

LINEAR CORPORATION BERHAD (288687-W)

(Incorporated in Malaysia)

Condensed Consolidated Income Statement For The Financial Period Ended 30 September 2008

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter July to Sept 2008 RM'000	Preceding Year Corresponding Quarter July to Sept 2007 RM'000	Current Year To date 30.09.2008 RM'000	Preceding Year Corresponding Period 30.09.2007 RM'000
Revenue	8,941	37,397	47,839	53,661
Operating Expenses	(7,562)	(36,349)	(43,982)	(54,332)
Other Operating Income	3	1,584	4,083	1,578
Profit/(Loss) from Operations	1,382	2,632	7,940	907
Finance Costs	(711)	(628)	(2,020)	(1,931)
Share of results of Associates	(199)	0	323	(34)
Profit/(Loss) before Tax	472	2,004	6,243	-1,058
Taxation	0	(2)	0	(2)
Profit/(Loss) after Tax	472	2,002	6,243	-1,060
Attributable to:				
Equity Holders of the Parent	488	2,052	6,327	(967)
Minority Interest	(16)	(50)	(84)	(93)
	472	2,002	6,243	(1,060)
Earnings/(Loss) per share attributable to equity holders of the parent:				
Basic (sen)	0.65	2.73	8.42	(1.29)
Fully diluted (sen)	n/a	n/a	n/a	n/a

(The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

LINEAR CORPORATION BERHAD (288687-W)

(Incorporated in Malaysia)

Condensed Consolidated Statement Of Changes In Equity For The Period Ended 30 September 2008

(The figures have not been audited)

	←	Attributable To Equity Holders Of The Parent			→	Minority Interest	Total Equity	
	Share Capital RM'000	Capital Reserve RM'000	Revenue Reserve RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total RM'000	RM'000	RM'000
9 Months to 30 September 2008								
Balance as at 1 January 2008	75,105	1,741	1,843	(2,605)	(1,999)	74,085	2,172	76,257
Changes in accounting policies:								
Restated balance as at 1 January 2008	75,105	1,741	1,843	(2,605)	(1,999)	74,085	2,172	76,257
Movements during the period (cumulative)							3	3
Net profit for the period				6,327		6,327	(84)	6,243
Balance as of 30 September 2008	75,105	1,741	1,843	3,722	(1,999)	80,412	2,091	82,503
9 Months to 30 September 2007								
Balance as at 1 January 2007	75,105	1,741	2,048	(7,746)	(1,999)	69,149	2,101	71,250
Changes in accounting policies:								
Restated balance as at 1 January 2007	75,105	1,741	2,048	(7,746)	(1,999)	69,149	2,101	71,250
Movements during the period (cumulative)			(174)	(967)	0	(1,141)	(106)	(1,247)
Balance as at 30 September 2007	75,105	1,741	1,874	(8,713)	(1,999)	68,008	1,995	70,003

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

LINEAR CORPORATION BERHAD (288687-W)

(Incorporated in Malaysia)

Condensed Consolidated Balance Sheet As At 30 September 2008

(The figures have not been audited)

	As at 30.09.2008 RM'000	Audited As at 31.12.2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	56,955	44,527
Prepaid land lease payments	4,230	4,230
Goodwill	91	91
Investments in associated companies	4,174	3,851
Other investments	1,803	1,803
Deferred tax assets	0	0
	<u>67,253</u>	<u>54,502</u>
Current assets		
Inventories	7,726	17,589
Trade receivables	28,045	113,169
Other current assets	15,101	17,342
Cash and bank balances	23,852	3,573
	<u>74,724</u>	<u>151,673</u>
Total Assets	<u><u>141,977</u></u>	<u><u>206,175</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	75,105	75,105
Less Treasury Shares, at Cost	(1,999)	(1,999)
Reserves	7,307	979
	<u>80,413</u>	<u>74,085</u>
Minority interest	2,091	2,172
Total Equity	<u><u>82,504</u></u>	<u><u>76,257</u></u>
Non-current liabilities		
Bank Borrowings	15,071	10,150
Deferred Tax Liabilities	2,147	2,147
	<u>17,218</u>	<u>12,297</u>
Current liabilities		
Trade and Other Payables	19,560	93,950
Bank Borrowings	21,746	22,438
Tax Liabilities	949	1,233
	<u>42,255</u>	<u>117,621</u>
Total Liabilities	<u><u>59,473</u></u>	<u><u>129,918</u></u>
Total Equity and Liabilities	<u><u>141,977</u></u>	<u><u>206,175</u></u>
Net assets per share attributable to equity holders of the parent (RM)	1.07	0.99

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

LINEAR CORPORATION BERHAD (288687-W)

(Incorporated in Malaysia)

Condensed Consolidated Cash Flow Statement For The Financial Period Ended 30 September 2008

(The figures have not been audited)

