in associated companies

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unquoted shares at cost				
At beginning of year/period	119,840	94,340	25,500	-
Acquisition of an associated company	-	25,500	-	25,500
	119,840	119,840	25,500	25,500
Share of post acquisition (loss)/profit of associated company	(32,565)	100,542	-	-
	152,405	220,382	25,500	25,500

(b) The associate company and shareholdings therein are as follows:

	Name of company	Country of incorporation	Effective interest 2012 %	Effective interest 2011 %	Principal activities
	Direct holding:				
*	LFE Engineering (Qatar) W.L.L	Qatar	49	49	Provision of mechanical and electrical works and general building contracting
	Mediaforte Holdings Sdn Bhd ("MHSB")	Malaysia	25.5	25.5	Investment holding

* The financial statements of the associate are not audited by Morison Anuarul Azizan Chew.

As stated in Note 5(c), MHSB effectively became the associated company of the Group in the previous financial period.

(c) The summarised financial information of the associated companies are as follows:

	2012 RM	2011 RM
Assets and liabilities:		
Total assets	25,236,977	23,710,548
Total liabilities	27,682,264	25,362,721

6. Investment in Associated Companies (cont'd)

(c) The summarised financial information of the associated companies are as follows (cont'd):

	1.8.2011 to 31.7.2012 RM	1.4.2010 to 31.7.2011 RM
Results:		
Revenue	5,948,875	12,651,970
Loss for the year/period	(606,341)	(635,311)
Share of results	(67,977)	24,577

7. Other Long Term Investments

	Group	
	2012 RM	2011 RM
Unquoted subordinated bonds, at cost		
At beginning/end of year/period	3,500,000	3,500,000
Accumulated impairment losses		
At beginning/end of year/period	(3,500,000)	(3,500,000)
	-	-

8. Investments in Jointly Controlled Operations

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

Name of jointly controlled operations	Country of incorporation	Effective interest 2012 %	Effective interest 2011 %	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	30	Execution and completion of Zone E2 Hotel Development, Phase 1, Plot 1, Al Reem Island

* The financial statements of the jointly controlled operations are not audited by Morison Anuarul Azizan Chew.

8. Investments in Jointly Controlled Operations (cont'd)

(b) 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 financial statements are as follows:

	Group	
	2012 RM	2011 RM
Assets and liabilities:		
Current assets	82,230,881	70,259,508
Non-current assets	167,727	697,692
Total assets	82,398,608	70,957,200
Total liabilities	67,438,759	54,942,986

	1.8.2011 to 31.7.2012 RM	1.4.2010 to 31.7.2011 RM
Results:		
Revenue	893,276	42,548,965
Expenses	1,405,280	43,678,699
Loss for the year/period	(1,870,331)	(2,190,177)

9. Goodwill on Consolidation

	Group	
	2012 RM	2011 RM
At beginning/end of year/period	1,087,543	1,087,543
Accumulated impairment losses		
At beginning/end of year/period	(1,087,543)	(1,087,543)
	-	-

10. Inventories

	Group	
	2012 RM	2011 RM
Consumables, at cost	31,098	663,242

During the financial year, inventories of the Group amounting to RM70,735 (2011: RMNil) has been written off as an expense.

11. Assets Held For Sale

	Group 2012 RM	Group 2011 RM
At beginning of year/period	930,880	5,570,000
Transfer from property, plant and equipment (Note 3)	-	580,880
	930,880	6,150,880
Disposals	(930,880)	(5,220,000)
At end of year/period	-	930,880

12. Amount Owing by/(to) Customers on Contracts

	Group 2012 RM	Group 2011 RM
Contract costs	534,216,394	179,159,110
Add: Attributable profits	30,436,630	6,486,293
	564,653,024	185,645,403
Less: Progress billings including retention sum	(586,422,482)	(166,181,178)
	(21,769,458)	19,464,225
Less: Impairment loss	(48,697)	-
	(21,818,155)	19,464,225
Represented by:		
Amount owing by customers on contract	6,889,068	22,768,205
Amount owing to customers on contract	(28,707,223)	(3,303,980)
Retention sum	20,694,468	19,689,768

13. Trade Receivables

	Group 2012 RM	Group 2011 RM
Trade receivables	86,613,888	51,700,797
Retention sum receivables	20,694,468	19,689,768
	107,308,356	71,390,565
Less: Impairment for trade receivables	(9,829,300)	(9,829,300)
	97,479,056	61,561,265

13. Trade Receivables (cont'd)

The Group's normal trade credit terms range from 60 to 90 days (2011: 60 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:-

	Group 2012 RM	Group 2011 RM
Neither past due nor impaired	6,520,112	36,093,062
1 - 90 days past due but not impaired	10,359,437	584,033
91 - 180 days past due but not impaired	381,915	6,790
More than 1 year past due but not impaired	90,046,892	34,706,680
	100,788,244	35,297,503
Fully impaired	(9,019,829)	(9,019,829)
Partially impaired	(809,471)	(809,471)
	(9,829,300)	(9,829,300)
	97,479,056	61,561,265

The trade receivables that are impaired

	Group 2012 RM	Group 2011 RM
Individually	9,019,829	9,019,829
Partially	809,471	809,471
	9,829,300	9,829,300
Allowance for impairment		
At beginning of year/period	9,829,300	7,234,101
Allowance written back	-	(280,000)
Allowance made	-	2,875,199
At end of year/period	9,829,300	9,829,300

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables except for the amounts owing by one major customer, Tamouh Investments LLC ("Tamouh"), a company incorporated in United Arab Emirates amounting to RM76,386,453 (2011: RM49,305,140) which accounts for 78% (2011: 80%) of the total trade receivables of the Group.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. These debtors are mostly long term customers with no history of default in payments.

