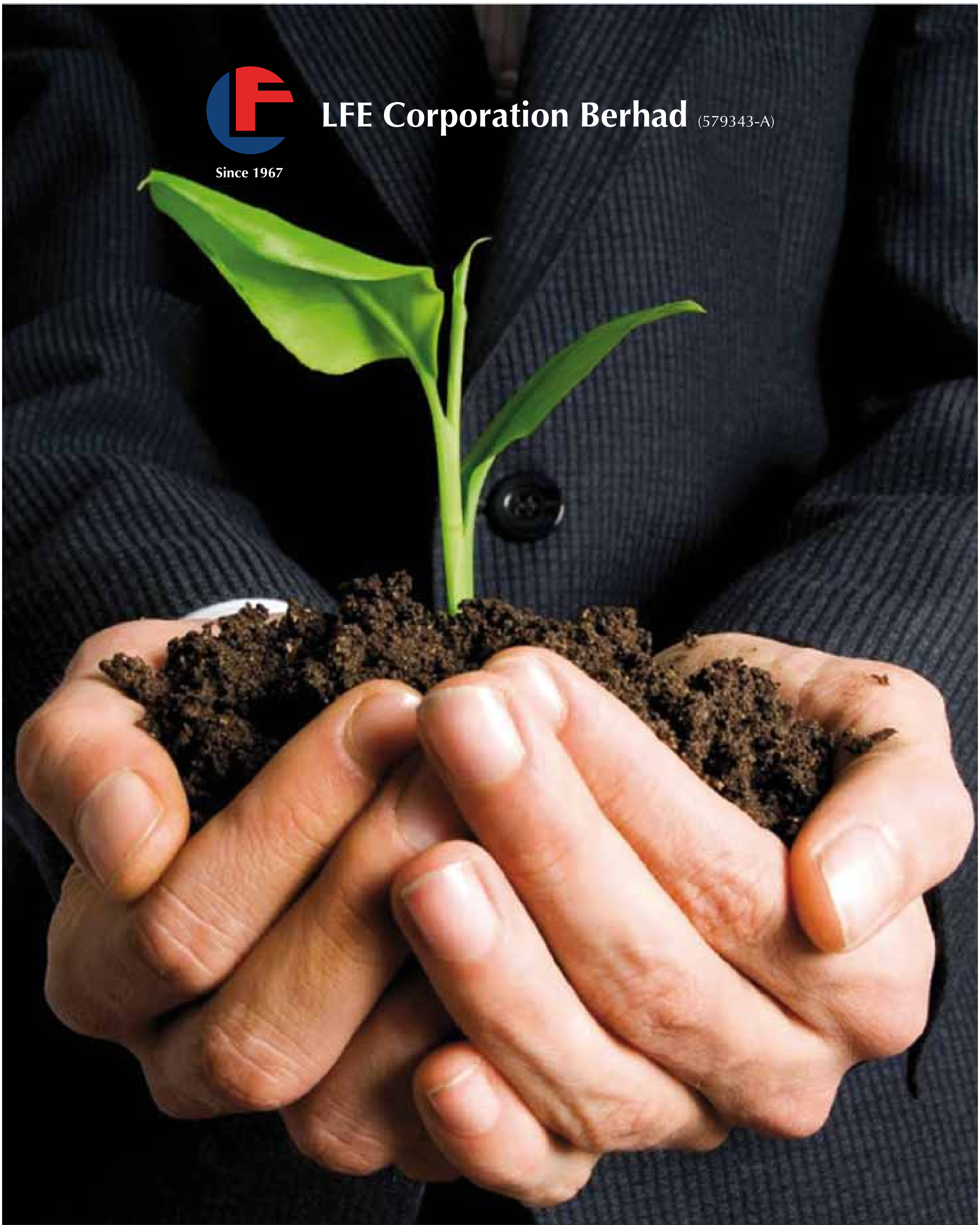
LFE Corporation Berhad (579343-A)

Since 1967



R E S I L I E N T

Annual Report 2014

Contents 2014

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 2014.

FINANCIAL REVIEW

For the financial year ended 31 July 2014 (FYE 2014), the Group registered a lower consolidated revenue of RM32.09 million, a decrease of RM40.44 million or 55.76% as compared to the previous year's revenue of RM72.53 million. The decrease in revenue was due to the completion of certain projects in the prior year from Middle East and Johor Bahru, Malaysia. Revenue recognition from new projects were minimal in the FYE 2014 as these projects were at their very initial stage. The current year's revenue was solely contributed from the construction, mechanical and electrical and plumbing segments, the Group's core business and industry.

The profit before tax of the Group for the current financial year is RM0.35 million whilst profit after tax attributable to shareholders for the same financial year is RM0.20 million.

The lower profit after tax for the current financial year is due to the recognition of the professional fees which were incurred on the Group's Regularisation Plan.

The Group's earning per share for the current financial year is 0.23 sen, based on the weighted average number of ordinary shares outstanding during the year.

The Group's shareholders' fund stood at RM10.83 million as at the financial year ended 31 July 2014, a slightly drop from its previous year of RM11.12 million due to adverse foreign exchange differences arising from translation at year-end closing exchange rate .

CORPORATE DEVELOPMENT

On 1 October 2012, the Company triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a) and 2.1 (e) of Practice Note 17 ("PN17") under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as of that date, is considered a PN17 company. The PN17 criteria was triggered as a consequence of the Company's 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 was less than 25% of the Company's issued and paid-up capital and such shareholders' equity was less than RM40 million. The Company has a timeline of twelve months up to 30 September 2013 to submit its regularisation plan to the regulatory authorities.

On 28 February 2013, the Company entered into a Debt Restructuring Agreement ("DRA") with its scheme creditors to restructure its bank borrowings. This DRA was signed on 28 February 2013.

On 23 September 2013, MIDF, on behalf of the Company submitted an application to Bursa Securities to seek approval for an extension of time of up to three months from the date of the original submission timeline to submit its regularisation plan to regularise the Group's financial condition and business operations.

On 30 September 2013, the Company proposed to undertake proposals as disclosed in Note 37 to the financial statements.
On 18 October 2013, Bursa Securities granted the Company an extension of time up to 30 December 2013 to submit a regularisation plan to the regulatory authorities.

On 4 April 2014, Bursa Securities granted the Company a second extension of time up to 30 June 2014 to submit a regularisation plan to the regulatory authorities.

On 17 June 2014, the Company signed the Supplemental DRA to vary certain terms and conditions of the DRA.

On 10 July 2014, Bursa Securities granted the Company a third extension of time up to 31 July 2014 to submit a regularisation plan to the regulatory authorities.

On 25 July 2014, MIDF, on behalf of the Company submitted a Proposed Regularisation Plan ("PRP") to Bursa Securities

for approval which comprises the following:

(i) Proposed capital reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act, 1965 in Malaysia involving the cancellation of RM0.70 of the par value of every existing ordinary share of RM1.00 each in the Company;

(ii) Proposed reduction of share premium account of the Company of RM5,218,125 based on the interim audited financial statements of the Company for the financial year period 28 February 2014 pursuant to Section 60(2) and 64(1) of the Companies Act, 1965 in Malaysia;

(iii) Proposed renounceable rights issue of up to 42,450,001 new ordinary shares of RM0.30 each on the basis of one (1) Rights Share for every two (2) of the Company's ordinary shares of RM0.30 each held after the completion of the Proposed Capital Reduction and Proposed Share Premium Reduction, on an entitlement date to be determined later;

(iv) Proposed private placement of up to 66,666,667 new ordinary shares of RM0.30 each in the Company to be subscribed by strategic investors at an issue price of RM0.30 per Placement Share;

(v) Proposed part settlement of debt owing to the Scheme Creditors; and

(vi) Proposed amendments to the relevant clauses of the Memorandum and Articles of Association of the Company and the cancellation in its existing authorised share capital to facilitate the change in par value of the existing ordinary share from RM1.00 each to RM0.30 each.

As at the date of this report, the PRP is being reviewed by Bursa Securities and its approval is pending.

DIVIDEND

The Board is not recommending any dividend in respect of the financial year ended 31 July 2014. As the Board is now focusing on the securing more projects with priorities set for turning around the Group's accumulated retained earnings back to profitability, we are determined to reward our shareholders with increased long term value and returns in the coming years.

FUTURE PROSPECT

As an Affected Listed Issuer under PN17 of Bursa Securities Listing Requirements, the future of the Group is largely dependent on the successful implementation of its proposed regularisation plan which would ensure that the Company continues as a public listed company of Bursa Securities and put the Group on a strong footing to implement its projects and normalise operations.

The Group will continue to explore viable and profitable business opportunities locally and regionally through strategic alliances with both established local and foreign partners 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 Regularization Plan.

ACKNOWLEDGEMENT

Many thanks to my fellow Board members and the Audit Committee for their precious contribution and invaluable advice throughout the turbulent and trying times, in particular the crucial period whilst the Company triggered the PN 17 criteria. Your support with the Company's Proposed Regularization Plan is equally appreciated.

Many thanks to the Company's Principal Advisor, Reporting Accountant, Solicitors and Company Secretary for helping to finalise and submit our Proposed Regularization Plan to Bursa Securities.

On behalf of the Board, I wish to express our gratitude and utmost appreciation to the Securities Commission, Bursa Malaysia Securities Berhad 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.

Last, but not the least, the management team and staff have been very supportive of the Company's effort to move forward and make positive growth. It has been slow and challenging but the team has been resilient throughout. My heart felt thanks to each and everyone in this team.

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

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

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

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

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SHARE REGISTRAR
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Tel: 603-78418000
Fax: 603-78418008
Website : www.symphony.com.my

PRINCIPAL BANKERS
Hong Leong 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
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Email : lfe@lfe.com.my

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Email : dwon@lfe.com.my

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

Group Structure
As at 25 November 2014

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
- 100% 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

Board of Directors’ Profile

Mr Liew Kiam Woon

Managing Director &
Chairman of Risk Management Committee

Mr Liew Kiam Woon, a Malaysian, aged 51, 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 58, 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 45, 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 43, 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 49, 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 46, 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 of any offence other than traffic offences, within the past 10 years.

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. Mr David Low Teck Wee was designated as the Senior Independent Non-Executive Director on 31 July 2009.

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 6 meetings for the financial year ended 31 July 2014, at which a variety of matters including amongst others, the Group's financial results, the Group's overall performance, challenges faced by the Group, business development activities, internal control issues and 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	6 out of 6
Kok Tong Yong	6 out of 6
Juliana Quah Kooi Hong	6 out of 6
David Low Teck Wee	6 out of 6
Loo Thin Tuck	6 out of 6
Tunku Azlan Bin Tunku Aziz	3 out of 6

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 received the Board papers in advance together with the notice calling for each meeting. The Board papers were comprehensive and encompass both quantitative and qualitative factors so that informed decisions can be made by the Directors at the meetings. All Board members, whether as a full Board or in their individual capacity, 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

All Directors have attended and completed the Mandatory Accreditation Programme ("MAP") as prescribed by the Listing Requirements.

