

LINEAR CORPORATION BERHAD (288687-W)
Condensed Consolidated Financial Statements For The Financial Period Ended 31 March 2009

Explanatory Notes (As per FRS 134)

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2008. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of changes in the financial position and performance of the Group since the year ended 31 December 2008.

Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") issued by The Malaysian Accounting Standard Board ("MASB") effective for the financial period beginning 1 January 2008:

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above mentioned FRSs is not expected to have any significant impact on the Group. The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

A2 Seasonal or Cyclical Factors

The operations of the Group were not materially affected by any factor of a seasonal or cyclical nature for the current financial period.

A3 Exceptional Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current financial period.

A4 Changes in Estimates

There were no material changes in estimates that have a material effect in the current financial period.

A5 Issuance and Repayment of Debt and Equity Securities

Saved as disclosed below, there were no issuance and repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 31 March 2009.

- a) As at 31 March 2009, the issued and paid-up share capital of the Company stood at RM75,104,777 inclusive of 2,949,700 shares held as treasury shares.

- b) Total number of outstanding share options granted under the Linear Employees' Share Option Scheme and not exercised as at 31 March 2009 amounts to 1,398,000.

A6 Dividends Paid

No dividend was paid by the Company during the current financial period.

A7 Segmental Information

Segments	Investment holdings RM'000	Manufacturing RM'000	Engineering RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue							
External sales	-	1,527	2,411	-	205	-	4,143
Inter-segment sales	2	518	-	-	59	(579)	-
	<u>2</u>	<u>2,045</u>	<u>2,411</u>	<u>-</u>	<u>264</u>	<u>(579)</u>	<u>4,143</u>
Results							
Results from operations	(409)	(492)	400	235	51	-	(215)
Finance costs	(14)	(802)	(318)	-	-	-	(1,134)
Share of loss of associated companies	-	-	26	-	-	-	26
	<u>(423)</u>	<u>(1,294)</u>	<u>108</u>	<u>235</u>	<u>51</u>	<u>-</u>	<u>(1,323)</u>

A8 Valuation of Property, Plant and Equipment

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

A9 Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the financial period ended 31 March 2009 that have not been reflected in the current financial statements.

A10 Changes in the Composition of the Group

Saved as disclosed below, there were no changes in the composition of the Group for the current quarter.

A11 Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet and there were no contingent assets as at the end of the current financial period.

LINEAR CORPORATION BERHAD (288687-W)**Condensed Consolidated Financial Statements For The Financial Period Ended 31 March 2009****Explanatory Notes (As per Bursa Malaysia Securities Berhad Listing Requirements)****B1 Review of Performance**

For the year ended 31 March 2009, the Group registered a revenue of RM4.1 million as compared to RM24.2 million for the preceding year's corresponding period. The Group reported a loss after tax of RM1.3 million for the current year under review as compared to a profit after tax of RM3.6 million in the preceding year.

The decrease in revenue was mainly due to the slow demand in market for cooling tower spare parts, manufacturing components and solar panel sales.

B2 Comparison with Preceding Quarter's Results

The Group recorded lower revenue of RM4.1 million in the quarter under review as compared to the immediate preceding quarter of RM24.2 million. Arising from the decrease in revenue in particular the solar panel sales, the Group reported a loss after tax of approximately RM1.3 million in the current quarter against a profit after tax of RM3.6 million in the immediate preceding quarter.

B3 Current Year Prospect

The Group after considering the current conditions is expected to achieve satisfactory performance for financial year ending 2009.

B4 Variances from Profit Forecast and Profit Guarantee

There was no profit forecast or profit guarantee issued by the Group.

B5 Taxation

	1st Quarter Ended		3 Months Ended	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	RM'000	RM'000	RM'000	RM'000
Current Tax	0	0	0	0
Deferred tax	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The current tax is estimated at nil as there are losses for current quarter.

B6 Profit on Sale of Unquoted investments and/or Properties

There were no sales of unquoted investments and/or properties completed for the current quarter and current financial period to-date.

B7 Purchase or Disposal of Quoted Securities

- a) There were no purchases or disposal of quoted securities for the current quarter and current financial period to-date.
- b) Investment in quoted securities as at 31 March 2009 is as follows: -

	RM'000
At cost	9,632
Provision for diminution in value	<u>(8,636)</u>
At book value	<u>995</u>
At market value	<u><u>1,066</u></u>

B8 Status on Corporate Proposals

There is no corporate proposal announced that is pending completion as at the date of this quarterly report.

B9 Group Borrowings and Debt Securities

	As at 31/3/2009 RM'000
Short term borrowings	
- Secured	1,000
- Unsecured	24,054
Long term borrowings	
- Secured	14,493
- Unsecured	Nil

B10 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this announcement.

B11 Changes In Material Litigation

There is no material litigation as at the date of this announcement.

B12 Proposed Dividends

No dividend has been proposed or declared for the financial period ended 31 March 2009.

B13 Earnings Per Share**a) Basic Earnings Per Share**

The calculation of the basic earnings per share of the Group is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of shares in issue during the period as follows:

	1st Quarter Ended		3 Months Ended	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to shareholders (RM'000)	(1,323)	3,730	(1,323)	3,730
Weighted average number of ordinary shares in issue ('000)	75,105	75,105	75,105	75,105
Basic earnings per share (sen)	(1.76)	4.97	(1.76)	4.97

b) Diluted Earnings per share

Diluted earnings per share is not disclosed for the financial period ended 31 March 2009 as the exercise price of the existing warrants and share options based on the assumed exercised of the warrants and share options is higher than the average market price of the shares during the financial period.

B14 Authorisation for Issue

This unaudited interim financial statements were authorised for issue by the Board of Directors on 25 May 2009.