13. Trade Receivables (cont'd)

The Group's trade receivables of RM100,788,244 (2011: RM35,297,503) that are past due at the reporting date but not impaired are unsecured. These balances relate mainly to customers who have never defaulted on payments but are slow paymasters hence, periodically monitored. None of the trade receivables that are past due but not impaired have been renegotiated during the financial year.

Included in trade receivables which is past due but not impaired is an amount due from Tamouh, the developer for Zone E2 Hotel Development, Phase 1, Plot 1, Al Reem Island in United Arab Emirates amounting to RM22,178,955. The project has been mutually terminated between the IJM-LFE Joint Venture and Tamouh during the financial year. The Directors are of the opinion that the aforesaid amount is fully recoverable.

14. Other Receivables

	Group		Company	
	2012 RM	**2011 RM**	**2012 RM**	**2011 RM**
Other receivables	9,347,787	8,105,955	1,450,224	1,450,224
Less: Impairment loss	(4,023,236)	(3,944,248)	(1,405,224)	(1,405,224)
	5,324,551	4,161,707	45,000	45,000
Deposits	1,164,745	287,967	-	-
Prepayments	82,023	150,684	-	-
	6,571,319	4,600,358	45,000	45,000

Included in other receivables of the Group are margin deposits with bank for issuance of labour guarantees amounting to RM526,856 (2011: RM692,665).

15. Amount Owing by Subsidiaries

These represent unsecured interest free advances which are repayable on demand.

16. Amount Owing by/(to) Associates

These represent unsecured interest free advances which are repayable on demand.

17. Amount Owing by A Former Director

	Group	
	2012 RM	**2011 RM**
Amount owing by a former Director	26,506,700	26,506,700
Less: Impairment loss during the financial year/period	(26,506,700)	-
	-	26,506,700

17. Amount Owing by A Former Director (cont'd)

The amount owing by a former Director as at 31 July 2011 of RM26,506,700 of the Group arose from his undertaking pursuant to advances made for and his profits guarantee obligations on the computer products trading activities carried out by a subsidiary, LFE International Limited ("LFEI"), during the financial year and period ended 31 December 2007 and 31 March 2009 respectively. This undertaking also gave rise to an amount owing to the Company by LFEI of RM17,497,026 after the Directors of the Company have decided out of prudence to disregard and not to recognise in totality the revenue, cost of sales and profit generated from the trading activities of LFEI for these accounting periods.

The undertaking is secured by the former Director's pledge of 25 million shares in Stanton Technologies Limited ("STL"), a Company incorporated in Dubai International Financial Centre, at USD0.30 per share.

The former Director has not met the repayment schedule on or before 21 December 2008 to pay the full amount of undertaking and the actions initiated by the Directors of the Company to recover the amount owing in accordance with terms of the undertakings and pledge are ongoing.

As disclosed in Note 39 to the financial statements, Kuala Lumpur Regional Centre for Arbitration ("KLRCA") had on 29 September 2011 awarded the Company final award of proceedings amounting to RM26,356,698 and the interest rate of 8% per annum until the date of the realisation of the said sum.

The amount has been fully impaired during the financial year as disclosed in Note 28 to the financial statements.

18. Fixed Deposits with Licensed Banks

The fixed deposits with licensed banks of the Group have been pledged as collaterals to secure the bank guarantee and banking facilities as disclosed in Note 23 to the financial statements.

19. Trade Payables

	Group	
	2012 RM	2011 RM
Trade payables	15,341,252	23,891,706
Estimated contract costs incurred/payable	4,217,931	-
Retention sums payables	11,425,932	6,688,731
	30,985,115	30,580,437

The normal trade credit term granted to the Group is 60 days (2011: 60 days).

20. Other Payables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Other payables	37,196,937	30,832,610	2,034,050	2,039,991
Accruals	7,027,236	4,706,880	287,062	161,739
	44,224,173	35,539,490	2,321,112	2,201,730

Included in other payables of the Group is advances received from customers amounting to RM8,123,802 (2011: RM12,349,180).

21. Amount Owing to Directors

These represent unsecured interest free advances which are repayable on demand.

22. Hire Purchase Payables

	Group 2012 RM	Group 2011 RM
(a) Minimum hire purchase payments		
Within one year	85,860	25,044
Between one and two years	147,209	70,896
	233,069	95,940
Future finance charges	(22,944)	(16,204)
Present value of hire purchase liabilities	210,125	79,736
(b) Present value of hire purchase liabilities		
Within one year	77,391	20,723
Between one and two years	132,734	59,013
	210,125	79,736
Analysed as:		
Repayable within twelve months	77,391	20,723
Repayable after twelve months	132,734	59,013
	210,125	79,736

The effective interest rates of the Group are between 2.4% and 5.8% (2011: 5.5% and 6.0%) per annum.

23. Bank Borrowings

	Group 2012 RM	Group 2011 RM
Secured		
Bank overdrafts	1,995,257	2,168,451
Revolving credits	5,541,939	12,863,670
	7,537,196	15,032,121
Unsecured		
Bank overdrafts	852,466	1,211,803
Term loans	11,929,868	12,942,750
	12,782,334	14,154,553
Total bank borrowings	20,319,530	29,186,674

23. Bank Borrowings (cont'd)

	Group 2012 RM	2011 RM
Analysed as follows:		
Repayable within twelve months		
Secured		
Bank overdrafts	1,995,257	2,168,451
Revolving credits	5,541,939	12,863,670
	7,537,196	15,032,121
Unsecured		
Bank overdrafts	852,466	1,211,803
Term loans	8,492,170	8,927,576
	9,344,636	10,139,379
	16,881,832	25,171,500
Repayable after twelve months		
Unsecured		
Term loans	3,437,698	4,015,174
	20,319,530	29,186,674
Maturity of borrowings is as follows:		
Within one year	16,881,832	25,171,500
Between one and two years	3,437,698	4,015,174
	20,319,530	29,186,674

The weighted average effective interest rate is as follows:

	Group 2012 %	2011 %
Bank overdrafts	7.9% - 8.1%	7.3% - 7.7%
Term loans	8.1% - 8.5%	7.2% - 8.0%
Revolving credits	4.5%	4.5%

Secured borrowings are secured by way of:

	Group 2012 RM	2011 RM
Investment properties (Note 4)	402,954	739,825
Fixed deposits with licensed banks (Note 18)	904,089	876,025

23. Bank Borrowings (cont'd)

Certain short term borrowings are also secured by way of:

(i) Corporate guarantee by the Group;
(ii) Joint and several guarantees by certain Directors of the Group;
(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 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.