The Company does not have a formalised 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 2014, the Directors have attended various training programmes, seminars, conferences and evening talks, which include topics, amongst others, relating to corporate governance, finance, project, risk management and audit. Details of the Directors' participation are as follows:-

Kok Tong Yong

- Talk on CIDB Amendment Act 2011
  Organized by: Construction Industry Development Board
  Date : 27 November 2013

- The Construction Industry Payment and Adjudication Act 2012 (CIPAA) conference
  Organized by : CIPAA
  Date : 25 February 2014

- Seminar on Integriti & Kod Etika Kontraktor Bil. 1/2014
  Organized by: Construction Industry Development Board
  Date : 12 March 2013

Tunku Azlan Bin Tunku Aziz

- Related Party Transactions
  Organized by : Mah Li Chen
  Date : Year 2013

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 2014 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	876,000	22,000	898,000
Defined contribution plan	100,800	-	100,800
Benefits-in-kind	5,417	-	5,417
Total	982,217	70,000	1,052,217

The number of Directors whose total remuneration fell within the following bands for the financial year ended 31 July 2014 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

Board Charter

In discharging its duties, the Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties and to ensure that all Board members acting on the Group's behalf are aware of their expanding roles and responsibilities, the Board has established the Board Charter as a source of reference to the Board in the fulfilment of its roles, duties and responsibilities and which will be in line with the principles of good corporate governance and provide insights to prospective Board members and Senior Management.

The Board will update the Board Charter periodically to refelect changes to the Company's policies, procedures and processes as well as the latest relevant legislations and regulations. Salient terms of the Board Charter are made available at the Company's website at www.lfe.com.my.

Formalising Ethical Standards Through Code of Ethics

The Board will be guided by the Code of Conduct for Directors, Management and Officers of the Group, to promote the corporate culture which engenders ethical conduct that permeates throughout the Group, to be in line with MCCG 2012. The Board will also be guided by the Company's Code of Ethics for Directors and Employees in discharging its oversight role effectively. The Code of Ethics will require all Directors to observe high ethical business standards, and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders. The Board will take measures to put in place a process to ensure its compliance.

SHAREHOLDERS

The Board recognises the importance of clear and effective communication with shareholders and investors,

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

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

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES ("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 organised 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 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.

Risk Management and Internal Control

The Board is committed to maintaining a sound system of internal control within the Group. The Board acknowledges that a good system of internal control covering all aspects of the business including compliance and risk management is required to safeguard shareholders' investment and the Group's assets.

Information on the Group's internal control is set out in the Statement on Risk Management and Internal Control located on page 17 and 18 of this report.

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 members of the Board and then approved by the Board before announcement to Bursa Securities. The Audit Committee also had the opportunity to consult the External Auditors in the absence of the Executive 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.

Compliance Statement

The Company has, in all material aspects, complied with the recommendations of the Code throughout the financial year, save for the following:-

a) The Chairman of the Board must be an independent non-executive director;
b) Details of remuneration of each directors;
c) Absence of strategic plan;
d) Absence of succession planning process;
e) Corporate disclosure policy.

The Board feels that Liew Kiam Woon's vast experience in the industry and entrepreneurship skills, the arrangement to maintain him as the Executive Chairman cum Managing Director is in the best interest of the Company for the time being. Further, the presence of the Independent Directors who forms a majority number of the Board members, is sufficient to provide the necessary checks and balances on the decision making process of the Board. The significant contribution of the Independent Directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

Whilst the Code prescribes for disclosure of directors' remuneration on individual basis, the Board is of the opinion that transparency and accountability principles of the Code in relation to Directors' remuneration are appropriately and adequately addressed by disclosure on band basis.

The Board is of the view that there is no necessity up to the present year to establish a separate whistle-blowing policy in view of the current Whistleblower Protection Act 2010.

Going forward, the Board intends to strengthen its roles and responsibilities by:-

(i) Defining the Board schedule of matters of those functions reserved to the Board and delegated to management;
(ii) Implementing a whistle blowing policy and procedure to provide employees with a mechanism to monitor compliance to the code of ethics; and
(iii) Defining its business sustainability policy and ensuring its current business decision making process incorporates the elements of Environment, Social and Governance ("ESG") within its value chain in the business processes.

This statement was reviewed and approved by the Board on 13 November 2014.

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 which have been revised by the Board pursuant to Chapter 15 of the Listing Requirements of Bursa Malaysia Securities Berhad on 19 November 2013.

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 cognisance 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, 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 2014.

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	3 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 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 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

Summary of Activities of the Internal Audit

In the discharge of its duties, the Audit Committee is supported by an 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 is independent of the activities, it reports directly to the Audit Committee.

This Audit Committee Report was reviewed and approved by the Audit Committee on 13 November 2014.

Statement on Risk Management and Internal Control

Introduction

The Malaysian Code on Corporate Governance 2012 ("the Code") sets out the principle that the Board of Directors ("Board") of a listed company should establish a sound risk management framework and internal control system to safeguard shareholders' investment and assets of the Group.

The Statement on Risk Management and Internal Control by the Board of Directors ("Board") on the Group is made pursuant to paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with the Principles and Recommendations relating to risk management and internal control provided in the Code.

Board Responsibilities

The Board recognises and affirms its overall responsibility for the Group's system of risk management and internal control practices for good corporate governance. The Board, through its various committees, has continuously reviewed the adequacy and effectiveness of the system in particular the financial, operational, as well as compliance aspects of the Group throughout the financial year.

There is an ongoing process for identifying, evaluating and managing the key risks faced by the Group in its achievement of objectives and strategies. The process has been in place during the year up to the date of approval of this statement and is subject to review by the Board. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement, losses or fraud.

The Board is assisted by Senior Management in implementing the Board approved policies and procedures on managing risks and controls by identifying and analysing risk information; designing, operating suitable internal controls to manage and control these risks; and monitoring effectiveness of risk management and control activities.

The key features of the risk management and internal control system are described below.

Risk Management

At the date of approval of this statement, the Group has updated its Enterprise Risk Management ("ERM") framework which proactively identifies, evaluates and manages key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide. It outlines the ERM methodology which is in line with the ISO 31000:2009, Risk Management – Principles and Guidelines, mainly promoting the risk ownership and continuous monitoring of key risks identified.

The Group has maintained a database of risks and controls information captured in the format of risk registers. Key risks of key business units are identified, assessed and categorised to highlight the root causes of risk, their impacts and the likelihood of occurrence. Risk profiles for the key business units are presented to the Risk Management Committee and Board for deliberation and approval for adoption. Comprehensive action plans are developed to address key risks identified by the Management.

The risk profile of the key business units 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. The strategies and plans are monitored and revised as the need arises. These processes are embedded within the Group's overall business operations and guided by the documented policies and procedures.

Internal Control

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Further, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

There is a comprehensive budgeting system that requires preparation of the annual budget by all key business units. The annual budget which contains financial, operating targets and performance indicators are reviewed and approved by the MD together with the Senior Management before being presented to the Board for final review and approval.

Issues relating to the business operations are brought to the Board's attention during Board meetings. Further independent assurance is provided by the Group internal audit function and the Audit Committee. The Audit Committee reviews internal control matters and updates the Board on significant control gaps for the Board's attention and action.

The other salient features of the Group's system of internal control are as follows:-

- The Board meets at least once every quarter and has an agenda to bring to the Board's attention significant matters related to internal controls, ensuring that it maintains full and effective supervision over appropriate controls;

- Executive Directors 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 systems of internal controls are 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 is held once a year to ensure full compliance with the ISO requirements, where findings are discussed during the Management Review Committee meetings.

Internal Audit

The Board acknowledges the importance of the internal audit function and has previously outsourced its internal audit function to a professional service firm, as part of its efforts in ensuring that the Group's system of internal controls are adequate and effective. The internal audit activities of the Group were carried out according to an annual audit plan approved by the Audit Committee. The internal audit function adopted a risk-based approach and prepared its audit plans based on key risks identified. The internal audit provided an assessment of the adequacy and effectiveness of the Group's system of internal control, and provided recommendations, if any, for the improvement of the control policies and procedures. The results of the internal audit assessments were reported to the Audit Committee.

However, during the financial year no internal audit was carried out in view of the financial condition of the Group. Management have provided assurance that the internal audit function will be immediately resume once the financial conditions of the Group signs of improvement. Subsequent to the financial year, one cycle of internal audit was performed by a professional service firm.

Review by Board

The Board's review of risk management and internal control effectiveness is based on information from Senior Management within the organisation who are responsible for the development and maintenance of the risk management and internal control system.

The Board will monitor the implementation of key risk action plans and any internal control weakness and ensure continuous process improvement.

The Board considered the systems of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment.

The Board and Senior Management will continue to take measures to strengthen the risk and control environment and monitor the health of the risk and internal controls framework.

The Group's internal control system does not apply to its associate companies, which fall within the control of their majority shareholders. Nonetheless, the Group's interests are served through representation on the Board of Directors and Senior Management posting(s) to the associate companies as well as through the review of management accounts received. These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

The Board also received assurance from the MD and CFO that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects based on the established risk management and internal control system of the Group.

In addition, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2014 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

Conclusion

For the financial year under review and up to the date of approval of this Statement on Risk Management and Internal Control, the Board is satisfied that the risk management and internal control system are in place as it has not resulted in any material loss, contingency or uncertainty. The Board has not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control system.

The above statement is made in accordance with the resolution of the Board dated 13 November 2014.

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 2014 ("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 13 November 2014.

Additional Compliance Information

1. Utilisation of Proceeds
   There were no proceeds raised from any corporate exercises during the financial year ended 31 July 2014.

2. Share Buy-Back
   There were no share buy-back transactions made by the Company during the financial year ended 31 July 2014.

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 2014.

4. American Depository Receipt ("ADR")/Global Depository Receipt ("GDR")
   During the financial year ended 31 July 2014, 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 2014 is set out in Note 33 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 2014.

7. Non-audit Fees
   There were no non-audit fees payable to the External Auditors for the financial year ended 31 July 2014.

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 2014 and the unaudited results announced to Bursa Securities on 19 September 2014. The Company did not publish any profit estimates, forecasts or projections for the financial year ended 31 July 2014.

9. Profit Guarantee
   There was no profit guarantee received by the Company during the financial year ended 31 July 2014.

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 2014, 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.

Financial Statements

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 2014.

Principal Activities

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are stated in Note 6 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
Profit/(loss) for the financial year attributable to:		
Owners of the Company	198,281	(414,983)
Non-controlling interest	-	-
	198,281	(414,983)

Dividend

No dividend was paid or declared by the Company since the end of the previous financial year. 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 and the date of this 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 in Malaysia, were as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.8.2013	**Acquired**	**Disposed**	**At 31.7.2014**
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.

By virtue of their interest in shares of the Company, Liew Kiam Woon and Kok Tong Yong are deemed to be interested in the shares of all the subsidiaries to the extent that the Company has a substantial interest.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares of the Company or its related corporations during the financial year under review.

Directors' Benefits

Since the end of the previous financial year, 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 profit or loss and other 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.

(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

Other Statutory Information (cont'd)

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

(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 2014 have not been substantially affected by any item, transaction or event of a material and unusual nature; 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.

Significant and Subsequent Events

The significant and subsequent events are disclosed in Note 37 to the financial statements.

Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

LIEW KIAM WOON

JULIANA QUAH KOOI HONG

KUALA LUMPUR
13 NOVEMBER 2014

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 83 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 July 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in page 84 to the financial statements, which is not part of the financial statements, is prepared in all material respects, 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 and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

LIEW KIAM WOON

JULIANA QUAH KOOI HONG

KUALA LUMPUR
13 NOVEMBER 2014

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 83 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	)
on this date of	)

LIEW KIAM WOON

Before me,

COMMISSIONER FOR OATHS

Report on the Financial Statements

We have audited the accompanying financial statements of LFE Corporation Berhad, which comprise the statements of financial position as at 31 July 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 29 to 83.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia ("the Act"). The Directors are also responsible for such internal control as the Directors determine is 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 about 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 our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements 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.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 July 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 and Note 37 to the financial statements. The financial statements of the Group and of the Company are prepared on a going concern basis. The Group and the Company had submitted its Proposed Regularisation Plan ("PRP") as disclosed in Note 37 to the financial statements. As at the date of this report, the PRP is being reviewed by the relevant authorities and their approval are pending. The ability of the Group and of the Company to continue as going concern is dependent upon the successful and timely formulation and implementation of the PRP and its ability to generate sufficient cash flows for its operating activities.

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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the independent auditors' report of the subsidiary company of which we have not acted as auditors, which are indicated in Note 6 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 did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in page 84 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: 1729/05/16 (J/PH)
Chartered Accountant

KUALA LUMPUR
13 NOVEMBER 2014

Statements Of Financial Position
as at 31 July 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	415,560	572,829	-	-
Investment properties	5	402,954	402,954	-	-
Investment in subsidiary companies	6	-	-	25,576,086	25,576,084
Investment in associate companies	7	133,573	141,096	25,500	25,500
Other long term investments	8	-	-	-	-
		952,087	1,116,879	25,601,586	25,601,584
Current Assets					
Inventories	10	-	31,098	-	-
Amount owing by customers on contracts	11	7,226,153	7,509,323	-	-
Trade receivables	12	93,034,251	94,676,557	-	-
Other receivables	13	4,168,932	3,764,941	45,000	45,000
Amount owing by subsidiary companies	14	-	-	18,156,305	18,165,970
Amount owing by associate companies	15	6,451,561	6,123,175	769,813	769,813
Amount owing by a former Director	16	-	-	-	-
Tax recoverable		33,000	140,000	-	-
Fixed deposits placed with licensed banks	17	341,021	1,222,028	-	-
Cash and bank balances		3,179,826	1,217,550	11,535	1,300
		114,434,744	114,684,672	18,982,653	18,982,083
TOTAL ASSETS		115,386,831	115,801,551	44,584,239	44,583,667

		Group		Company	
	Note	2014 RM	2013 RM	2014 RM	2013 RM
EQUITY AND LIABIITIES					
Equity attributable to owners of the Company					
Share Capital	18	84,900,002	84,900,002	84,900,002	84,900,002
Reserves	19	(74,072,534)	(73,784,901)	(41,588,647)	(41,173,664)
		10,827,468	11,115,101	43,311,355	43,726,338
Non-Current Liabilities					
Finance lease liabilities	20	-	53,256	-	-
Bank borrowings	21	5,835,563	7,019,894	-	-
Deferred tax liabilities	22	14,800	10,200	-	-
		5,850,363	7,083,350	-	-
Current Liabilities					
Amount owing to customers on contracts	11	4,623,973	4,684,298	-	-
Trade payables	23	43,330,220	46,390,057	-	-
Other payables	24	39,538,519	32,395,339	696,172	715,610
Amount owing to subsidiary companies	14	-	-	538,926	103,933
Amount owing to associate companies	15	37,786	37,786	37,786	37,786
Amount owing to Directors	25	55,563	55,563	-	-
Finance lease liabilities	20	53,256	77,391	-	-
Bank borrowings	21	11,069,683	13,481,766	-	-
Provision for taxation		-	480,900	-	-
		98,709,000	97,603,100	1,272,884	857,329
Total Liabilities		104,559,363	104,686,450	1,272,884	857,329
TOTAL EQUITY AND LIABILITIES		115,386,831	115,801,551	44,584,239	44,583,667

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

Statements Of Profit Or Loss And Other Comprehensive Income
for the financial year ended 31 July 2014

	Note	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Revenue	26	32,088,775	72,528,301	-	-
Cost of sales		(25,170,852)	(53,747,119)	-	-
Gross profit		6,917,923	18,781,182	-	-
Other operating income		840,170	3,935,940	251,439	-
Administrative expenses		(4,215,545)	(3,624,164)	(666,422)	(210,587)
Other operating expenses		(294,777)	(2,051,086)	-	-
Finance costs	27	(2,887,585)	(3,126,140)	-	-
		360,186	13,915,732	(414,983)	(210,587)
Share of results of associate companies		(7,523)	(11,309)	-	-
Profit/(loss) before taxation	28	352,663	13,904,423	(414,983)	(210,587)
Taxation	29	(154,382)	(469,268)	-	-
Net profit/(loss) for the financial year		198,281	13,435,155	(414,983)	(210,587)
Other comprehensive (loss)/ income:					
Item that may be reclassified subsequently to profit or loss					
- Exchange differences arising from translation of foreign operations		(485,914)	325,445	-	-
Total comprehensive (loss)/ income for the financial year		(287,633)	13,760,600	(414,983)	(210,587)
Earnings per share attributable to owners of the Company (sen)					
- Basic	30	0.23	15.82		
- Diluted		0.23	15.82		

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

Statements Of Changes In Equity
for the financial year ended 31 July 2014

Group	Share Capital RM	Share Premium RM	Foreign Exchange Translation Reserve RM	Accumulated Losses RM	Total Equity RM
	← Attributable to Owners of the Company →				
At 1 August 2012	84,900,002	5,218,125	(712,114)	(92,051,512)	(2,645,499)
Total comprehensive income:					
Net profit for the financial year	-	-	-	13,435,155	13,435,155
Other comprehensive income	-	-	325,445	-	325,445
	-	-	325,445	13,435,155	13,760,600
At 31 July 2013	84,900,002	5,218,125	(386,669)	(78,616,357)	11,115,101
At 1 August 2013	84,900,002	5,218,125	(386,669)	(78,616,357)	11,115,101
Total comprehensive loss:					
Net profit for the financial year	-	-	-	198,281	198,281
Other comprehensive loss	-	-	(485,914)	-	(485,914)
	-	-	(485,914)	198,281	(287,633)
At 31 July 2014	84,900,002	5,218,125	(872,583)	(78,418,076)	10,827,468

	Share Capital RM	Share Premium RM	Accumulated Losses RM	Total Equity RM
Company				
At 1 August 2012	84,900,002	5,218,125	(46,181,202)	43,936,925
Total comprehensive loss	-	-	(210,587)	(210,587)
At 31 July 2013	84,900,002	5,218,125	(46,391,789)	43,726,338
At 1 August 2013	84,900,002	5,218,125	(46,391,789)	43,726,338
Total comprehensive loss	-	-	(414,983)	(414,983)
At 31 July 2014	84,900,002	5,218,125	(46,806,772	43,311,355

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM	**RM**	**RM**	**RM**
Cash Flows From Operating Activities				
Profit/(Loss) before taxation	352,663	13,904,423	(414,983)	(210,587)
Adjustments for:				
Impairment loss on trade receivables	-	1,246,423	-	-
Depreciation of property, plant and equipment	98,959	291,170	-	-
Gain on disposal of property, plant and equipment	(22,068)	-	-	-
Property, plant and equipment written off	395	-	-	-
Inventories written off	25,838	-	-	-
Bad debt written off				
- non trade	-	79,491	-	-
Impairment for trade receivables written back	-	(918,295)	-	-
Bad debt recovered	(250,000)	-	-	-
Share of loss in associate companies	7,523	11,309	-	-
Fair value adjustment on:				
- trade receivables	(168,521)	(32,556)	-	-
- trade payables	847	(22,921)	-	-
Waiver of debts	(4,147)	-	-	-
Interest income	(20,742)	(32,636)	-	-
Interest expense	2,887,585	3,126,140	-	-
Operating profit/(loss) before working capital changes	2,908,332	17,652,548	(414,983)	(210,587)
Decrease/(Increase) in working capital				
Amount owing by/(to) customers on contracts	222,845	(24,643,180)	-	-
Inventories	5,260	-	-	-
Trade and other receivables	1,656,836	5,233,814	-	-
Trade and other payables	4,086,643	3,599,029	(19,440)	(1,605,504)
Amount owing by subsidiary companies	-	-	444,658	1,816,181
Amount owing by/(to) associate companies	(328,386)	(111,748)	-	-
	5,643,198	(15,922,085)	425,218	210,677
Cash generated from operations	8,551,530	1,730,463	10,235	90
Interest received	20,742	32,636	-	-
Interest paid	(2,887,585)	(384,305)	-	-
Tax refunded	8,100	118,242	-	-
Tax paid	(531,782)	(21,498)	-	-
	(3,390,525)	(254,925)	-	-
Net cash generated from operating activities	5,161,005	1,475,538	10,235	90

Statements Of Cash Flow (cont'd)
for the financial year ended 31 July 2014

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Cash Flows From Investing Activities				
Purchase of property, plant and equipment	(5,560)	(7,498)	-	-
Proceeds from disposal of property, plant and equipment	85,500	17,377	-	-
Net cash generated from investing activities	79,940	9,879	-	-
Cash Flows From Financing Activities				
Increase/(Decrease) in fixed deposits pledged	881,007	(317,939)	-	-
Interest expenses	-	(2,273,796)	-	-
Repayment of bank borrowings	(2,946,227)	(313,209)	-	-
Repayment of finance lease liabilities	(77,391)	(79,478)	-	-
Net cash used in financing activities	(2,142,611)	(2,984,422)	-	-
Net increase/(decrease) in cash and cash equivalents	3,098,334	(1,499,005)	10,235	90
Effect of exchange rate changes	(485,871)	302,005	-	-
Cash and cash equivalents at the beginning of the financial year	(1,657,473)	(460,473)	1,300	1,210
Cash and cash equivalents at the end of the financial year	954,990	(1,657,473)	11,535	1,300
Cash and cash equivalents at the end of the financial year comprises:				
Cash and bank balances	3,179,826	1,217,550	11,535	1,300
Fixed deposits with licensed banks	341,021	1,222,028	-	-
Bank overdrafts	(2,224,836)	(2,875,023)	-	-
	1,296,011	(435,445)	11,535	1,300
Less: Fixed deposits pledged	(341,021)	(1,222,028)	-	-
	954,990	(1,657,473)	11,535	1,300

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

1. Corporate Information

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary companies are disclosed in Note 6 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.

2. Going Concern

On 1 October 2012, the Company triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a) and 2.1(e) of Practice Note 17 ("PN17") under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as of that date is considered a PN17 company. The PN17 criteria was triggered as a consequence of the Company's 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 was less than 25% of the Company's issued and paid-up capital and such shareholders' equity was less than RM40 million. The Company has a timeline of twelve months up to 30 September 2013 to submit its regularisation plan to the regulatory authorities.

The Company has made the following actions to address its PN17 status as follows:

On 28 February 2013, the Company entered into a Debt Restructuring Agreement ("DRA") with scheme creditors to restructure their bank borrowings. This DRA was signed on 28 February 2013.

On 23 September 2013, the Company submitted an application to Bursa Securities to seek approval for an extension of time of up to three months from the date of the original submission timeline to submit their regularisation plan to regularise the Group's financial condition and business operations.

