

**LINEAR CORPORATION BERHAD (288687-W)**

(Incorporated in Malaysia)

**Condensed Consolidated Income Statement For The Financial Year Ended 31 December 2007**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2007 RM'000	Preceding Year Corresponding Quarter 31.12.2006 RM'000	Current Year Totdate 31.12.2007 RM'000	Preceding Year Corresponding Period 31.12.2006 RM'000
Revenue	102,869	11,958	156,531	44,462
Operating Expenses	(101,497)	(27,265)	(155,830)	-62,178
Other Operating Income	7,040	360	8,619	920
Profit/(Loss) from Operations	8,412	(14,947)	9,320	-16,796
Finance Costs	(592)	(634)	(2,523)	-2,851
Share of results of Associates	(174)	(45)	(209)	-178
Profit/(Loss) before Tax	7,646	(15,626)	6,588	-19,825
Taxation	(1,658)	147	(1,661)	147
Profit/(Loss) after Tax	5,988	(15,479)	4,927	-19,678
Attributable to:				
Equity Holders of the Parent	6,029	(15,781)	5,061	-19,969
Minority Interest	(41)	302	(134)	291
	5,988	(15,479)	4,927	(19,678)
Earnings/(Loss) per share attributable to equity holders of the parent:				
Basic (sen)	8.03	(21.01)	6.74	(26.59)
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 2006)

**LINEAR CORPORATION BERHAD (288687-W)**

(Incorporated in Malaysia)

**Condensed Consolidated Balance Sheet As At 31 December 2007**

(The figures have not been audited)

	<b>As at 31.12.2007 RM'000</b>	<b>Audited As at 31.12.2006 RM'000 (restated)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	44,527	45,870
Prepaid land lease payments	4,230	4,320
Goodwill	0	2,198
Investments in associated companies	3,851	4,060
Other investments	1,746	4,128
Deferred tax assets	0	206
	<u>54,354</u>	<u>60,782</u>
<b>Current assets</b>		
Inventories	17,589	18,962
Trade receivables	112,517	13,537
Other current assets	17,939	32,051
Cash and bank balances	3,379	3,866
	<u>151,424</u>	<u>68,416</u>
Non-current assets held for resale	0	2,800
<b>Total Assets</b>	<u><u>205,778</u></u>	<u><u>131,998</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share Capital	75,105	75,105
Less Treasury Shares, at Cost	(1,999)	(1,999)
Reserves	1,013	(3,957)
	<u>74,119</u>	<u>69,149</u>
<b>Minority interest</b>	1,954	2,101
<b>Total Equity</b>	<u><u>76,073</u></u>	<u><u>71,250</u></u>
<b>Non-current liabilities</b>		
Bank Borrowings	10,176	9,678
Deferred Tax Liabilities	2,148	1,893
	<u>12,324</u>	<u>11,571</u>
<b>Current liabilities</b>		
Trade and Other Payables	93,958	22,556
Bank Borrowings	22,208	25,787
Tax Liabilities	1,215	834
	<u>117,381</u>	<u>49,177</u>
<b>Total Liabilities</b>	<u>129,705</u>	<u>60,748</u>
<b>Total Equity and Liabilities</b>	<u><u>205,778</u></u>	<u><u>131,998</u></u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	0.9869	0.9207

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)

**LINEAR CORPORATION BERHAD (288687-W)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement Of Changes In Equity For The Year Ended 31 December 2007**

(The figures have not been audited)

	←	Attributable To Equity Holders Of The Parent				→	Minority Interest	Total Equity
	Share Capital	Capital Reserve	Revenue Reserve	Retained Profits	Treasury Shares	Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>12 Months to 31 December 2007</b>								
<b>Balance as at 1 January 2007</b>	75,105	1,741	2,048	(7,746)	(1,999)	69,149	2,101	71,250
Changes in accounting policies:								
<b>Restated balance as at 1 January 2007</b>	75,105	1,741	2,048	(7,746)	(1,999)	69,149	2,101	71,250
Movements during the period (cumulative)			(248)	157		(91)	(13)	(104)
Net profit for the period				5,061		5,061	(134)	4,927
<b>Balance as of 31 December 2007</b>	75,105	1,741	1,800	(2,528)	(1,999)	74,119	1,954	76,073

**12 Months to 31 December 2007**

<b>Balance as at 1 January 2006</b>	75,105	1,741	2,684	9,677	(1,998)	87,209		87,209
Reclassification of opening minority interest							1,831	1,831
Changes in accounting policies:								
Reclassification of reserve on consolidation				1,452		1,452		1,452
<b>Restated balance as at 1 January 2006</b>	75,105	1,741	2,684	11,129	(1,998)	88,661	1,831	90,492
Movements during the period (cumulative)			(636)	(18,875)	(1)	(19,512)	270	(19,242)
<b>Balance as at 31 December 2007</b>	75,105	1,741	2,048	(7,746)	(1,999)	69,149	2,101	71,250