Included in unsecured term loans of the Group is an outstanding amount of RM7,653,432 (2011: RM8,227,575) out of the initial sum of RM35,000,000 payable to a specific purpose vehicle, Kerisma Berhad ("Kerisma"), under a Primary Collaterised Loan Obligations programme. The Kerisma's bondholders, pursuant to their extraordinary general meeting held on 3 June 2009, have in principle agreed to the Group's restructuring proposal to reschedule the repayments of the term loan as follows:

On or before

		RM
2 June 2009	*	3,300,000
30 June 2010	*	6,000,000
31 December 2010		4,000,000
30 June 2011		21,700,000
		35,000,000

* In respect of previous financial years, a prepayment of RM1,500,000 has also been made by LFEE for the amounts that have yet to fall due. The restructuring proposal of the LFEE also entails the pledging as security of assets belonging to the Group and certain Directors of the Group, and irrevocable instructions to certain third parties for the repatriation of the 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 Group who are to provide security assets have also each given an undertaking to LFEE to pledge such assets offered in the restructuring proposal.

On 29 July 2011, the Company further entered into a new settlement agreement ("SA") for the Primary Collaterised Loan Obligations ("PCLO") with Kerisma and Malaysian Trustees Berhad.

The SA entailed that Kerisma and Malaysian Trustees Berhad as trustees and issuers respectively agree to accept a sum of RM8,477,575 as the agreed settlement amount of the outstanding loan amounting to RM24,221,644 as at 3 June 2010. The issuers and trustees agreed to waive the Group's obligation to repay the sum of RM15,744,069 which arose from the difference between the outstanding loan and the settlement amount. Consequently, during the previous financial period the Group had recognised RM15,744,069 as waiver of the PCLO as stated in note 28 to the financial statements.

23. Bank Borrowings (cont'd)

As stipulated in the SA, the trustees and issuers agreed with the Group on a new structured repayment terms as follows:

On or before

		RM
30 July 2011	#	250,000
31 January 2012		3,383,247
30 April 2012		605,541
31 July 2012		4,238,787
		8,477,575

\# These amounts have been paid by LFEE. The restructuring proposal of LFEE also entails the pledging as security of assets belonging to the Group and the Managing Director of the Group, 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.

During the financial year, the Group has made repayments amounting to RM574,143. However, the repayments are not in accordance with the above mentioned new SA. Subsequently, the Group has proposed a Debt Restructuring Plan relating to this loan which has been agreed by the trustees and issuers.

24. Share Capital

	Group/Company			
	Number of ordinary shares		Amount	
	2012	2011	2012 RM	2011 RM
Authorised				
Ordinary shares of RM1 each:				
At beginning/end of year/period	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
Ordinary shares of RM1 each:				
At beginning/end of year/period	84,900,002	84,900,002	84,900,002	84,900,002

25. Reserves

The movements in the reserves are reflected in the statements of changes in equity.

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Non-distributable:				
Share premium	5,218,125	5,218,125	5,218,125	5,218,125
Foreign exchange translation reserves	(712,114)	(1,502,462)	-	-
Distributable:				
Accumulated losses	(92,051,512)	(58,921,281)	(46,181,202)	(45,923,997)
	(87,545,501)	(55,205,618)	(40,963,077)	(40,705,872)

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

The foreign exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary items is denominated in either the functional currency of the reporting entity or the foreign operation.

26. Deferred Tax Liabilities

	Group	
	2012 RM	2011 RM
At beginning of year/period	6,500	11,500
Recognised in statements of comprehensive income (Note 31)	-	(5,000)
At end of year/period	6,500	6,500

Represented after appropriate offsetting as follows:

	Group	
	2012 RM	2011 RM
Deferred Tax Assets	(41,578)	(41,578)
Deferred Tax Liabilities	48,078	48,078
	6,500	6,500

26. Deferred Tax Liabilities (cont'd)

This is represented by the components and movements of deferred tax liabilities and assets of the Group prior to its offsetting during the financial year as follows:-

Deferred tax assets of the Group:-

	Accelerated capital allowances	
	2012	**2011**
	RM	**RM**
At beginning of year/period	41,578	162,282
Recognised in statements of comprehensive income	-	(120,704)
At end of year/period	41,578	41,578
Deferred tax liabilities of the Group:-		
At beginning of year/period	48,078	173,782
Recognised in statements of comprehensive income	-	(125,704)
At end of year/period	48,078	48,078

Deferred tax assets of the Group have not been recognised in respect of the following items:-

	2012	**2011**
	RM	**RM**
Unused tax losses	44,461,220	43,260,132
Unabsorbed capital allowances	890,520	-
Accelerated capital allowances	(19,624)	-
	45,332,116	43,260,132

The unused tax losses and unabsorbed capital allowances are available indefinitely for effect against future taxable profits of the subsidiaries in which these items arose. Deferred tax assets have not been recognised in respect of these items as there is no reasonable probability of sufficient taxable profits in these subsidiaries in the foreseeable future.