On 18 October 2013, Bursa Securities granted the Company an extension of time up to 30 December 2013 to submit a regularisation plan to the regulatory authorities.

On 4 April 2014, Bursa Securities granted the Company second extension of time up to 30 June 2014 to submit a regularisation plan to the regulatory authorities.

On 17 June 2014, the Company had signed the supplemental DRA as amendment to the term and condition of DRA signed on 28 February 2013.

On 10 July 2014, Bursa Securities granted the Company third extension of time up to 31 July 2014 to submit a regularisation plan to the regulatory authorities.

On 25 July 2014, the Company has submitted a Proposed Regularisation Plan ("PRP") to Bursa Securities for approval as disclosed in Note 37 to the financial statements. As at the date of this report, the PRP is being reviewed by Bursa Securities and their approval is pending.

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.

These factors raise our concern as to the basis of the preparation of the financial statements of the Group and of the Company on a going concern.

2. Going Concern (cont'd)

The basis for the preparation of the financial statements of the Group and of the Company is therefore dependable upon the successful outcome and implementation of PRP, profitable operation of the Group and of the Company to generate sufficient cash in the future to fullfill their obligation as and when they fall due and financial support from the scheme creditors and shareholders.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis and accordingly, the financial statements 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.

3. Basis of Preparation and Significant Accounting Policies

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgemental or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(e) to the financial statements.

(b) Adoption of new and revised MFRSs, amendments/improvements to MFRSs, new IC Interpretations ("IC Int") and amendments to IC Int

The Group and the Company had adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that are mandatory for the current financial year:

<u>New MFRSs</u>

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint arrangements
MFRS 12	Disclosures of Interests in Other Entities
MFRS 13	Fair Value Measurement

<u>Revised MFRSs</u>

MFRS 119	Employee benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

<u>Amendments/Improvements to MFRSs</u>

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 132	Financial Instruments: Presentation
MFRS 134	Interim Financial Reporting

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(b) Adoption of new and revised MFRSs, amendments/improvements to MFRSs, new IC Interpretations ("IC Int") and amendments to IC Int (cont'd)

<u>New IC Int</u>

IC Int 20	Stripping Costs in the Production Phase of a Surface Mine

<u>Amendments to IC Int</u>

IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments

The adoption of the above new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int do not have any effect on the financial statements of the Group and of the Company except for those as discussed below:

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 *Consolidated and Separate Financial Statements*. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint controlled entities and associates in the separate financial statements of an investor and require the entity to account for such investments either at cost, or in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement*.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 *Consolidation-Special Purpose Entities*, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationships, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 11 Joint Arrangements and MFRS 12 Disclosure of Interests in Other Entities

Amendments to MFRS 10 clarifies that the date of initial application is the beginning of the annual reporting period for which this MFRS is applied for the first time. Consequently, an entity is not required to make adjustments to the previous accounting if the consolidation conclusion reached upon the application of MFRS 10 is the same as previous accounting or the entity had disposed of its interests in investees during a comparative period. When applying MFRS 10, these amendments also limit the requirement to present quantitative information required by Paragraph 28(f) of MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to the annual period immediately preceding the date of initial application. A similar relief is also provided in MFRS 11 and MFRS 12. Additionally, entities would no longer be required to provide disclosures for unconsolidated structure entities in periods prior to the first annual period that MFRS 12 is applied.

If, upon applying MFRS 10, an entity conclude that it shall consolidate an investee that was not previously consolidated and that control was obtained before the effective date of the revised versions of these standards issued by the Malaysian Accounting Standards Board in November 2011, these amendments also clarify that an entity can apply the earlier versions of MFRS 3 *Business Combinations* and MFRS 127.

These amendments are not expected to have any significant impact on the financial results and position of the Group.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(b) Adoption of new and revised MFRSs, amendments/improvements to MFRSs, new IC Interpretations ("IC Int") and amendments to IC Int (cont'd)

MFRS 11 Joint Arrangements

MFRS 11 supersedes the former MFRS 131 Interests in Joint Ventures. Under MFRS 11, an entity accounts for its interest in a jointly controlled entity based on the type of joint arrangement, as determined based on an assessment of its rights and obligations arising from the arrangement. There are two types of joint arrangement namely joint venture or joint operation as specified in this new standard. A joint venturer recognises its interest in the joint venture as an investment and account for its using the equity method. The proportionate consolidation method is disallowed in such joint arrangement. A joint operator accounts for the assets, liabilities, revenue and expenses related to its interest directly.

The adoption of MFRS 11 has no significant impact to the financial statements of the Group.

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result of the guidance in MFRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair values measurement of liabilities.

Application of MFRS 13 has not materially impacted the fair value measurements of the Group. MFRS 13 requires more extensive disclosures. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

MFRS 128 Investments in Associates and Joint Ventures (Revised)

MFRS 128 (Revised) incorporates the requirements for accounting for joint ventures into the same accounting standard as that for accounting for investments in associates, as the equity method was applicable for both investments in joint ventures and associates. However, the revised standard exempts the investor from applying equity accounting where the investment in the associate or joint venture is held indirectly via venture capital organisations or mutual funds, unit trusts and similar entities. In such cases, the entity shall measure the investment at fair value through profit or loss, in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement*.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 addresses disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments to MFRS 101 introduces a grouping of items presented in other comprehensive income. Items that will be reclassified to profit or loss at future point in time have to be presented separately from items that will not be reclassified.

These amendments also clarify the difference between voluntary additional comparative information and the minimum required comparative information. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The amendments clarify that the opening statement of financial position presented as a result of retrospective restatement or reclassification of items in financial statements does not have to be accompanied by comparative information in the related notes. As a result, the Group has not included comparative information in respect of the opening statement of financial position as at 1st July 2013.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(b) Adoption of new and revised MFRSs, amendments/improvements to MFRSs, new IC Interpretations ("IC Int") and amendments to IC Int (cont'd)

The amendments also introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'.

The above amendments affect presentation only and have no impact on the Group's financial position or performance.

Amendment to MFRS 116 Property, Plant and Equipment

Amendment to MFRS 116 clarifies that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

Amendment to MFRS 132 Financial Instruments: Presentation

Amendment to MFRS 132 clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with MFRS 112 Income Taxes.

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	To be announced by the MASB
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 7	Financial Instruments: Disclosures	Effective upon application of MFRS 9
MFRS 8	Operating Segments	1 July 2014
MFRS 9	Financial Instruments	To be announced by the MASB
MFRS 10	Consolidated Financial Statements	1 January 2014
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interests in Other Entities	1 January 2014
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 116	Property, Plant and Equipment	1 July 2014 and 1 January 2016

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs (cont'd)</u>		
MFRS 119	Employee Benefits	1 July 2014
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2014
MFRS 136	Impairment of Assets	1 January 2014
MFRS 138	Intangible Assets	1 July 2014 and 1 January 2016
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
MFRS 140	Investment Property	1 July 2014
<u>New ICT Int</u>		
IC Int 21	Levies	1 January 2014

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: *Mandatory Effective Date of FRS 9 and Transition Disclosures*, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of this first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will not have an impact on classification and measurement of financial liabilities. The Group will quantify the effect in conjunction with the other phase, when the final standard including all phases is issued.

MFRS 15 Revenue from Contracts with Customers

The objective of MFRS 15 is to improve the financial reporting of revenue and comparability of the financial statements among companies globally. The new Standard is expected to provide better clarity on revenue recognition especially on areas where existing requirements unintentionally created diversity in practice. It also provides new guidance for transactions that were not previously addressed comprehensively.

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

For the real estate industry, MFRS 15 is expected to enable property developers to recognise revenue progressively. For many straightforward retail transactions, the Director expects MFRS 15 to have little, if any, effect on the amount and timing of revenue recognition. For other contracts, such as long-term service contracts and multiple-element arrangements (e.g. telecommunications and automobile sectors), MFRS 15 could result in some changes either to the amounts or timing of the revenue recognised.

MFRS 15 includes new disclosures (quantitative and/or qualitative information) to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The new comprehensive disclosures are in response to investors' comments that companies present revenue in isolation which made it difficult for them to relate to the company's financial position.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 *Financial Instruments: Presentation*. It also clarifies that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, amendments to MFRS 3 clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 *Joint Arrangements*) in the financial statements of the joint arrangement itself.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements

Amendments to MFRS 10 introduces an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investment in particular subsidiaries at fair value thorough profit or loss in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement* instead of consolidating those subsidiaries in its consolidated financial statements. Consequently, new disclosure requirements related to investment entities are introduced in amendments to MFRS 12 and MFRS 127.

In addition, amendments to MFRS 127 also clarifies that if a parent is required, in accordance with paragraph 31 of MFRS 10, to measure its investment in a subsidiary at fair value through profit or loss in accordance with MFRS 139, it shall also account for its investment in that subsidiary in the same way in its separate financial statements.

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarifies that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3 Business Combinations, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses. The Amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarifies the accounting for the accumulated depreciation/amortisation when an asset is revalued. It clarifies that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and

- the accumulated depreciation/amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 116 prohibits revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

Amendments to MFRS 136 Impairment of Assets

Amendments to MFRS 136 clarifies that disclosure of the recoverable amount (based on fair value less costs of disposal) of an asset or cash generating unit is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

Amendments to MFRS 139 Financial Instruments: Recognition and Measurement

Amendments to MFRS 139 provides relief from discontinuing hedge accounting in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. As a result of the amendments, continuation of hedge accounting is permitted if as a consequence of laws or regulations, the parties to hedging instrument agree to have one or more clearing counterparties replace their original counterparty and the changes to the terms arising from the novation are consistent with the terms that would have existed if the novated derivative were originally cleared with the central counterparty.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

IC Int 21 Levies

IC Int 21 addresses the accounting for a liability to pay a government levy (other than income taxes and fine or other penalties that imposed for breaches of the legislation) if that liability is within the scope of MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*. This interpretation clarifies that an entity recognises a liability for a levy when the activity that triggers the payment of the levy, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is recognised progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specific minimum threshold is reached.

(d) Functional and presentation currency

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

(e) 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.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

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

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 other investments

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the Cash Generating Unit ("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.

(iv) 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.

(v) Impairment of non financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. When such indicators exist, recoverable amounts of the cash-generating unit are determined based on the value-in-use calculation. These calculations require the estimation of the expected future cash flows from the cash generating unit and a suitable discount rate is applied in order to calculate the present value of those cash flows.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

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

(vi) 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(m)(iii) to the financial statements. 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.

(vii) 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.

(viii) 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 recognises liabilities for expected tax payable 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.

(ix) 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.

(x) Impairment of investments in subsidiary companies

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

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

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiary companies 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 subsidiary companies.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

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

(xi) Contingent liabilities

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.

(xii) 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.

(f) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are entities, including structured entities, controlled by the Company. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investment in subsidiary companies are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debtor equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

(f) Basis of consolidation (cont'd)

(iii) 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 profit or loss and other 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.

(iv) 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.

(v) Transaction costs

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

(g) 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(o) to the financial statements.

On disposal of such investments, the difference between net disposal proceeds and their carrying amount is recognised in the profit or loss.

(h) Investment in associate companies

Associate 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 associate 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 profit or loss.