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)

**LINEAR CORPORATION BERHAD (288687-W)**

(Incorporated in Malaysia)

**Condensed Consolidated Cash Flow Statement For The Financial Year Ended 31 December 2007**

(The figures have not been audited)

	<b>Current Year Todate 31.12.2007 RM'000</b>	<b>Preceding Year Corresponding Period 31.12.2007 RM'000</b>
Net Profit/(Loss) before Tax	6,588	(19,826)
Adjustment for non-cash flow:-		
Non-cash items	1,303	17,794
Non-operating items	2,732	3,029
Operating Profit/Loss before Changes in Working Capital	<u>10,623</u>	<u>997</u>
Changes in Working Capital		
Net Change in Current Assets	(84,205)	(14,654)
Net Change in Current Liabilities	71,403	5,827
Tax Refunded	70	139
Tax Paid	(178)	(662)
Net Cash Used For Operating Activities	<u>(2,287)</u>	<u>(8,353)</u>
Investing Activities		
Equity Investments	2,607	0
Other Investments	6,184	6,674
Net Cash (Used For)/Generated From Investing Activities	<u>8,791</u>	<u>6,674</u>
Financing Activities		
Issue of Shares	0	0
Share Buy Back	0	(1)
Bank Borrowings	(3,516)	(3,434)
Interest Paid	(2,523)	(2,851)
Net Cash Generated From/(Used For) Financing Activities	<u>(6,039)</u>	<u>(6,286)</u>
Net Change in Cash & Cash Equivalents	465	(7,965)
Cash & Cash Equivalents at Beginning of Year	(8,302)	1,266
Cash & Cash Equivalents at End of Period	<u>(7,837)</u>	<u>(6,699)</u>

*(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2006)*

**LINEAR CORPORATION BERHAD (288687-W)**  
**Condensed Consolidated Financial Statements For The Financial Year Ended 31 December 2007**

**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 2006. 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 2006.

**Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006 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 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of FRS 117 and 124 does not have significant impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRS are as follows:-

**FRS 117: Leases**

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interest in the land element and the building element of the lease at the inception of the lease. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and was stated at cost or valuation less accumulated depreciation and any impairment losses. A leasehold land was last revalued in 2004.

Upon the adoption of the revised FRS 117 at 1 January 2007, the unamortised revalued amounts of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively, with the comparatives restated to conform with the current period's presentation.

**A2 Audit Report of Preceding Annual Financial Statements**

The audit report of the Group's annual financial statements for the year ended 31 December 2006 was qualified as follows:

- (a) The management accounts of two subsidiary companies, Times Engineering System Co. Ltd. ("TES") and Linear TES Co., Ltd. ("LTES") are used in the preparation of the consolidated financial statements as the audited financial statements of these subsidiary companies are not available for consolidation with the financial statements of the Company. Accordingly, the External Auditors are unable to satisfy themselves

as to the fairness of the results, assets and liabilities, cash flow and changes in equity that have been consolidated with the financial statements of the Company. The net loss for the year, total assets and total liabilities as of December 31, 2006 of these two subsidiary companies that have been consolidated based on their management accounts amounted to RM5,237,751, RM1,775,664 and RM5,912,768 respectively.

- (b) The directors represented that all the accounting records of a subsidiary company, LETC Engineering Sdn. Bhd. ("LETC") were destroyed by a fire during the year. Although the accounting records of LETC were reconstructed subsequently, these are inadequate to enable the External Auditors to carry out all the auditing procedures, or to obtain all the information and explanations that we considered necessary. The External Auditors are unable to obtain adequate documentary evidence to satisfy themselves as to the fairness of trade and other receivables of RM1,872,433 (including RM1,798,204 owing by related companies) and trade and other payables of RM4,419,029 (including RM2,960,689 owing to related companies) as of December 31, 2006 nor were they able to satisfy themselves as to the fairness of these accounts by means of other auditing procedures. This subsidiary company was dormant during the year and has no definite plans for continuance of its operations and there are significant uncertainties as to the said subsidiary company's ability to continue as a going-concern. In view of the foregoing, the External Auditors are unable to express an opinion on the financial statements of LETC that have been consolidated with the financial statements of the Company. The financial statements of LETC reported a net loss for the year of RM2,663,998 and net liabilities of RM1,721,449 as of December 31, 2006.

### **A3 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 year.

### **A4 Exceptional Items**

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

### **A5 Changes in Estimates**

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

### **A6 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 December 2007.

- a) As at 31 December 2007, 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 Linear Employees' Share Option Scheme and not exercised as at 31 December 2007 amounts to 1,604,000.