27. Revenue

	Group	
	1.8.2011 to 31.7.2012	**1.4.2010 to 31.7.2011**
	RM	**RM**
Contract revenue	25,581,835	72,775,034
Sale of technology products	-	11,077,631
	25,581,835	83,852,665

28. Exceptional Item

	Group	
	1.8.2011 to 31.7.2012 RM	1.4.2010 to 31.7.2011 RM
Impairment loss on amount owing by a former Director	26,506,700	-
Waiver on collateralised loan obligations	-	(15,744,069)

(a) As stated in Note 17 to the financial statements, impairment adjustment has been made during the financial year on the amount owing by a former Director of RM26,506,700. This amount relates to the Director's undertaking pursuant to advances made for and his profits guarantee obligations on the computer products trading activities carried out by a subsidiary, LFE International Limited ("LFEI"), during the financial year and period ended 31 December 2007 and 31 March 2009 respectively.

The amount was fully impaired during the financial year as the financial capacity of the former Director to settle the said amount cannot be assessed and therefore there is significant doubt on the recoverability of the said amount inspite of the award given in favour of the Company by Kuala Lumpur Regional Centre for Arbitration Rules ("KLRCA") as mentioned in Note 39 to the financial statements.

(b) In the previous financial period, the Group had recognised a waiver of the Primary Collaterised Loan Obligations ("PCLO") of RM15,744,069 in its statements of comprehensive income as stated in Note 23 to the financial statements.

29. Finance Costs

	Group	
	1.8.2011 to 31.7.2012 RM	1.4.2010 to 31.7.2011 RM
Interest expense on:		
Term loans	971,478	1,058,507
Bank overdrafts	243,641	372,312
Revolving credits	242,762	229,654
Hire purchase	5,704	13,929
Advances from a jointly controlled operation	1,194,299	2,421,251
	2,657,884	4,095,653

30. (Loss)/Profit Before Taxation

(Loss)/Profit before taxation is derived after charging/(crediting):

	Group		Company	
	1.8.2011 to 31.7.2012 RM	1.4.2010 to 31.7.2011 RM	1.8.2011 to 31.7.2012 RM	1.4.2010 to 31.7.2011 RM
Impairment for trade receivables	-	2,941,935	-	-
Auditors' remuneration:				
Statutory audit				
- current year/period	111,000	105,997	30,000	30,000
- under provision in prior period	67,497	-	-	-
Bad debts written off	-	32,440	-	-
Depreciation of property, plant and equipment				
- recognised in statements of comprehensive income	402,118	348,096	-	-
- recognised in contract costs	1,164	1,135,330	-	-
Impairment loss on amount owing by a former Director	26,506,700	-	-	-
Property, plant and equipment written off	-	690,864	-	-
Impairment loss on inventories	-	647,631	-	-
Loss on foreign exchange				
- realised	224,260	5,898	-	-
Rental of plant and machinery recognised in contract cost	10,770	4,335	-	-
Rental of equipment				
- recognised in income statement	11,915	15,629	-	-
- recognised in contract costs	11,060	3,200	-	-
Loss on disposal of investment in subsidiary companies	-	605,693	-	509,999
Inventories written off	70,735	-	-	-
Staff costs:				
Directors' remuneration				
- fees	48,000	56,000	36,000	48,000
Waiver on collateralised loan obligations	-	(15,744,069)	-	-
Gain on disposal of property, plant and equipment	(7,368)	(809,702)	-	-
Gain on disposal of investment properties	(123,129)	(237,947)	-	-
(Gain)/Loss on disposal of assets held for sale	(34,120)	127,460	-	-
Interest income	(28,128)	(174,390)	-	(310)
Rental income on land and buildings	-	(19,800)	-	-
Impairment for trade receivables written back	-	(280,000)	-	-

31. Taxation

	Group 1.8.2011 to 31.7.2012 RM	Group 1.4.2010 to 31.7.2011 RM	Company 1.8.2011 to 31.7.2012 RM	Company 1.4.2010 to 31.7.2011 RM
Current income tax:				
Malaysian income tax				
- Current year/period tax	-	59,837	-	-
- Over provision in prior year	-	(11,321)	-	-
- Real property gain tax	13,400	-	-	-
	13,400	48,516	-	-
Current income tax:				
Foreign income tax				
- Current year/period tax	-	52,357	-	-
	13,400	100,873	-	-
Deferred tax				
- Relating to origination and reversal of temporary differences	-	5,000	-	-
	-	5,000	-	-
Tax expense for the financial year/period	13,400	105,873	-	-

Income tax is calculated at the Malaysian statutory tax rate of 25% (financial period 31.7.2011: 25%) of the estimated assessable (loss)/profit for the financial year/period.

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

	Group 1.8.2011 to 31.7.2012 RM	Group 1.4.2010 to 31.7.2011 RM	Company 1.8.2011 to 31.7.2012 RM	Company 1.4.2010 to 31.7.2011 RM
(Loss)/Profit before taxation	(33,116,831)	1,577,940	(257,205)	(1,439,380)
Taxation at Malaysian statutory tax rate of 25% (period ended 2011: 25%)	(8,279,208)	394,485	(64,301)	(359,845)
Expenses not deductible for tax purposes	7,946,348	876,809	64,301	359,845
Income not subject to tax	(153,977)	(4,357,766)	-	-
Deferred tax assets not recognised during the year/period	517,872	3,230,302	-	-
Utilisation of previously unrecognised tax losses and capital allowances	(31,035)	(26,636)	-	-
Over provision of current taxation in respect of prior year	-	(11,321)	-	-
Real property gain tax	13,400	-	-	-
Tax expense for the financial year/period	13,400	105,873	-	-

32. Basic (Loss)/Earnings Per Share

The basic (loss)/earnings per share has been calculated based on the consolidated (loss)/profit after taxation for the financial year/period attributable to owners of the parent of RM33,130,231 (period ended 2011: RM1,412,425) for the Group and the weighted average number of ordinary shares in issue during the financial year/period of 84,900,002 (2011: 84,900,002) as follows:

	Group	
	1.8.2011 to 31.7.2012 RM	1.4.2010 to 31.7.2011 RM
Net (loss)/profit for the financial year/period attributable to owners of the parent	(33,130,231)	1,412,425
Weighted average number of ordinary shares in issue	84,900,002	84,900,002
Basic (loss)/earnings per share (sen)	(39.02)	1.66

33. Key Management Personnel

The key management personnel compensation is as follows:

	Group		Company	
	1.8.2011 to 31.7.2012 RM	1.4.2010 to 31.7.2011 RM	1.8.2011 to 31.7.2012 RM	1.4.2010 to 31.7.2011 RM
Short-term employee benefits				
- Fees	48,000	56,000	36,000	48,000
- Salaries and other emoluments	886,467	749,060	-	-
	934,467	805,060	36,000	48,000
Post employment benefits				
- Defined contribution plan	93,540	75,673	-	-
	1,028,007	880,773	36,000	48,000

Key management personnel comprise Directors of the Group and of the Company, who have authority and responsibility for planning, directing and controlling the activities of the Group and Company either directly or indirectly.

34. Staff Costs

	Group		Company	
	1.8.2011 to 31.7.2012 RM	1.4.2010 to 31.7.2011 RM	1.8.2011 to 31.7.2012 RM	1.4.2010 to 31.7.2011 RM
Staff costs (excluding Directors)	3,610,457	11,120,250	-	-
Less: Staff costs recognised in contract costs	(2,178,633)	(8,515,703)	-	-
	1,431,824	2,604,547	-	-

Included in the staff costs above are contributions made to the Employees Provident Fund under a defined contribution plan for the Group amounting to RM148,615 (financial period 31.7.2011: RM257,750).

35. Significant Related Parties Transactions

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year/period:

	Group		Company	
	1.8.2011 to 31.7.2012 RM	1.4.2010 to 31.7.2011 RM	1.8.2011 to 31.7.2012 RM	1.4.2010 to 31.7.2011 RM
Human resources and accounting service fee income from an associate company				
- LFE Engineering Qatar W.L.L	203,233	270,807	-	-
Rental expenses paid to Company in which a former Director has interest				
- Megaduct Systems Sdn Bhd	-	92,549	-	-
Interest expense with a jointly controlled operation				
- ISZL	259,366	379,605	-	-
Rental expense to a former Director of the Company				
- Lew Mew Choi	-	106,800	-	-

The Directors are of the opinion that the above transaction have been entered into 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.

36. Contingent Liabilities

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Guarantees given to financial institutions for credit facilities granted to subsidiaries and an associate	2,156,000	2,156,000	71,451,160	71,451,160
Guarantees given to financial institutions for credit facilities granted to a jointly control operation	-	-	30,174,000	30,174,000
Guarantees 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	627,900
Waiver on PCLO for non fulfillment of conditions as stipulated in the SA as disclosed in Note 23 to the financial statements	-	15,744,069	-	-
	2,406,000	18,150,069	102,253,060	102,253,060

37. Segment Information – Group

Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The reportable business segments of the Group comprise the following:-

Electrical and Mechanical Engineering	: General and specialised electrical and mechanical engineering services and maintenances works
Technology Products	: Property development activities
Investment	: Investment holding

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment (loss)/profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment total assets are used to measure the return of assets of each segment.

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors.

The accounting policies of the segments are consistent with the accounting policies of the Group.

2012	Electrical and Mechanical Engineering RM	Technology Products RM	Investment RM	Eliminations RM	Total RM
Revenue					
Total Revenue	25,581,835	-	-	-	25,581,835
Results					
Segment (loss)/profit	(3,661,431)	(2,156)	(264,617)	15,806	(3,912,398)
Interest income					28,128
Impairment loss on amount owing by a former Director					(26,506,700)
Share of results of associated companies					(67,977)
Loss from operations					(30,458,947)
Finance costs					(2,657,884)
Loss before tax					(33,116,831)
Income tax expense					(13,400)
Loss after tax					(33,130,231)
Assets/Liabilities					
Segment assets	126,549,590	23,501	49,865,625	(54,538,200)	121,900,516
Segment liabilities	131,308,450	17,644,140	4,424,543	(28,831,118)	124,546,015

37. Segment Information – Group (cont'd)

2011	Electrical and Mechanical Engineering RM	Technology Products RM	Investment RM	Eliminations RM	Total RM
Revenue					
Total Revenue	72,775,034	11,077,631	-	-	83,852,665
Results					
Segment profit/(loss)	6,274,856	200,162	(2,528,234)	1,497,809	5,444,593
Interest income					204,423
Share of results of associated companies					24,577
Profit from operations					5,673,593
Finance costs					(4,095,653)
Profit before tax					1,577,940
Income tax expense					(105,873)
Profit after tax					1,472,067
Assets/Liabilities					
Segment assets	104,686,936	26,529,009	50,007,694	(52,739,089)	128,484,550
Segment liabilities	103,980,304	17,634,075	4,285,432	(27,109,645)	98,790,166

All the inter-segment transactions were carried out on normal commercial basis and in the ordinary course of business.

(b) Geographical segments

2012	Malaysia RM	United Arab Emirates RM	Socialist Republic of Vietnam RM	People's Republic of China RM	Elimination RM	Total RM
Revenue	24,556,684	893,276	131,875	-	-	25,581,835
Assets	62,769,253	82,398,608	6,280,337	-	(29,547,682)	121,900,516
Capital expenditure	205,537	-	8,700	-	-	214,237
2011						
Revenue	23,930,257	42,548,965	763,282	16,610,161	-	83,852,665
Assets	74,047,011	100,411,932	6,764,696	-	(52,739,089)	128,484,550
Capital expenditure	226,818	512,181	-	-	-	738,999

(c) Major Customer

The revenue from one major customer amounting to RM11,873,604 represents 46% of the Group's total revenue.