	Current Year Todate 30.09.2008 RM'000	Preceding Year Corresponding Period 30.09.2007 RM'000
Net Profit/(Loss) before Tax	6,243	(1,058)
Adjustment for non-cash flow:-		
Non-cash items	(1,448)	1,737
Non-operating items	1,728	1,966
Operating Profit/Loss before Changes in Working Capital	<u>6,523</u>	<u>2,645</u>
Changes in Working Capital		
Net Change in Current Assets	97,698	(29,149)
Net Change in Current Liabilities	(76,399)	23,998
Tax Refunded	85	70
Tax Paid	(329)	(114)
Net Cash Used For Operating Activities	<u>27,578</u>	<u>(2,550)</u>
Investing Activities		
Equity Investments	1,248	2,507
Other Investments	(10,845)	2,369
Net Cash (Used For)/Generated From Investing Activities	<u>(9,597)</u>	<u>4,876</u>
Financing Activities		
Issue of Shares	0	0
Share Buy Back	0	0
Bank Borrowings	5,813	(1,771)
Interest Paid	(2,051)	(1,931)
Net Cash Generated From/(Used For) Financing Activities	<u>3,762</u>	<u>(3,702)</u>
Net Change in Cash & Cash Equivalents	21,743	(1,376)
Cash & Cash Equivalents at Beginning of Year	(7,838)	(8,302)
Cash & Cash Equivalents at End of Period	<u>13,905</u>	<u>(9,678)</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2007)

LINEAR CORPORATION BERHAD (288687-W)
Condensed Consolidated Financial Statements For The Financial Period Ended 30 September 2008

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 2007. 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 2007.

Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 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 30 September 2008.

- a) As at 30 September 2008, 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 30 September 2008 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	-	19,568	2,652	24,963	657	-	47,840
Inter-segment sales	76	3,719	-	-	241	(4,036)	-
	<u>76</u>	<u>23,287</u>	<u>2,652</u>	<u>24,963</u>	<u>898</u>	<u>(4,036)</u>	<u>47,840</u>
Results							
Results from operations	2,469	1,958	(308)	3,819	1	-	7,939
Finance costs	-	(1,092)	(927)	-	-	-	(2,019)
Share of loss of associated companies	-	-	323	-	-	-	323
	<u>2,469</u>	<u>866</u>	<u>(912)</u>	<u>3,819</u>	<u>1</u>	<u>-</u>	<u>6,243</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 30 September 2008 that have not been reflected in the current financial statements.

A10 Changes in the Composition of the Group

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 30
September 2008

Explanatory Notes (As per Bursa Malaysia Securities Berhad Listing Requirements)

B1 Review of Performance

For the 9 months period ended 30 September 2008, the Group registered a revenue of RM47.8 million as compared to RM54.6 million for the preceding year's corresponding period. The Group reported a gain after tax of RM472,000 for the current quarter under review as compared to a loss after tax of RM2 million in the preceding year's corresponding quarter.

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 RM8.9 million in the quarter under review as compared to the immediate preceding quarter of RM37.39 million. Arising from the decrease in revenue in particular the solar panel sales, the Group reported a profit after tax of approximately RM472,000 in the current quarter against a profit after tax of RM2.0 million in the immediate preceding quarter.

B3 Audit Report of Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the year ended 31 December 2007 was qualified as follows:

- (a) Unaudited financial statements of Times Engineering System Co. Ltd. ("TES") have been used for the preparation of the consolidated financial statements of the Group due to the unavailability of its audited financial statements. The net profit for the year, total assets and total liabilities as of 31 December 2007 of TES that have been consolidated based on its unaudited financial statements amounted to RM4,471,180, RM1,633,773 and RM5,702,960 respectively. The external auditors were unable to ascertain the possible adjustments to the consolidated financial statements that might have been necessary had the audited financial statements of TES been made available.
- (b) All the accounting records of LETC Engineering Sdn. Bhd ("LETC") for the financial year ended 31 December 2006 were destroyed in a fire. Owing to the nature of LETC's records, the external auditors were unable to obtain adequate documentary evidence to satisfy themselves as to the fairness of the opening balance of property, plant and equipment of RM167,018, trade and other payables of RM4,419,029 and accumulated losses of RM5,033,924 as at 1 January 2007 by means of other auditing procedures.

B4 Current Year Prospect

The Group after considering the current conditions is expected to achieve satisfactory performance for financial year ending 2008.

B5 Variances from Profit Forecast and Profit Guarantee

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

B6 Taxation

	3 rd Quarter Ended		9 Months Ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	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>

B7 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.

B8 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 30 September 2008 is as follows: -

	RM'000
At cost	9,632
Provision for diminution in value	<u>(7,926)</u>
At book value	<u>1,706</u>
At market value	<u>2,275</u>

B9 Status on Corporate Proposals

There is no corporate proposal announced that is pending completion as at the date of this quarterly report. The proposed acquisition of 100% of the issued and paid-up share capital of Lis-Tec Sdn Bhd by the Company announced on 14 July 2008 was mutually terminated by the vendors and the Company on 12 September 2008 and announced on 16 September 2008.

B10 Group Borrowings and Debt Securities

	As at 30/09/2008 RM'000
Short term borrowings	
- Secured	1,000
- Unsecured	21,746
Long term borrowings	
- Secured	15,071
- Unsecured	Nil

B11 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.

B12 Changes In Material Litigation

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

B13 Proposed Dividends

No dividend has been proposed or declared for the financial period ended 30 September 2008.

B14 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:

	3rd Quarter Ended		9 Months Ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to shareholders (RM'000)	488	2,052	6,327	(967)
Weighted average number of ordinary shares in issue ('000)	75,105	75,105	75,105	75,105
Basic earnings per share (sen)	0.65	2.73	8.42	(1.29)

b) Diluted Earnings per share

Diluted earnings per share is not disclosed for the financial period ended 30 September 2008 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.

B15 Authorisation for Issue

This unaudited interim financial statements were authorised for issue by the Board of Directors on 27 November 2008.