### **A7 Dividends Paid**

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

**A8 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
<b>Revenue</b>							
External sales	-	31,268	2,549	121,694	1,020	-	156,531
Inter-segment sales	267	12,777	-	-	132	(13,176)	-
	<u>267</u>	<u>44,045</u>	<u>2,549</u>	<u>121,694</u>	<u>1,152</u>	<u>(13,176)</u>	<u>156,531</u>
<b>Results</b>							
Results from operations	(12,730)	367	2,134	19,250	299	-	9,320
Finance costs	-	(1,549)	(974)	-	-	-	(2,523)
Share of loss of associated companies	-	-	(209)	-	-	-	(209)
	<u>(12,730)</u>	<u>(1,182)</u>	<u>951</u>	<u>19,250</u>	<u>299</u>	<u>-</u>	<u>6,588</u>

**A9 Valuation of Property, Plant and Equipment**

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

**A10 Material Events Subsequent to the End of the Interim Period**

There were no material events subsequent to the end of the financial year ended 31 December 2007 that have not been reflected in the current financial statements.

**A11 Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current quarter.

**A12 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 year.

**LINEAR CORPORATION BERHAD (288687-W)**  
**Condensed Consolidated Financial Statements For The Financial Year Ended 31 December 2007**

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

**B1 Review of Performance**

For the year ended 31 December 2007, the Group recorded an increase in turnover of some 3.5 times to RM156.5 million from RM44.46 million as compared to the preceding year's corresponding period. The Group achieved a profit after tax of RM4.9 million as compared to a loss after tax of RM19.7 million for the same period.

The turnaround to profitability was mainly due the restructuring plans carried out and new business opportunities explored by the Group. The Group is currently focusing on green energy in particular solar panel and district cooling system. For the year ended 31 December 2007, the group achieved total revenue of RM116.6 million from the solar panel division.

**B2 Comparison with Preceding Quarter's Results**

The Group's revenue increased to RM102.9 million from RM37.4 million as compared to the immediate preceding quarter. The significant increase in turnover was mainly due to additional sales generated from solar panel sales. Arising from the increase in revenue, the Group's profit after tax increase to RM5.9 million from RM2.0 million for the same period.

**B3 Current Year Prospect**

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

**B4 Variances from Profit Forecast and Profit Guarantee**

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

**B5 Taxation**

	4 <sup>th</sup> Quarter Ended		12 Months Ended	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006
	RM'000	RM'000	RM'000	RM'000
Current Tax	1,404	85	1,407	85
Deferred tax	254	62	254	62
	<u>1,658</u>	<u>147</u>	<u>1,661</u>	<u>147</u>

**B6 Profit on Sale of Unquoted investments and/or Properties**

Save as disclosed below, there were no sales of unquoted investments and/or properties completed for the current quarter and current financial period to-date.

	Current Quarter Ended 31.12.2007 RM'000	Current Year Totdate 31.12.2007 RM'000
Sale of non current asset held for sale		
Proceeds	-	2,800
Gain/Loss	<u>-</u>	<u>-</u>

**B7 Purchase or Disposal of Quoted Securities**

- a) Save as disclosed below, there were no purchases or disposal of quoted securities for the current quarter and current financial period to-date.

	<b>Current Quarter Ended 31.12.2007 RM'000</b>	<b>Current Year Totode 31.12.2007 RM'000</b>
Sale of quoted securities		
Proceeds	3,800	690
Gain/Loss	<u>1,475</u>	<u>209</u>

- b) Investment in quoted securities as at 31 December 2007 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><u>2,275</u></u>

**B8 Status on Corporate Proposals**

There was no corporate proposal announced or not completed as at the date of this quarterly report.

**B9 Group Borrowings and Debt Securities**

	<b>As at 31/12/2007 RM'000</b>
Short term borrowings	
- Secured	1,000
- Unsecured	20,493
Long term borrowings	
- Secured	8,405
- 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 December 2007.

**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:

	<b>4<sup>th</sup> Quarter Ended</b>		<b>12 Months Ended</b>	
	<b>31.12.2007</b>	<b>31.12.2006</b>	<b>31.12.2007</b>	<b>31.12.2006</b>
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) attributable to shareholders (RM'000)	6,029	(10,025)	5,061	(19,969)
Weighted average number of ordinary shares in issue ('000)	75,104	75,104	75,104	75,104
Basic earnings per share (sen)	8.03	(21.01)	6.74	(26.59)

**b) Diluted Earnings per share**

Diluted earnings per share is not disclosed for the financial period ended 31 December 2007 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 29 February 2008.