38. Effects on Financial Statements on Adoption of New Revised FRSs

The effects on adoption of the following revised FRSs and amendments to FRSs in 2011 are set out below:-

FRS 3: Business Combinations (Revised)

(i) This revised standard allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority interests') either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;

(ii) It changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss;

(iii) It requires the recognition of a settlement gain or loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and

(iv) It requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of the business combination.

Amendments to FRS 7: "Financial Instruments: Disclosures"

The Amendments requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendments require disclosure of fair value measurements by level of a fair value measurement hierarchy.

This is a disclosure standard and hence does not have any impact on the financial position and performance of the Company.

Amendments to FRS 101: Presentation of Financial Statements

The amendments clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

This is a disclosure standard and hence does not have any impact on the financial position and performance of the Company.

39. Material Litigation

The Group has not engaged in any material litigation which will have a material effect on the business or financial position of the Group except the following:

As discussed in Note 17 to the financial statements, the amount owing by a former Director amounting to RM26,506,700 of the Group arose from his undertaking pursuant to advances made for and his profits guarantee obligations on the computer products trading activities carried out by a subsidiary, LFE International Limited ("LFEI"). The former Director has not met the repayment schedule on or before 21 December 2008 to pay the full amount of undertaking.

On 25 May 2010, the Group made an application for the appointment of sole arbitrator and commencement of arbitration proceedings pursuant to the Kuala Lumpur Regional Centre for Arbitration Rules ("KLRCA").

On 29 September 2011, the Sole Arbitrator, Tan Sri Cecil Abraham (appointed under Rule 3(1) of the KLRCA rules) awarded the Company a final award of proceedings amounting to RM26,356,698 and interest at the rate of 8% per annum on the final award proceedings from 21 December 2008 until the date of the realisation of the said sum. In addition, the Tribunal orders the respondent to pay the legal cost and the cost of arbitration amounting to RM200,000 and RM104,353 respectively to the Group.

Actions initiated by the Directors of the Company to recover the award are ongoing.

40. Financial Instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including interest rate risk, credit risk, foreign currency exchange risk, liquidity and cash flow risk. The Group operates within clearly defined guidelines that are approved by the Directors and the Group's policy is not to engage in speculative transactions.

(b) Foreign currency exchange risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective operations' functional currency. 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.

Exposure to foreign currency risk

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

Functional Currency	Vietnamese Dong ("VND") RM	UAE Dirhams ("AED") RM	Qatari Riyal ("QAR") RM	Total RM
Group				
2012				
Amount owing by subsidiary company				
Ringgit Malaysia	-	634,565	-	634,565
Amount owing by associate company				
Ringgit Malaysia	-	-	4,727,290	4,727,290
Amount owing by subsidiary company				
Ringgit Malaysia	412,039	-	-	412,039
2011				
Amount owing by subsidiary company				
Ringgit Malaysia	-	881,908	-	881,908
Amount owing by associate company				
Ringgit Malaysia	-	-	4,516,429	4,516,429
Amount owing by subsidiary company				
Ringgit Malaysia	597,805	-	-	597,805

As at the reporting date, the impact of change in 5% on RM exchange rate against the functional currency of a subsidiary company, with all other variables remain constant, is immaterial to the Group's (loss)/profit net of tax and equity.

40. Financial Instruments (cont'd)

(b) Foreign currency exchange risk (cont'd)

Currency risk sensitivity analysis

The following table demonstrated the sensitivity of the Group's (loss)/profit net of tax to a reasonably possible change in the AED, QAR and VND exchange rates against the functional currency of the affected group of companies ("RM") with all other variables held constant.

Group

	(Loss)/Profit net of tax RM
AED/RM – strengthening/weakening 5%	31,728
QAR/RM – strengthening/weakening 5%	236,365
VND/RM – strengthening/weakening 5%	20,602
	288,695

(c) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from borrowings and deposits. The Group does not hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:-

	Group	
	2012 RM	**2011 RM**
Floating rate instrument		
Term Loan	3,437,698	4,015,174

Interest rate risk sensitivity analysis

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increase/decrease equity and profit net of tax by the amounts shown below, assuming all other variables remain constant.

Group	**Profit net of tax 100bp Increase/ (Decrease)**
Floating rate instrument:-	
Term Loan	34,377

40. Financial Instruments (cont'd)

(d) Credit risk

Exposure to credit risk

The Group's exposure to credit risk arises mainly from receivables. Receivables are monitored on an ongoing basis via management reporting procedure and action taken to recover debts when due.

Credit risk concentration profile

At reporting date, there were no significant concentrations of credit risk other than disclosed in Note 13. The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statements of financial position.

(e) Liquidity and cash flow risk

The Group seeks to achieve a flexible and cost effective borrowing structure to ensure that the projected net borrowing needs are covered by available committed facilities. Debt maturities are structured in such a way to ensure that the amount of debt maturing in any one year is within the Group's ability to repay and/or refinance.

The Group also maintains a certain level of cash and cash convertible investments to meet its working capital requirements.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

Group	**On demand or within one year RM**	**One to five years RM**	**Total RM**
Financial liabilities:-			
Trade and other payables	75,209,288	-	75,209,288
Bank borrowings	16,881,832	3,437,698	20,319,530
Hire purchase payables	77,391	132,734	210,125
	92,168,511	3,570,432	95,738,943
Company			
Financial liabilities:-			
Trade and other payables	2,321,112	-	2,321,112

40. Financial Instruments (cont'd)

(f) Fair values

The aggregate fair values of the other financial liabilities as at 31 July 2012 are as follows:

	2012		2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair Value RM
Group				
Financial liabilities				
Hire purchase payables	132,734	124,100	59,013	42,331
Bank borrowings	3,437,698	2,407,920	4,015,174	3,604,921

(i) The carrying amounts of cash and cash equivalents, current portion of trade and other receivables, inter-company loans and advances, current portion of trade and other payables, short term borrowings approximate fair value due to the relatively short term nature of these financial instruments.