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

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

(h) Investment in associate companies (cont'd)

Equity accounting involves recording investments in associate companies initially at cost, and recognising the Group's share of its associate 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 associate company equals or exceeds its interest in the associate 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 associate company.

(i) 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.

(j) Other long term investments

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

(k) 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 profit or loss.

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 profit or loss 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 classified as an investment property is carried at fair value.

(l) 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 when 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.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

(l) Goodwill on consolidation (cont'd)

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 statements of profit or loss and other 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.

(m) 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(o) to the financial statements.

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.

(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 profit or loss.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

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

(iii) Depreciation

Depreciation is recognised in the profit or loss 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 profit or loss. On disposal of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred to distribution reserve.

(n) Leases

(i) Finance leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to profit or loss on the straight line basis over the lease period.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

(o) 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 profit or loss 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 profit or loss immediately.

(p) 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.

(q) 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.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

(r) 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.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss 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 remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses.

On the derecognition, the cummulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit and loss.

(s) 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 profit or loss.

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 profit or loss.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

(t) 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 flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(u) Financial liabilities

Borrowings, trade and other payables are classified as financial liabilities in the statements 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.

(v) Finance lease liabilities

Assets acquired by way of 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 statements 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 finance lease liabilities, when it is practical to determine; otherwise, the Group's incremental borrowing rate is used.

Finance lease liabilities 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 profit or loss 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 finance lease assets is consistent with that for depreciable property, plant and equipment which are owned.

Lease rental under operating lease is charged to the profit or loss on a straight line basis over the term of the relevant lease.

(w) 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.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

(x) Borrowing costs

Borrowing costs which are not eligible for capitalisation are recognised as an expense in the profit or loss in the period in which they are incurred.

(y) 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 profit or loss.

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 profit or loss 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:

	2014 RM	2013 RM
United States Dollar (USD)	3.1973	3.2461
100 Vietnamese Dong (VND)	0.0150	0.0153
UAE Dirhams (AED)	0.8703	0.8681
Qatari Riyal (QAR)	0.8760	0.8893

(z) 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.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

(z) Revenue recognition (cont'd)

(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 profit or loss 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.

(iv) Dividend income

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

(aa) 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 profit or loss as incurred.

(bb) 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.

3. Basis of Preparation and Significant Accounting Policies (cont'd)

(c) New MFRSs and Amendments/Improvements to MFRSs that are issued, but not yet effective and have not been early adopted (cont'd)

(bb) Income taxes (cont'd)

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 profit or loss, 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.

(cc) 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.

(dd) Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

(ee) 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.

(ff) 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.

4. Property, Plant and Equipment

Group	Plant and Machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Air conditioners and renovation RM	Total RM
Cost					
At 1 August 2013	2,702,792	1,425,395	445,855	209,658	4,783,700
Additions	-	-	570	4,990	5,560
Disposal	-	(631,300)	-	-	(631,300)
Write off	-	-	(1,581)	-	(1,581)
Foreign exchange adjustment	-	-	(148)	-	(148)
At 31 July 2014	2,702,792	794,095	444,696	214,648	4,156,231
Accumulated depreciation					
At 1 August 2013	2,686,923	1,119,071	314,675	90,202	4,210,871
Charge for the financial year	1,593	57,299	27,343	12,724	98,959
Disposal	-	(567,868)	-	-	(567,868)
Writen off	-	-	(1,186)	-	(1,186)
Foreign exchange adjustment	-	-	(105)	-	(105)
At 31 July 2014	2,688,516	608,502	340,727	102,926	3,740,671
Carrying amount					
At 31 July 2014	14,276	185,593	103,969	111,722	415,560

Group	Plant and machinery RM	Buildings RM	Motor vehicles RM	Furniture, fittings and equipment RM	Air conditioners and renovation RM	Total RM
Cost						
At 1 August 2012	2,722,511	12,780	1,434,226	995,036	244,400	5,408,953
Additions	-	-	-	7,498	-	7,498
Disposals	(19,719)	(12,780)	-	(518,452)	-	(550,951)
Foreign exchange adjustment	-	-	(8,831)	(38,227)	(34,742)	(81,800)
At 31 July 2013	2,702,792	-	1,425,395	445,855	209,658	4,783,700
Accumulated depreciation						
At 1 August 2012	2,565,637	12,780	1,047,389	832,881	99,828	4,558,515
Charge for the financial year	164,693	-	77,864	34,973	13,640	291,170
Disposals	(19,719)	(12,780)	-	(501,076)	-	(533,575)
Foreign exchange adjustment	(23,688)	-	(6,182)	(52,103)	(23,266)	(105,239)
At 31 July 2013	2,686,923	-	1,119,071	314,675	90,202	4,210,871
Carrying amount						
At 31 July 2013	15,869	-	306,324	131,180	119,456	572,829

4. Property, Plant and Equipment (Cont'd)

(a) Motor vehicles with carrying amount of RM43,688 (2013: RM54,609) 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 RM156,465 (2013: RM195,580) acquired under finance lease liabilities arrangement.

5. Investment Properties

	Group	
	2014 RM	2013 RM
At fair value		
Long term leasehold land and buildings		
At beginning/end of year	402,954	402,954

(a) The investment properties of the Group of RM402,954 (2013: RM402,954) have been pledged to a licensed bank to secure the banking facility as disclosed in Note 21 to the financial statements.

(b) The investment properties were revalued by the Directors on 6 June 2013, based on independent professional valuations on the open market value basis.

(c) Fair value of investment properties are categorised as follows:

		Group 2014	
	Level 1 RM	Level 2 RM	Level 3 RM
Investment properties	-	-	402,954

Policy on Transfer between Levels

The fair value on an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 Fair Value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical properties that the entity can access at the measurement date.

Level 2 Fair Value

Level 2 fair value is estimate using inputs other than quoted prices included within Level 1 that are observable for the property, either directly o indirectly.

Level 2 fair value of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

There were no transfer between Level 1 and Level 2 fair values during the financial year.

Level 3 Fair Value

Level 3 fair value is estimated using unobservable inputs for the investment property.

6. Investment in Subsidiary Companies

(a) Investment in subsidiary companies

	Company 2014 RM	Company 2013 RM
Unquoted shares, at cost	67,754,705	67,754,703
Less: Accumulated impairment losses	(42,178,619)	(42,178,619)
	25,576,086	25,576,084

(b) Details of the subsidiary companies are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest 2014 %	Effective ownership and voting interest 2013 %	Principal activities
Direct holding:				
LFE Engineering Sdn Bhd	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	100	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	100	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.

6. Investment in Subsidiary Companies (Cont'd)

(b) Details of the subsidiary companies are as follows (cont'd):

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest 2014 %	2013 %	Principal activities
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 consultancy services for design, implementation and contracting of mechanical and electrical engineering services.

* Not audited by Morison Anuarul Azizan Chew.

** Not required to be audited in its country of incorporation.

(c) On 10 July 2014, the Company has acquired the remaining 49,000 ordinary shares of RM1.00 each representing 49% of the entire issued and paid-up ordinary share in Lynex Construction Sdn. Bhd. with purchase consideration of RM2. Subsequently, Lynex Construction Sdn. Bhd. became wholly-owned subsidiary of the Company.

7. Investment in Associate Companies

(a) Investment in associate companies

	Group 2014 RM	Group 2013 RM	Company 2014 RM	Company 2013 RM
Unquoted shares at cost	119,840	119,840	25,500	25,500
Share of post acquisition profit of associate Companies	13,733	21,256	-	-
	133,573	141,096	25,500	25,500

7. Investment in Associate Companies

(b) Details of the associate companies are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective ownership and voting interest 2014 %	Effective ownership and voting interest 2013 %	Principal activities
Direct holding:				
Mediaforte Holdings Sdn Bhd ("MHSB")	Malaysia	25.5	25.5	Investment holding.
Indirect holding:				
LFE Engineering (Qatar) W.L.L*	Qatar	49	49	Provision of mechanical and electrical works and general building contracting.

* Not audited by Morison Anuarul Azizan Chew.

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

	2014 RM	2013 RM
Assets and liabilities:		
Total assets	20,280,563	22,914,665
Total liabilities	22,197,358	24,653,523
Results:		
Revenue	5,579,901	5,951,003
Loss for the year	(39,497)	(17,258)
Share of results	(7,523)	(11,309)

8. Other Long Term Investments

Held-to maturity investments	Group 2014 RM	Group 2013 RM
Non-current		
Unquoted subordinated bonds, at cost	3,500,000	3,500,000
Less: Accumulated impairment losses	(3,500,000)	(3,500,000)
	-	-

9. Investments in Jointly Controlled Operations

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

Name of jointly controlled operations	Principal place of business/ Country of incorporation	Effective ownership and voting interest 2014 %	2013 %	Principal activities
IJM Construction Sdn. Bhd. - Sunway Builders Sdn. Bhd. - Zelan Holdings (M) Sdn. Bhd. - LFE Engineering Sdn. Bhd. 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 Construction Sdn. Bhd. (Abu Dhabi Branch) - LFE Engineering Sdn. Bhd. (Abu Dhabi Branch) Joint Venture ("IJM-LFE")*	Abu Dhabi, United Arab Emirates	30	30	Execution and completion of Zone E2 Hotel Development, Phase 1, Plot 1, Al Reem Island

* Not audited by Morison Anuarul Azizan Chew.

(b) The summarised financial information of the jointly controlled operations are as follows:

	Group 2014 RM	2013 RM
Assets and liabilities:		
Current assets	70,837,207	73,330,677
Non-current assets	1,891	4,015
Total assets	70,839,098	73,334,692
Total liabilities	48,032,397	49,701,690
Results:		
Revenue	-	13,067,255
Expenses	430,288	3,313,989
(Loss)/Profit for the year	(430,288)	8,365,620

10. Inventories

	Group 2014 RM	2013 RM
Consumables, at cost	-	31,098

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

	Group 2014 RM	Group 2013 RM
Contract costs incurred to date	81,805,560	94,473,831
Add: Attributable profits	11,009,226	12,323,250
	92,814,786	106,797,081
Less: Progress billings including retention sum	(89,843,167)	(103,596,323)
	2,971,619	3,200,759
Less: Impairment loss	(369,439)	(375,734)
	2,602,180	2,825,025
Represented by:		
Amount owing by customers on contracts	7,226,153	7,509,323
Amount owing to customers on contracts	(4,623,973)	(4,684,298)

12. Trade Receivables

	Group 2014 RM	Group 2013 RM
Trade receivables	90,842,447	90,759,267
Retention sum receivables	12,057,238	14,074,718
	102,899,685	104,833,986
Less: Accumulated impairment loss	(9,865,434)	(10,157,428)
	93,034,251	94,676,557

The Group's normal trade credit terms range from 60 to 90 days (2013: 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 2014 RM	Group 2013 RM
Neither past due nor impaired	5,064,265	5,271,702
1 - 90 days past due but not impaired	5,983,275	9,002,234
91 - 180 days past due but not impaired	4,370,104	6,382,459
More than 1 year past due but not impaired	77,616,607	74,020,163
	87,969,986	89,404,856
Impaired	9,865,434	10,157,428
	102,899,685	104,833,986

12. Trade Receivables (Cont'd)

Ageing analysis of trade receivables (cont'd)

	Group 2014 RM	2013 RM
Individually impaired		
Nominal amounts	9,865,434	10,157,428
Less: Allowance for impairment loss	(9,865,434)	(10,157,428)
	-	-
Allowance for impairment loss:		
At 1 August	10,157,428	9,829,300
Allowance written back	-	(918,295)
Allowance written off	(291,994)	-
Additions	-	1,246,423
At 31 July	9,865,434	10,157,428

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.

