LINAIR TECHNOLOGIES LIMITED
(Registration No: 199505699D)

Half Year Financial Statement Announcement for the period ended 30 June 2015

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF YEAR RESULTS

1(a) (i) Statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	HY2015 S$'000	HY2014 S$'000	Increase/ (Decrease) %
Revenue	14,364	7,783	84.56
Cost of sales	(10,927)	(6,087)	79.51
Gross profit	3,437	1,696	102.65
Other operating income	558	415	34.46
Administrative expenses	(1,976)	(1,686)	17.20
Other operating expenses	(884)	(1,026)	(13.84)
Finance costs	(18)	(17)	N.M.
Profit/(Loss) before tax	1,117	(618)	N.M.
Income tax expense	(333)	(58)	474.14
Profit/(Loss) for the period	784	(676)	N.M.
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	(442)	216	
Total comprehensive income/(loss) for the period	342	(460)	
Profit/(loss) attributable to:			
Owners of the Company	775	(655)	
Non-controlling interests	9	(21)	
	784	(676)	
Total comprehensive income/(loss) attributable to:			
Owners of the Company	333	(476)	
Non-controlling interests	9	16	
	342	(460)	

The Group's profit/(loss) before tax is arrived at after (crediting)/charging :

	HY2015 S$'000	HY2014 S$'000
Depreciation of property, plant and equipment	135	171
Foreign exchange (gain)/loss	(338)	181
Bad debts written off	-	1
Allowance for impairment on trade receivables	101	-
Interest income	(9)	(6)
Interest expense	18	17
Gain on disposal of property, plant and equipment	(2)	-
Provision for warranty	47	30
Write-back of provision for warranty	-	(246)
Amortisation of intangible assets	201	201
Write-back of impairment loss on allowance for trade receivables	(103)	-
Write-back of allowance for slow-moving inventories	(20)	(4)
Fair value adjustment on financial asset at fair value through profit or loss	(2)	1

1 (b) (i) Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30/06/2015	31/12/2014	**30/06/2015**	31/12/2014
	S$'000	S$'000	**S$'000**	S$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	1,113	1,173	58	77
Investment in subsidiaries	-	-	7,733	7,733
Deferred tax asset	135	135	-	-
Intangible asset	604	805	-	-
	1,852	2,113	7,791	7,810
Current Assets				
Inventories	1,196	1,565	180	682
Gross amount due from customers for contract work-in-progress	885	895	27	27
Trade and other receivables	9,220	6,873	17,251	15,157
Prepaid operating expenses	426	135	46	19
Financial asset at fair value through profit or loss	46	44	-	-
Fixed deposits pledged	1,170	1,170	110	224
Cash and bank balances	9,237	9,385	2,308	1,006
	22,180	20,067	19,922	17,115
Total Assets	24,032	22,180	27,713	24,925
EQUITY AND LIABILITIES				
Capital and Reserve				
Share capital	17,580	17,580	17,580	17,580
Accumulated losses	(3,580)	(4,355)	(9,184)	(10,311)
Foreign currency translation reserve	(1,164)	(722)	-	-
Attributable to owners of the Company	12,836	12,503	8,396	7,269
Non-controlling interests	148	139	-	-
Total equity	12,984	12,642	8,396	7,269
Non-Current Liabilities				
Deferred tax liabilities	22	22	-	-
Obligation under finance lease	228	228	-	-
Bank borrowings	269	269	-	-
	519	519	-	-
Current Liabilities				
Trade and other payables	9,503	8,055	19,317	17,656
Gross amount due to customers for contract work-in-progress	454	357	-	-
Income tax payable	430	306	-	-
Obligation under finance lease	40	99	-	-
Bank borrowings	102	202	-	-
	10,529	9,019	19,317	17,656
Total Equity and Liabilities	24,032	22,180	27,713	24,925

1 (b) (ii) Aggregate amount of actual group's borrowings and debt securities.

Amount repayable within one year

As at 30 June 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
142	-	301	-

Amount repayable after one year

As at 30 June 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
497	-	497	-

Details of collaterals

The bank borrowings are secured by a subsidiary's fixed deposits of $609,490 (31 Dec 14: $609,490) and corporate guarantee by the Company.