(ii) The carrying amount of long term bank borrowing carried on the statement of financial position is reasonable approximate of fair value due to that it is a floating rate instruments that are re-priced to market interest rate on or near the reporting date.

(iii) The fair value of long term hire purchase payables carried on the statement of financial position are estimated using valuation technique under the hierarchy level 3 mentioned below whereby the expected future cash flows are discounted at the market interest rate for similar types of borrowings.

(iv) The fair value of long term trade receivables and long term trade payables are estimated using valuation technique under the hierarchy level 3 mentioned below whereby the expected future cash flows are discounted at market incremental lending rate for similar types of lending at the reporting date.

(v) The aggregate fair value of the other financial assets and liabilities carried on the statement of financial position approximates its carrying value and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be settled.

Fair value hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Interest rates used to determined fair value:-

	2012 % p.a.	2011 % p.a.
Hire purchase payables	2.4% - 5.8%	2.4% - 5.8%
Bank borrowings	8.1% - 8.5%	7.2% - 8.0%

41. Capital Management

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The Group monitors the capital using gearing ratio, which is net borrowings divided by equity attributable to owners of the parent. The Group's policy is to keep the gearing ratio within reasonable levels.

	Group	
	2012 RM	2011 RM
Bank borrowings	20,319,530	29,186,674
Hire purchase payables	210,125	79,736
Cash and cash equivalents	(2,387,250)	(2,118,080)
Net borrowings	18,142,405	27,148,330
Equity attributable to owners of the parent	(2,645,499)	29,694,384
Gearing ratio	(6.86)	0.91

There were no changes to the Group's approach to capital management during the financial year/period.

42. Comparative Figures

The comparative figures of the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flow are for the financial period from 1 April 2010 to 31 July 2011. As they reflect the results for more than 12 months, they are not comparable to the current financial year's results.

43. Realised and Unrealised Profit/Losses (Supplementary Information)

	Group RM	Company RM
2012		
Total accumulated losses of the company and its subsidiary companies:-		
Realised losses	(91,901,964)	(46,181,202)
Unrealised losses	(6,500)	-
	(91,908,464)	(46,181,202)
Total accumulated losses of the associated companies:-		
Realised losses	(143,048)	-
	(92,051,512)	(46,181,202)

43. Realised and Unrealised Profit/Losses (Supplementary Information) (cont'd)

	Group RM	Company RM
2011		
Total accumulated losses of the company and its subsidiary companies:-		
Realised losses	(58,129,281)	(45,223,997)
Unrealised losses	(717,000)	(700,000)
	(58,846,281)	(45,923,997)
Total accumulated losses of the associated companies:-		
Realised losses	(75,000)	-
	(58,921,281)	(45,923,997)

The above disclosure of realised and unrealised profits or losses is made solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and is not made for any other purposes.

44. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 July 2012 were authorised for issue in accordance with a resolution of the Board of Directors on 12 November 2012.

List of Properties
as at 31 July 2012

Title / Location	Description / existing use	Tenure	Total land area	Built-up area	Age of building/ land (years)	NBV as at 31.07.2012 RM	Date of revaluation/ *Date of Acquisition
26-329 No. 38, Jln Hijau 1/7, Pinggiran Lembah Hijau 1, Bandar Tasik Puteri, Rawang, 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 sq. ft.	1,200 sq. ft.	12	137,484	01.10.2001
8-154 No. 59, Jln 7A/7, Bandar Tasik Puteri, Kundang, Rawang, 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. m	1,566 sq. ft.	10	265,471	17.06.2002

Analysis of Shareholdings
as at 16 November 2012

Authorised Share Capital	:	RM100,000,000
Issued and fully 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	:	1,182

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No of Shareholders	%	Shareholdings	%
Less than 100	10	0.85	350	0.00
100 – 1,000	329	27.84	189,600	0.22
1,001 - 10,000	357	30.20	2,076,900	2.45
10,001 to less than 5% of issued share capital	483	40.86	67,227,461	79.18
5% and above of issued share capital	3	0.25	15,405,691	18.15
Total	1,182	100.00	84,900,002	100.00

Substantial Shareholders
As per the Register of Substantial Shareholders

Name	Shareholdings Direct	Shareholdings Indirect	%
Liew Kiam Woon	4,133,843	4,605,562*	10.29
Liew Teow Woon	6,120,021	4,605,562*	12.63
Alan Rajendram A/L Jeya Rajendram	6,534,000	-	7.70
Liew Chee Woon	4,700,108	4,605,562*	10.96
Liew Meow Nyean Realty Sdn Bhd	4,605,562	-	5.42

Notes:-
* *Deemed interest pursuant to Section 6A of the Companies Act, 1965*

Directors' Interests in Shares
As per the Register of Directors' Shareholdings

Name	Shareholdings Direct	%	Indirect	%
Liew Kiam Woon	4,133,843	4.87	4,605,562*	5.42
Kok Tong Yong	25,000	0.03	-	-
Juliana Quah Kooi Hong	-	-	-	-
David Low Teck Wee	-	-	-	-
Loo Thin Tuck	-	-	-	-
Tunku Azlan Bin Tunku Aziz	-	-	-	-