The Group has significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables by one major customer, Tamouh Investments LLC ("Tamouh"), a company incorporated in United Arab Emirates amounting to RM67,970,084 (2013: RM70,408,163) which accounts for 66% (2013: 67%) of the total trade receivables of the Group.

The Group's trade receivables of RM87,969,986 (2013: RM89,404,856) 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.

Included in trade receivables of RM87,969,986 (2013: RM89,404,856) that are past due at the reporting date but not impaired is an amount due from Tamouh, the developer for the Zone C Towers, Zone E1 Mall and Zone E2 Hotel and Apartment, Plot One, Marina Square projects in Al Reem Island, Abu Dhabi, United Arab Emirates amounting to RM67,970,084 (2013: RM70,408,163). The Zone C Towers and Zone E1 Mall projects were awarded to ISZL Consortium ("ISZL") whereas the Zone E2 Hotel and Apartment project was awarded to IJM-LFE Joint Venture ("IJM-LFE"). The Zone C Towers project has been completed and a final certificate has been issued. However, the Zone E1 Mall and Zone E2 Hotel and Apartment projects have been suspended.

On 23 April 2014, Tamouh has signed 3 settlement agreements with ISZL and IJM-LFE for Zone C Towers, Zone E1-Mall and Zone E2 Hotel and Apartment on the following terms:

(a) Zone C Towers

(i) The settlement sum comprises:

	AED
i. Principal Sum	105,010,000
ii. Retention Sum	33,250,000
iii. Stakeholder Sum	10,000,000
	148,260,000

12. Trade Receivables (Cont'd)

(a) Zone C Towers (cont'd)

(ii) In respect of Principal Sum, by sales proceeds of 6 floors of office building in Zone C Towers together with a total of 60 car parking spaces ("Property A") by Tamouh to ISZL. The price of transfer of the Property A is AED110,432,300 and the excess sum of AED5,422,300 shall be settled by setting off the Retention Sum. Tamouh shall assist ISZL to identify purchasers for the Property A and notify ISZL of the purchaser and proposed sales price for Property A. The proceeds of any sales shall be paid to ISZL and Tamouh shall not be entitled to a fee in respect of the sales.

(iii) In respect of Retention Sum and Stakeholder Sum, Tamouh shall pay AED3,000,000 to ISZL on 23 April 2014. The remaining sum is to be settled by Tamouh subject to fulfillment of terms and condition imposed on rectification works.

(iv) ISZL shall commence rectification works on all defects with the aim of completing the same on or before 31 December 2014. Tamouh shall obtain Performance Certificate ("PC") once ISZL completed all rectification works.

(b) Zone E1 Mall

The settlement sum comprises sales proceeds of a vacant plot of land numbered RT4-C11b on Al Reem Island, Abu Dhabi ("Plot A") with a contractual price agreed at AED62,142,090 which is calculated at AED230 per square feet for an allocated plot of 270,183 square feet. Tamouh shall assist ISZL to identify purchaser for the Plot A and notify ISZL of the purchaser and proposed sales price for Plot A. The proceeds of any sales shall be paid to ISZL and Tamouh shall not be entitled to a fee in respect of the sales.

(c) Zone E2 Hotel and Apartment

The settlement sum comprises an initial sum of RM2,000,000 to be paid by Tamouh to IJM-LFE on or before 24 April 2014 and sales proceeds of a vacant plot of land numbered RT4-C12 on Al Reem Island, Abu Dhabi ("Plot B") with a contractual price agreed at AED87,490,000 which is calculated at AED230 per square feet for an allocated plot of 380,391 square feet. Tamouh shall assist IJM-LFE to identify purchaser for the Plot B and notify IJM-LFE of the purchaser and proposed sales price for Plot B. The proceeds of any sales shall be paid to IJM-LFE and Tamouh shall not be entitled to a fee in respect of the sales.

Currently, Tamouh is in the process of finalising "Musataha" Contracts which allow the ISZL and IJM-LFE JV to have the right of exclusive possession, development, use and enjoyment of the land and building identified as plot RTC-C11b for Zone E1 and RTC-C12 for Zone E2 respectively.

In summary, the Group is entitled to the receipt of the following settlement sums:

			AED	Exchange to RM
i. Zone C Towers	ISZL	25%	37,065,000	32,258,486
ii. Zone E1 Mall	ISZL	25%	15,535,523	13,520,907
iii. Zone E2 Hotel and Apartment	IJM-LFE	30%	26,847,000	23,365,535
			*79,447,523	*69,144,928

*Based on maximum entitlement scenario.

12. Trade Receivables (Cont'd)

As at the date of this report, Tamouh has paid to ISZL and IJM-LFE as follows:

		AED
i. Zone C Towers	ISZL	3,000,000
ii. Zone E2 Hotel and Apartment	IJM-LFE	2,000,000
		5,000,000

13. Other Receivables

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Other receivables	7,721,300	7,380,156	1,450,224	1,450,224
Less: Accumulated impairment loss	(3,891,514)	(3,970,502)	(1,405,224)	(1,405,224)
	3,829,786	3,409,654	45,000	45,000
Deposits	309,224	196,694	-	-
Prepayments	29,922	158,593	-	-
	4,168,932	3,764,941	45,000	45,000

<u>The other receivables that are impaired</u>

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
<u>Allowance for impairment loss</u>				
At 1 August	3,970,502	4,023,236	1,405,224	1,405,224
Reversal	-	(52,734)	-	-
Write off	(78,988)	-	-	-
At 31 July	3,891,514	3,970,502	1,405,224	1,405,224

Included in other receivables of the Group are margin deposits with bank for issuance of labour guarantees amounting to RM40,477 (2013: RM216,872).

14. Amount Owing by/(to) Subsidiary Companies

The amount owing by/(to) subsidiary companies are unsecured, interest free and repayable on demand.

15. Amount Owing by/(to) Associate Companies

The amount owing by/(to) associate companies are unsecured, interest free and repayable on demand.

16. Amount Owing by A Former Director

	Group 2014 RM	Group 2013 RM
Amount owing by a former Director	26,506,700	26,506,700
Less: Accumulated impairment loss	(26,506,700)	(26,506,700)
	-	-

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 profit guarantee obligations on the computer products trading activities carried out by a subsidiary company, 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 former Directors of the Company to recover the amount owing in accordance with terms of the undertakings and pledge are ongoing.

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 in the financial year ended 31 July 2012.

17. Fixed Deposits Placed with Licensed Banks

	Group 2014 RM	Group 2013 RM
Fixed deposits pledged to licensed banks as collateral to secure:		
- bank guarantee and banking facilities as disclosed in Note 21 to the financial statements	9,069	899,699
- bank guarantee for performance bond	331,952	322,329
	341,021	1,222,028

18. Share Capital

	Group/Company Number of ordinary shares 2014	Group/Company Number of ordinary shares 2013	Amount 2014 RM	Amount 2013 RM
Authorised				
Ordinary shares of RM1 each:				
At beginning/end of Year	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	84,900,002	84,900,002	84,900,002	84,900,002

19. Reserves

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Share premium	5,218,125	5,218,125	5,218,125	5,218,125
Foreign exchange translation reserves	(872,583)	(386,669)	-	-
Accumulated losses	(78,418,076)	(78,616,357)	(46,806,772)	(46,391,789)
	(74,072,534)	(73,784,901)	(41,588,647)	(41,173,664)

20. Finance Lease Liabilities

	Group	
	2014 RM	2013 RM
(a) Future minimum finance lease liabilities payments		
- Not later than one year	59,262	85,860
- Later than one year but not later than 5 years	-	59,262
	59,262	145,122
Future finance charges	(6,006)	(14,475)
Present value of finance lease liabilities	53,256	130,647
(b) Present value of finance lease liabilities		
Current		
- Not later than one year	53,256	77,391
Non-current		
- Later than one year but not later than 5 years	-	53,256
	53,256	130,647
Analysed as:		
Repayable within twelve months	53,256	77,391
Repayable after twelve months	-	53,256
	53,256	130,647

The effective interest rates of the Group are between 2.4% and 3.0% (2013: 2.4% and 3.0%) per annum.

The finance lease liabilities are effectively secured on the rights of the assets under finance lease arrangement.

21. Bank Borrowings

	Group 2014 RM	Group 2013 RM
Secured		
Bank overdrafts	1,391,726	1,992,871
Revolving credits	2,799,294	3,326,399
	4,191,020	5,319,270
Unsecured		
Bank overdrafts	833,110	882,152
Term loans	11,881,116	14,300,238
	12,714,226	15,182,390
Total bank borrowings	16,905,246	20,501,660

	Group 2014 RM	Group 2013 RM
Analysed as follows:		
Current liabilities		
Bank overdrafts	2,224,836	2,875,023
Revolving credits	518,290	323,932
Term loans		
- Floating	8,326,557	10,282,811
	11,069,683	13,481,766
Non-current liabilities		
Revolving credits	2,281,004	3,002,467
Term loans		
- Floating	3,554,559	4,017,427
	5,835,563	7,019,894
Total bank borrowings	16,905,246	20,501,660

Maturity of borrowings is as follows:

	Group 2014 RM	Group 2013 RM
Within one year	11,069,683	13,481,766
Later than one year but not later than five years	5,835,563	7,019,894
	16,905,246	20,501,660

21. Bank Borrowings (Cont'd)

The weighted average effective interest rate is as follows:

	Group	
	2014	2013
	%	%
Bank overdrafts	7.6%	7.6%
Term loans	7.6%	7.6%
Revolving credits	7.6%	7.6%

Secured borrowings are secured by way of:

		Group	
		2014	2013
	Note	RM	RM
Investment properties	5	402,954	402,954
Fixed deposits placed with licensed banks	17	-	899,699

Certain short term borrowings are also secured by way of:

(i) Corporate guarantee by the Group;
(ii) Joint and several guarantees by a current and a former Directors of the Group;
(iii) Fixed charge over the project accounts for the proceeds of designated contract/project; and
(iv) Deed of assignment of assets belonging to the Group to financial institutions and irrevocable instructions to the Bilateral Lenders for the repatriation of the Group's portion of profits or security money relating to its overseas joint venture projects.

Included in unsecured term loans of the Group is an outstanding principal amount of RM7,653,432 (2013 RM7,653,432) 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 ("PCLO"). 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 loans.

On 29 July 2011, the Group further entered into a new settlement agreement ("SA") for the PCLO with Kerisma and Malaysian Trustees Berhad ("MTB"). The SA entailed that Kerisma and MTB as trustees and issuers respectively agreed to accept a sum of RM8,477,575 as the 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, the Group had recognised RM15,744,069 as waiver of the PCLO in the financial year ended 31 July 2011.

In the previous financial years, the Group has paid an amount of RM824,143 of the above mentioned settlement amount. However, the repayments were not in accordance with the SA. In addition, the Group has applied to Corporate Debt Restructuring Committee ("CDRC") for a restructuring scheme to mediate the outstanding loans amounting to RM9,251,814 (2013: RM10,639,552) from the financial lenders besides the trustees and issuers.