1(c) Statement of cash flow (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	HY2015	HY2014
	S$'000	S$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	**1,117**	(618)
Adjustments for:		
Depreciation of property, plant and equipment	**135**	171
Gain on disposal of property, plant and equipment	**(2)**	-
Bad debts written off	**-**	1
Interest expense	**18**	17
Allowance for impairment on trade receivables	**101**	-
Amortisation of intangible assets	**201**	201
Write-back of allowance for slow-moving inventories	**(20)**	(4)
Foreign exchange (gain)/loss	**(412)**	208
Write-back of impairment loss for trade receivables	**(103)**	-
Fair value adjustment on financial asset at fair value through profit or loss	**(2)**	1
Provision for warranty	**47**	30
Write-back of provision for warranty	**-**	(246)
Interest income	**(9)**	(6)
Operating profit/(loss) before working capital changes	**1,071**	(245)
Decrease in inventories	**389**	378
Decrease in amount due from customers for contract work-in-progress	**107**	149
(Increase)/Decrease in trade and other receivables	**(2,760)**	2,257
Increase/(Decrease) in trade and other payables	**1,401**	(501)
Cash generated from operations	**208**	2,038
Interest received	**9**	4
Tax paid	**(67)**	(4)
Net cash generated from operating activities	**150**	2,038

1(c) Statement of cash flow (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	HY2015	HY2014
	S$'000	S$'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(121)**	(752)
Proceeds from disposal of property, plant and equipment	**2**	-
Net cash used in investing activities	**(119)**	(752)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	**(100)**	(95)
Interest paid	**(18)**	(17)
Repayment of finance lease obligation	**(61)**	-
Net cash used in financing activities	**(179)**	(112)
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	**(148)**	**1,174**
CASH AND BANK BALANCES AT THE BEGINNING OF PERIOD	**9,385**	8,822
CASH AND BANK BALANCES AT THE END OF PERIOD	**9,237**	9,996

1(d)(i) A statement (for the company and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company					
	Share Capital	**Foreign currency translation reserve**	**Accumulated Losses**	**Total**	**Non-controlling Interests**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
The Group						
At 1 January 2014	17,580	(483)	(3,933)	13,164	67	13,231
Loss for the period	-	-	(655)	(655)	(21)	(676)
Other comprehensive loss						
Exchange differences on translating foreign operations, net of tax	-	179	-	179	37	216
Total comprehensive loss for the period	-	179	(655)	(476)	16	(460)
At 30 June 2014	17,580	(304)	(4,588)	12,688	83	12,771
At 1 January 2015	**17,580**	**(722)**	**(4,355)**	**12,503**	**139**	**12,642**
Proft for the period	**-**	**-**	**775**	**775**	**9**	**784**
Other comprehensive income						
Exchange differences on translating foreign operations, net of tax	**-**	**(442)**	**-**	**(442)**	**-**	**(442)**
Total comprehensive income for the period	**-**	**(442)**	**775**	**333**	**9**	**342**
At 30 June 2015	**17,580**	**(1,164)**	**(3,580)**	**12,836**	**148**	**12,984**
The Company						
At 1 January 2014	17,580	-	(10,240)	7,340	-	7,340
Loss for the period	-	-	(437)	(437)	-	(437)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(437)	(437)	-	(437)
At 30 June 2014	17,580	-	(10,677)	6,903	-	6,903
At 1 January 2015	**17,580**	**-**	**(10,311)**	**7,269**	**-**	**7,269**
Profit for the period	**-**	**-**	**1,127**	**1,127**	**-**	**1,127**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period	**-**	**-**	**1,127**	**1,127**	**-**	**1,127**
At 30 June 2015	**17,580**	**-**	**(9,184)**	**8,396**	**-**	**8,396**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the financial period, no shares has been issued. There are no outstanding convertibles that will result in the issuance of shares as at 30 June 2014 and 30 June 2015.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

There were no treasury shares as at 30 June 2015 and 31 December 2014. The total number of issued shares as at 30 June 2015 and 31 December 2014 was 348,783,140.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the company's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation are consistent with the latest audited financial statements for the year ended 31 December 2014.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The Group has applied the same accounting policies and methods of computation in the preparation of financial statements for the current reporting period compared with the latest audited financial statements for the financial year ended 31 December 2014.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for dividends.

	HY2015 S$'000	HY2014 S$'000
Net profit/(loss) attributable to owners of the Company	775	(655)
Earnings per share for the period based on the weighted average number of shares in issue of 348,783,140 for HY2015 (HY2014:348,783,140)		
	Cents	Cents
Basic earnings per share	0.22	(0.19)
Diluted earnings per share	0.22	(0.19)

There is no dilutive effect for the period ended 30 June 2015.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	Group		Company	
	30/06/2015 Cents	31/12/2014 Cents	30/06/2015 Cents	31/12/2014 Cents
Net asset value per share	3.68	3.58	2.41	2.08

Net asset value per ordinary share as at 30 June 2015 and 31 December 2014 has been computed based on 348,783,140 ordinary shares.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period on, including (where applicable) seasonal or cyclical factors: and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of comprehensive income (HY2015 vs HY2014)

Revenue

The Group registered an increase in revenue in the current financial period. Revenue increased from S$7.78 million in HY2014 to S$14.36 million in HY2015, an increase of approximately 84.6 % or S$6.58 million.

Both the manufacturing and engineering segments recorded positive sales and order growth due mainly to the on-going restructuring efforts to strengthen sales operations and a general improvement in our order intake.