Notes:-
* *Deemed interest pursuant to Section 6A of the Companies Act, 1965*

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	Shareholdings	%
1.	Liew Teow Woon	6,100,021	7.18
2.	Liew Chee Woon	4,700,108	5.54
3.	Liew Meow Nyean Realty Sdn Bhd	4,605,562	5.42
4.	Liew Kiam Woon	4,133,843	4.87
5.	Low Boon Wah @ Lawrence Low	4,073,100	4.80
6.	Ng Chin Huat	4,044,200	4.76
7.	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Alan Rajendram A/L Jeya Rajendram (SS2)	4,000,000	4.71
8.	On Hai Swee	3,832,268	4.51
9.	Lee Boon Kian	2,510,000	2.96
10.	Rudy Ng Chong Jin	2,025,900	2.39
11.	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Saw Im (SS2)	2,000,000	2.36
12.	Thong Lou Hoong	1,681,100	1.98
13.	Amsec Nominees (Tempatan) Sdn Bhd Tan Soon Muay @ Tan Kim Huay (7843-1101)	1,101,000	1.30
14.	Kekal Jaya Ventures Sdn Bhd	1,000,000	1.18
15.	Lim Shew Poh	856,100	1.01
16.	ECML Nominees (Tempatan) Sdn Bhd Peter Yew Cheong Eng (PCS)	813,300	0.96
17.	Lan Geok Nam @ Tan Geok Nam	723,101	0.85
18.	Tasec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choy Sook Kuen	714,000	0.84
19.	Chang Lau Hoi @ Chang Sow Lan	710,549	0.84
20.	Razman Md Hashim Bin Che Din Md Hashim	500,000	0.59
21.	Sim Kian Seng	460,600	0.54
22.	Maybank Nominees (Tempatan) Sdn Bhd Chiam How Teik	438,000	0.52
23.	Lee Nyek	407,700	0.48
24.	Quah Chong Beng	400,000	0.47
25.	Tan Peng Lee	400,000	0.47
26.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Hamzah Bin Zainudin (PB)	370,000	0.44
27.	Nora Binti Malikiaman	370,000	0.44
28.	Zainur Bin Zakaria	353,200	0.42
29.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Edward Soo Hong Wah (PB)	350,000	0.41
30.	Lee Saw Im	345,700	0.41
	TOTAL	**54,019,352**	**63.65**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting ("the Meeting") of LFE Corporation Berhad ("the Company") will be held at the Boardroom, 1st Floor, Lot 43117, Off Jalan Balakong, 43300 Balakong, Seri Kembangan, Selangor Darul Ehsan, Malaysia on Wednesday, 26 December 2012 at 10.00 a.m. to transact the following businesses:-

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 July 2012 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees for the financial year ended 31 July 2012. **Resolution 1**

3. To re-elect the following Directors who retire pursuant to Article 84 of the Company's Articles of Association:-

   3.1 Mr. David Low Teck Wee **Resolution 2**
   3.2 Mr. Loo Thin Tuck **Resolution 3**

4. To re-appoint Messrs. Morison Anuarul Azizan Chew as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 4**

As Special Business

To consider and, if thought fit, to pass with or without modifications, the following resolutions:-

5. Ordinary Resolution – Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 **Resolution 5**

   "That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

BY ORDER OF THE BOARD

Wong Youn Kim
(MAICSA 7018778)
Company Secretary

Kuala Lumpur
4 December 2012

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 Section 149 (1) (b) of the Companies Act, 1965 shall not apply.

2. 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.

3. This Form of Proxy must be deposited at the Company's Registered Office, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the holding of the Meeting.

4. Only depositors whose names appear in the Record of Depositors as at 19 December 2012 shall be entitled to attend the Tenth Annual General Meeting.

5. *Explanatory Notes on Special Business:-*

   The proposed Ordinary Resolution under item no. 5 is a new general mandate. If passed, it will give the Directors of the Company the power to issue shares of the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting ("AGM") of the Company.

   The Company did not issue any shares pursuant to a mandate granted to the Directors at the last AGM held on 27 December 2011.

Statement Accompanying the Notice of Annual General Meeting

1. The Tenth Annual General Meeting of the Company will be held at the Boardroom, 1st Floor, Lot 43117, Off Jalan Balakong, 43300 Balakong, Seri Kembangan, Selangor Darul Ehsan, Malaysia on Wednesday, 26 December 2012 at 10.00 a.m.

2. The Directors who are standing for re-election at the Tenth Annual General Meeting of the Company pursuant to Article 84 of the Articles of Association of the Company are:-

   (i) Mr. David Low Teck Wee
   (ii) Mr. Loo Thin Tuck

   The details of the above Directors seeking re-election are set out in the Profile of Directors as disclosed on pages 7 and 8 of this Annual Report.

3. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 July 2012 are disclosed in the Corporate Governance Statement set out on page 9 of this Annual Report.

FORM OF PROXY

LFE CORPORATION BERHAD (579343-A)

CDS Account No.	
No of Shares Held	

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 TENTH ANNUAL GENERAL MEETING of the Company ("the Meeting") to be held at the Boardroom, 1st Floor, Lot 43117, Off Jalan Balakong, 43300 Balakong, Seri Kembangan, Selangor Darul Ehsan, Malaysia on Wednesday, 26 December 2012 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. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		

Dated this ______________ day of ______________ 2012

____

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 Section 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 appointer 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, Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the holding of the Meeting.

6. Only depositors whose names appear in the Record of Depositors as at 19 December 2012 shall be entitled to attend the Tenth Annual General Meeting.

Fold along the line

Affix
Postage
Stamp
Here

The Company Secretary

LFE CORPORATION BERHAD (579343-A)
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

Fold along the line

LFE Corporation Berhad (579343-A)
Lot 43117, Off Jalan Balakong
43300 Balakong, Seri Kembangan
Selangor Darul Ehsan, Malaysia
Tel: 603 8995 8888
Fax: 603 8961 0042