On 28 February 2013, the Group has entered into a Debt Restructuring Agreement ("DRA") with the aforesaid financial lenders, trustees and issuers ("scheme creditors") relating to the outstanding loans amounting for RM16,905,246 (2013: RM18,292,948). This DRA was signed on 28 February 2013. A supplemental DRA was signed on 17 June 2014 with the scheme creditors and the Group as amendment to the terms and conditions of the DRA signed on 28 February 2013.

22. Deferred Tax Liabilities

	Group	
	2014 RM	2013 RM
At 1 August	10,200	6,500
Recognised in profit or loss	4,600	3,700
At 31 July	14,800	10,200

Represented after appropriate offsetting as follows:

	Group	
	2014 RM	2013 RM
Deferred tax liabilities	14,800	10,200

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 liabilities of the Group:

	Accelerated capital allowances	
	2014 RM	2013 RM
At 1 August	10,200	48,078
Recognised in profit or loss	4,600	(37,878)
At 31 July	14,800	10,200

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

	2014 RM	2013 RM
Unused tax losses	41,771,998	46,938,362
Unabsorbed capital allowances	-	4,170
Accelerated capital allowances	-	(102,707)
	41,771,998	46,839,825

23. Trade Payables

	Group	
	2014	2013
	RM	RM
Trade payables	36,946,814	39,457,093
Retention sums payables	6,383,406	6,932,964
	43,330,220	46,390,057

The normal trade credit term granted to the Group is 60 days (2013: 60 days).

24. Other Payables

	Group		Company	
	2014	2013	2014	2013
	RM	RM	RM	RM
Other payables	35,515,805	28,509,003	295,388	369,500
Accruals	4,022,714	3,886,336	400,784	346,110
	39,538,519	32,395,339	696,172	715,610

Included in other payables of the Group is advances received from customers of RM1,909,360 (2013: Nil).

25. Amount Owing to Directors

The amount owing to Directors are unsecured, interest free and repayable on demand.

26. Revenue

This represent income from construction contracts recognised on percentage of completion method.

27. Finance Costs

	Group	
	2014	2013
	RM	RM
Interest expense on:		
Term loans	975,214	1,286,273
Bank overdrafts	192,331	237,384
Revolving credits	41,147	103,172
Finance lease liabilities	8,469	8,469
Jointly controlled operation	1,670,424	1,490,842
	2,887,585	3,126,140

28. Profit/(Loss) Before Taxation

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

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Auditors' remuneration	136,938	160,316	30,000	30,000
Impairment loss on trade receivables	-	1,246,423	-	-
Bad debts written off				
- non trade	-	79,491	-	-
Depreciation of property, plant and equipment				
- recognised in profit or loss	98,959	121,149	-	-
- recognised in contract costs	-	170,021	-	-
Realised loss on foreign exchange	32,884	42,224	-	-
Rental of premises	122,160	159,138	-	-
Rental of plant and machinery recognised in contract cost	518,450	4,800	-	-
Rental of equipment				
- recognised in profit or loss	12,840	12,840	-	-
- recognised in contract costs	2,846	11,060	-	-
Property, plant and equipment written off	395	-	-	-
Inventories written off	25,838	-	-	-
Directors' remuneration				
- fees	48,000	48,000	48,000	48,000
- other	526,512	612,312	-	-
Fair value adjustment on:				
- trade receivables	(168,521)	(32,556)	-	-
- trade payables	847	(22,921)	-	-
Gain on disposal of property, plant and equipment	(22,068)	-	-	-
Waiver of debts	(4,147)	-	-	-
Interest income	(20,742)	(32,636)	-	-
Impairment for trade receivables written back	-	(918,295)	-	-
Bad debt recovered	(250,000)	-	-	-

29. Taxation

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Malaysian income tax				
Income tax:				
- Current year	86,000	480,900	-	-
- Under/(Over) provision in prior years	71,882	(16,000)	-	-
	157,882	464,900	-	-
Deferred tax:				
- Current year	4,600	16,852	-	-
- Over provision in prior years	-	(13,152)	-	-
	4,600	3,700	-	-
Real property gain tax	(8,100)	668	-	-
Tax expense for the financial year	154,382	469,268	-	-

29. Taxation (Cont'd)

Income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit/(loss) for the financial year. The statutory tax rate will be reduced to 24% from the current year rate at 25% effective year of assessment 2016.

A reconciliation of income tax expense applicable to profit/(loss) 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		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Profit/(Loss) before taxation	352,663	13,904,423	(414,983)	(210,587)
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	88,166	3,476,106	(103,746)	(52,647)
Expenses not deductible for tax purposes	503,508	387,189	166,606	52,647
Income not subject to tax	(134,609)	(3,023,235)	(62,860)	-
Deferred tax assets not recognised during the year	-	77,732	-	-
Utilisation of previously unrecognised tax losses and capital allowances	(366,466)	(420,040)	-	-
Under/(Over) provision of current taxation in respect of prior years	71,883	(16,000)	-	-
Over provision of deferred taxation in respect of prior years	-	(13,152)	-	-
Real property gain tax	(8,100)	668	-	-
Tax expense for the financial year	154,382	469,268	-	-

30. Basic Earnings Per Share

(a) Basic

Basic earnings per share is calculated by dividing the consolidated profit after taxation for the financial year attributable to owners of the Company by the weighted average number of ordinary shares issued during the financial year.

(b) Diluted

The diluted earnings per share is equal to basic earnings per share as the Company does not have any potential dilutive ordinary shares as at financial year end.

	Group	
	2014 RM	2013 RM
Net profit for the financial year attributable to owners of the Company	198,281	13,435,155
Weighted average number of ordinary shares in issue	84,900,002	84,900,002
Basic earnings per share (sen)	0.23	15.82

31. Key Management Personnel

The key management personnel compensation is as follows:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Short-term employee benefits				
- Fees	48,000	48,000	48,000	48,000
- Salaries and other emoluments	929,620	889,000	22,000	19,000
	977,620	937,000	70,000	67,000
Post employment benefits				
- Defined contribution plan	100,800	86,400	-	-
	1,078,420	1,023,400	70,000	67,000

Key management personnel comprise of the 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.

32. Staff Costs

	Group	
	2014 RM	2013 RM
Staff costs (excluding Directors)	1,847,825	2,090,751
Less: Staff costs recognised in contract costs	(709,607)	(1,050,609)
	1,138,218	1,040,142

Included in the staff costs above are contributions made to Employees Provident Fund under a defined contribution plan for the Group amounting to RM117,978 (2013: RM118,701).

33. 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:

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Human resources and accounting service fee income from an associate company				
- LFE Engineering Qatar W.L.L	213,583	203,675	-	-
Interest expense with a jointly controlled operation				
- ISZL	270,712	259,194	-	-

34. Financial Guarantees

	Group		Company	
	2014 RM	2013 RM	2014 RM	2013 RM
Guarantees given to financial institutions for credit facilities granted to subsidiary companies and an associate companies	-	-	18,782,881	67,151,160
Guarantees given to financial institutions for credit facilities granted to a jointly control operation	-	-	-	30,174,000
Guarantees issued by a subsidiary company to a third party for a contract awarded	-	-	-	-
Performance bonds issued by company to clients in respect of due performance of contracts awarded to subsidiary companies	916,785	916,785	-	627,900
	916,785	916,785	18,782,881	97,953,060

35. 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 specialized electrical and mechanical engineering services and maintenances works
Construction	: Design and build, civil and structural, equipment, procurement and construction 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 profit/(loss) 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.

35. Segment Information – Group (Cont'd)

2014	Electrical and Mechanical Engineering RM	Technology Products RM	Investment RM	Eliminations RM	Total RM
Revenue					
Total Revenue	32,088,775	-	-	-	32,088,775
Results					
Segment profit/(loss)	3,642,380	(2,743)	(421,801)	9,182	3,227,018
Interest income					20,753
Share of results of associate companies					(7,523)
Profit from operations					3,240,248
Finance costs					(2,887,585)
Profit before tax					352,663
Income tax expense					(154,382)
Profit after tax					198,281
Assets/Liabilities					
Segment assets	121,918,117	11,551	48,142,026	(54,684,862)	115,386,832
Segment liabilities	114,111,931	15,995,132	3,340,521	(28,888,221)	104,559,363
2013					
Revenue					
Total Revenue	72,528,301	-	-	-	72,528,301
Results					
Segment profit/(loss)	15,596,790	1,616,350	(217,778)	13,875	17,009,237
Interest income					32,636
Share of results of associate companies					(11,310)
Profit from operations					17,030,563
Finance costs					(3,126,140)
Profit before tax					13,904,423
Income tax expense					(469,268)
Profit after tax					13,435,155
Assets/Liabilities					
Segment assets	120,595,777	24,418	48,044,177	(52,862,821)	115,801,551
Segment liabilities	113,011,537	16,007,208	2,820,872	(27,153,167)	104,686,450

35. Segment Information – Group (Cont'd)

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

(b) Geographical segments

2014	Malaysia RM	United Arab Emirates RM	Socialist Republic of Vietnam RM	Elimination RM	Total RM
Revenue	32,088,775	-	-	-	32,088,775
Assets	93,300,679	70,839,099	5,931,916	(54,684,862)	115,386,832
Capital expenditure	5,560	-	-	-	5,560
2013					
Revenue	59,435,232	13,067,255	25,814	-	72,528,301
Assets	89,291,328	73,334,692	6,038,352	(52,862,821)	115,801,551
Capital expenditure	7,498	-	-	-	7,498

(c) Major Customers

The revenue from three major customers amounting to RM23,706,235 (2013: RM47,649,026) represents 74% (2013: 66%) of the Group's total revenue.

36. 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.

36. Financial Instruments (Cont'd)

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

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	United States Dollar ("USD") RM	Total RM
Group					
2014					
Amount owing by subsidiary companies					
Ringgit Malaysia	785,054	-	-	15,837,061	16,622,115
Amount owing by associate companies					
Ringgit Malaysia	-	-	5,240,800	-	5,240,800
Trade receivables					
Ringgit Malaysia	-	67,970,084	-	-	67,970,084
Trade payables					
Ringgit Malaysia	-	19,208,036	-	-	19,208,036
2013					
Amount owing by subsidiary companies					
Ringgit Malaysia	687,222	-	-	15,846,726	16,533,948
Amount owing by associate companies					
Ringgit Malaysia	-	-	5,353,362	-	5,353,362
Trade receivables					
Ringgit Malaysia	-	70,408,163	-	-	70,408,163
Trade payables					
Ringgit Malaysia	-	21,682,957	-	-	21,682,957

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

36. Financial Instruments (Cont'd)

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

Currency risk sensitivity analysis

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

Group

	2014 Profit/(Loss) net of tax RM
AED/RM – strengthening/weakening 5%	2,438,103
QAR/RM – strengthening/weakening 5%	262,040
VND/RM – strengthening/weakening 5%	39,253
USD/RM - strengthening/weakening 5%	791,853
	3,531,249

(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	
	2014 RM	**2013 RM**
Floating rate instrument		
Revolving credit	2,281,004	3,002,467
Term loan	3,554,559	4,017,427

36. Financial Instruments (Cont'd)

(c) Interest rate risk (cont'd)

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/(loss) net of tax by the amounts shown below, assuming all other variables remain constant.