Gross profit margin

Gross profit margin was 23.9% in HY2015 as compared to 21.8% in HY2014 as a result of better sales. Gross profit increased from S$1.70 million in HY2014 to S$3.44 million in HY2015, an increase of approximately 102.6% or S$1.74 million.

Other operating income

Other operating income increased by S$0.14 million from S$0.42 million in HY2014 to S$0.56 million in HY2015. This increase was mainly due to foreign exchange gain in HY2015.

Administrative expenses

Administrative expenses increased from S$1.70 million in HY2014 to S$1.98 million in HY2015. This was mainly due to an increase in staff costs in line with higher sales and production accordingly.

Other operating expenses

The other operating expenses decreased from S$1.03 million in HY2014 to S$0.88 million in HY2015. This was mainly due to the foreign exchange loss recorded in HY2014.

Finance costs

Finance costs remained about the same at S$18,000 in HY2015 and S$17,000 in HY2014.

Tax expense

Tax expense estimated increased from S$0.06 million in HY2014 to S$0.33 million in HY2015.

Profit after taxation

Overall, the Group made a profit of S$0.78 million in HY2015 as compared to a loss of S$0.68 million in HY2014.

Statement of Financial Position (HY2015 vs FY2014)

In HY2015, the value of the property, plant and equipment decreased from S$1.17 million in FY2014 to S$1.11 million mainly due to depreciation of plant and machinery.

The intangible asset decreased from S$0.81 million in FY2014 to S$0.60 million in HY2015 due to amortisation of S$0.21 million in the current financial period.

Inventories decreased from S$1.57 million as at 31 December 2014 to S$1.20 million as at 30 Jun 2015 as a result of lower stock holding.

Gross amount due from customers for contract work-in-progress decreased by S$0.01 million for the half year ended 30 June 2015.

Trade and other receivables increased by S$2.35 million for the half year ended 30 June 2015 mainly due to higher revenue and increased in orders fulfilled during the later months of HY2015.

Bank borrowings and obligation under finance lease decreased by S$ 0.10 million and S$0.06 million respectively due to loan repayments made during HY2015.

There was an increase in trade and other payables from S$8.06 million as at 31 December 2014 to S$9.50 million as at 30 June 2015 due mainly to an increase in trade payables in the manufacturing and engineering segments due to new projects.

Gross amount due to customers for contract work-in-progress decreased by S$0.10 million for the half year ended 30 Jun 2015. This was mainly due to faster certification of work done in HY2015.

Liquidity

The Group maintained a healthy liquidity position as shown by a current ratio of 2.11 as at 30 June 2015. The Group's cash and cash equivalents, including pledged bank deposits of S$1.17 million, stood at S$10.41 million as at 30 June 2015.

Net cash generated from operating activities for HY2015 was S$0.15 million as compared to net cash generated of S$2.04 million for HY2014.This was mainly due to higher sales turnover and higher accounts receivables as a result of more orders fulfilled in later half of HY2015.

Net cash used in investing activities for HY2015 was S$0.12 million as compared to S$0.75 million for HY2014.This was mainly due to lower purchase of plant and machinery compared with previous corresponding period.

Net cash used in financing activities was S$0.18 million in HY2015 as compared to S$0.11 million in HY2014. These were mainly due to the repayment of bank borrowings and finance lease obligation.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results are in line with the prospect statement disclosed in the previous results announcement where we stated that our restructuring efforts are on-going and showing improvement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The group is seeing results of the cost rationalisation and restructuring efforts taking effect in this HY2015. The group remains cautiously optimistic about continued growth and will continue to remain vigilant in this ever increasing competitive economic environment.

11. Dividend

(a) Current Financial Period Report on

Any dividend declared for the current financial period reported on?

N/A

(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

N/A

(c) Date payable

N/A

(d) Books closure date

N/A

12. If no dividend has been declared/recommended, a statement to that effect

No.

13. Interested Party Transactions

Name of interested person	Aggregate value of all interested transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	HY 2015	HY 2014	**HY 2015**	HY 2014
	$'000	$'000	**$'000**	$'000
Chern Dar Enterprise Co. Ltd				
Purchases	**250**	283	-	-

The Company wishes to advise that there is no general mandate obtained from shareholders for Interested Person Transactions.

14. Negative Assurance Confirmation on Half Year Financial Results Pursuant to Rule 705(5) of the Listing Manual.

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the financial results of the 6 months ended 30 June 2015 to be false or misleading in any material aspect. A confirmation signed by two directors on behalf of the Board of Directors is on record.

On Behalf of the Board of Directors

Name of Director:
Loh Yih

Name of Director
Wong Kok Chye

Designation:
Executive Chairman

Designation:
Executive Director and Group CEO

By Order of the Board

Wong Kok Chye
Group Chief Executive Officer

5 August, 2015

This announcement has been prepared by the Company and its contents has been reviewed by the Company sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is:

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