Group	2014 Profit/(Loss) net of tax 100bp Increase	2013 Profit/(Loss) net of tax 100bp Increase
Floating rate instrument:-		
Revolving credit	17,108	22,519
Term Loan	26,659	30,131

(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 as disclosed in Note 12 to the financial statements. 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.

36. Financial Instruments (Cont'd)

(e) Liquidity and cash flow risk (cont'd)

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.

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Below 1 year RM	Between 2 and 5 years RM
Group					
2014					
Trade payables	43,330,220	-	43,330,220	43,330,220	-
Other payables	35,515,805	-	35,515,805	35,515,805	-
Finance lease liabilities	53,256	2.40 - 3.00	59,262	59,262	-
Bank borrowings					
Bank overdraft	2,224,836	7.60	2,224,836	2,224,836	-
Revolving credit	2,799,294	7.60	2,799,294	518,290	2,281,004
Term loans	11,881,116	7.60	11,881,116	8,326,557	3,554,559
	95,804,527		95,810,533	89,974,970	5,835,563
2013					
Trade payables	46,390,057	-	46,390,057	46,390,057	-
Other payables	28,509,003	-	28,509,003	28,509,003	-
Finance lease liabilities	130,647	2.40 - 3.00	145,122	85,860	59,262
Bank borrowing					
Bank overdraft	2,875,023	7.60	2,875,023	2,875,023	-
Revolving credit	3,326,399	7.60	3,326,399	323,932	3,002,467
Term loans	14,300,238	7.60	14,300,238	10,282,811	4,017,427
	95,531,367		95,545,842	88,466,686	7,079,156

(f) Fair values

The aggregate fair values of the other financial liabilities as at 31 July 2014 are as follows:

	2014		2013	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair Value RM
Group				
Financial liabilities				
Finance lease liabilities	-	-	53,256	50,725

(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 statements of financial position is a reasonable approximate of fair value due to it being a floating rate instrument that is re-priced to market interest rate on or near the reporting date.

36. Financial Instruments (Cont'd)

(f) Fair values (cont'd)

(iii) The fair value of long term finance lease liabilities carried on the statements 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 statements 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

The fair value of long term Finance lease liabilities carried on the statements of financial position are estimated using valuation technique under the hierarchy level 2 mentioned above whereby the expected future cash flows are discounted at the market interest rate for similar types of borrowings.

37. Significant and Subsequent Events

(a) On 28 February 2013, the Company entered into a Debt Restructuring Agreement ("DRA") with scheme creditors to restructure their bank borrowings. This DRA was signed on 28 February 2013.

On 23 September 2013, the Company submitted an application to Bursa Securities to seek approval for an extension of time of up to three months from the date of the original submission timeline to submit their regularisation plan to regularise the Group's financial condition and business operations.

On 18 October 2013, Bursa Securities granted the Company an extension of time up to 30 December 2013 to submit a regularisation plan to the regulatory authorities.

On 4 April 2014, Bursa Securities granted the Company second extension of time up to 30 June 2014 to submit a regularisation plan to the regulatory authorities.

On 10 July 2014, Bursa Securities granted the Company third extension of time up to 31 July 2014 to submit a regularisation plan to the regulatory authorities.

On 25 July 2014, the Company has submitted a Proposed Regularisation Plan ("PRP") to Bursa Securities for approval. The details of PRP is as follows:

(i) Proposed capital reduction of the issued and paid-up share capital of the Company pursuant to Section 64(1) of the Companies Act, 1965 in Malaysia involving the cancellation of RM0.70 of the par value of every existing ordinary share of RM1.00 each in the Company;

37. Significant and Subsequent Events (Cont'd)

(a) On 28 February 2013, the Company entered into a Debt Restructuring Agreement ("DRA") with scheme creditors to restructure their bank borrowings. This DRA was signed on 28 February 2013 (cont'd).

(ii) Proposed reduction of share premium account of the Company of RM5,218,125 based on the audited financial statements of the Company for the financial period ended 28 February 2014 pursuant to Section 60(2) and 64(1) of the Companies Act, 1965 in Malaysia;

(iii) Proposed renounceable rights issue of up to 42,450,001 new ordinary shares of RM0.30 each on the basis of one (1) Rights Share for every two (2) of the Company's ordinary shares of RM0.30 each held after the completion of the Proposed Capital Reduction and Proposed Share Premium Reduction, on an entitlement date to be determined later;

(iv) Proposed private placement of up to 66,666,667 new ordinary shares of RM0.30 each in the Company to be subscribed by strategic investors at an issue price of RM0.30 per Placement Share;

(v) Proposed part settlement of debt owing to the Scheme Creditors; and

(vi) Proposed amendments to the relevant clauses of the Memorandum and Articles of Association of the Company and the cancellation in its existing authorised share capital to facilitate the change in par value of the existing ordinary share from RM1.00 each to RM0.30 each.

As at the date of this report, the PRP is being reviewed by Bursa Securities and their approval is pending.

38. 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 Company. The Group's policy is to keep the gearing ratio within reasonable levels.

	Group	
	2014 RM	**2013 RM**
Bank borrowings	16,905,246	20,501,660
Finance lease liabilities	53,256	130,647
Cash and cash equivalents	(3,179,826)	(1,217,550)
Net borrowings	13,778,676	19,414,757
Equity attributable to owners of the Company	10,827,468	11,115,101
Gearing ratio	1.27	1.75

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

39. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 July 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 13 November 2014.

Realised and Unrealised Profits/Losses (Supplementary Information)

The breakdown of the accumulated losses of the Group and of the Company as of 31 July 2014 into realised and unrealised profit, pursuant to paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirement are as follows:

	Group RM	Company RM
2014		
Total accumulated losses of the company and its subsidiary companies:		
Realised losses	(78,241,394)	(46,806,772)
Unrealised losses	(14,800)	-
	(78,256,194)	(46,806,772)
Total accumulated losses of the associate companies:		
Realised profit	(161,882)	-
	(78,418,076)	(46,806,772)
2013		
Total accumulated losses of the company and its subsidiary companies:		
Realised losses	(78,451,798)	(46,391,789)
Unrealised losses	(10,200)	-
	(78,461,998)	(46,391,789)
Total accumulated losses of the associate companies:		
Realised losses	(154,359)	-
	(78,616,357)	(46,391,789)

The determination of realised and unrealised profits/losses is based on Guidance on Special Matter No.1, "Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements" as issued by the Malaysian Institute of Accountants on 20 December 2010.

List of Properties
as at 31 July 2014

Title / Location	Description / existing use	Tenure	Total land area	Built-up area	Age of building/ land (years)	NBV as at 31.07.2014 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.	14	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.	12	265,471	17.06.2002

Analysis of Shareholdings
as at 25 November 2014

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	:	1,058

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No of Shareholders	%	Shareholdings	%
Less than 100	10	0.95	350	0.00
100 – 1,000	323	30.53	185,500	0.22
1,001 - 10,000	312	29.49	1,723,000	2.03
10,001 to less than 5% of issued share capital	324	30.62	13,182,300	15.53
5% and above of issued share capital	89	8.41	69,808,852	82.22
Total	1,058	100.00	84,900,002	100.00

Substantial Shareholders
As per the Register of Substantial Shareholders

	Shareholdings			
Name	Direct	%	Indirect	%
Liew Kiam Woon	4,133,843	4.87	4,605,562*	5.42
Alan Rajendram A/L Jeya Rejendram	6,534,000	7.70	-	-
Liew Teow Woon	6,120,021	7.21	4,605,562*	5.42
Liew Meow Nyean Realty Sdn Bhd	4,605,562	5.42	-	-
Liew Chee Woon	4,700,108	5.54	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

	Shareholdings			
Name	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 Berhad	4,605,562	5.42
4.	Liew Kiam Woon	4,133,843	4.87
5.	EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Alan Rajendram A/L Jeya Rajendram	4,000,000	4.71
6.	Lee Boon Kian	4,000,000	4.71
7.	Mohd Zulkiflee Bin Shafie	3,023,700	3.56
8.	Shapadu Capital Sdn Bhd	2,451,500	2.89
9.	Thong Lou Hoong	2,280,800	2.69
10.	Lim Tiong Lay	2,000,000	2.36
11.	On Hai Swee	1,931,568	2.28
12.	Low Boon Wah @ Lawrence Low	1,777,900	2.09
13.	Haridash A/L P. Ramasamy	1,513,700	1.78
14.	R Kannan A/L P. Ramasamy	1,378,000	1.62
15.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chong Yen (E-TJJ)	1,078,100	1.27
16.	Zainur Bin Zakaria	1,008,000	1.19
17.	Kekal Jaya Ventures Sdn Bhd	1,000,000	1.18
18.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Yew Beng (E-SJA)	955,000	1.12
19.	Ng Eng Aan	947,000	1.12
20.	Hon Kit Chook	874,500	1.03
21.	Ong Ai Chin	872,400	1.03
22.	Kenanga Nominees (Tempatan) Sdn Bhd Peter Yew Cheong Eng (PCS)	813,300	0.96
23.	Shirely Wong	800,000	0.94
24.	Navamani A/P V. Seevaratnam	770,000	0.91
25.	Mohd Safian Bin Mohd Salleh	738,500	0.87
26.	Tasec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choy Sook Kuen	714,000	0.84
27.	Chang Lau Hoi @ Chang Sow Lan	710,549	0.84
28.	Rudy Ng Chong Jin	700,000	0.82
29.	Lee Nyek	646,500	0.76
30.	R Kannan A/L P. Ramasamy	612,000	0.72
		57,136,551	67.30

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twelfth 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 Monday, 29 December 2014 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 2014 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 2014. **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. Liew Kiam Woon **Resolution 2**
   3.2 Mr. Kok Tong Yong **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 resolution:-

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

   "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."

   ANY OTHER BUSINESS:

6. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

BY ORDER OF THE BOARD

Wong Youn Kim
(MAICSA 7018778)
Company Secretary

Kuala Lumpur
5 December 2014

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. Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

4. 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.

5. Only depositors whose names appear in the Record of Depositors as at 22 December 2014 shall be entitled to attend the Twelfth Annual General Meeting.

Explanatory Notes on Special Business:-

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

   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 AGM of the Company.

   Up to the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 27 December 2013.

Statement Accompanying the Notice of Annual General Meeting

1. Twelfth 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 Monday, 29 December 2014 at 10.00 a.m.

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

   (i) Mr. Liew Kiam Woon
   (ii) Mr. Kok Tong Yong

   The details of the above Directors seeking re-election are set out in the Profile of Directors as disclosed on page 6 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 2014 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 TWELFTH 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 Monday, 29 December 2014 at 10.00 a.m. and at any adjournment thereof.

I / We direct my / our proxy to vote 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 Mr. Liew Kiam Woon		
3. Re-election of Mr. Kok Tong Yong		
4. Re-appointment of Auditors		
5. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		

Dated this ______________ day of ____________ 2014

____

Signature/ common seal of shareholder

Notes:

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

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

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

4. Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

5. 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.

6. 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.

7. Only depositors whose names appear in the Record of Depositors as at 22 December 2014 shall be entitled to attend the Twelfth 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)
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