LINAIR TECHNOLOGIES LIMITED
(Registration No: 199505699D)

Half Year Financial Statement Announcement for the period ended 30 June 2014

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

	HY2014	HY2013	Increase/ (Decrease)
	S$'000	S$'000	%
Revenue	7,783	16,410	(52.57)
Cost of sales	(6,087)	(14,617)	(58.36)
Gross profit	1,696	1,793	(5.41)
Other operating income	415	404	2.72
Administration expenses	(1,686)	(1,826)	(7.67)
Other operating expenses	(1,026)	(1,319)	(22.21)
Finance costs	(17)	(24)	N.M.
Loss before taxation	(618)	(972)	N.M.
Taxation	(58)	(2)	2,800.00
Loss for the year	(676)	(974)	N.M.
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	216	(205)	
Total comprehensive loss for the year	(460)	(1,179)	
Loss attributable to:			
Shareholders of the company	(655)	(965)	
Non-controlling interests	(21)	(9)	
	(676)	(974)	
Total comprehensive loss attributable to:			
Shareholders of the company	(476)	(1,170)	
Non-controlling interests	16	(9)	
	(460)	(1,179)	

The Group's loss from operations before taxation is arrived at after (crediting)/ charging :

	HY2014	HY2013
	S$'000	S$'000
Depreciation of property, plant and equipment	171	185
Foreign exchange loss/(gain)	181	(174)
Bad debts written off	1	-
Allowance for impairment of trade receivables	-	325
Interest income	(6)	(6)
Interest expense	17	24
Gain on disposal of property, plant and equipment	-	(29)
Provision for warranty	30	-
Provision for warranty written back	(246)	(127)
Amortisation of intangible assets	201	201
Write-back for slow-moving inventories	(4)	(7)
Fair value adjustment on financial asset, fair value through profit or loss	1	(3)

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	
	30/06/2014	31/12/2013	**30/06/2014**	31/12/2013
	S$'000	S$'000	**S$'000**	S$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	1,251	660	67	87
Investment in subsidiaries	-	-	7,683	7,683
Intangible assets	1,007	1,208	-	-
	2,258	1,868	7,750	7,770
Current Assets				
Inventories	1,237	1,611	150	161
Gross amount due from customers for contract work-in-progress	398	866	47	47
Trade and other receivables	5,463	7,720	15,567	14,606
Financial asset at fair value through profit or loss	40	40	-	-
Fixed deposits pledged	1,170	1,170	110	224
Cash and bank balances	9,996	8,822	900	1,020
	18,304	20,229	16,774	16,058
Total Assets	20,562	22,097	24,524	23,828
EQUITY AND LIABILITIES				
Capital and Reserve				
Share capital	17,580	17,580	17,580	17,580
Accumulated losses	(4,588)	(3,933)	(10,677)	(10,240)
Exchange fluctuation reserve	(304)	(483)	-	-
Attributable to equity holders of parent	12,688	13,164	6,903	7,340
Non controlling interests	83	67	-	-
Total equity	12,771	13,231	6,903	7,340
Non-Current Liabilities				
Deferred tax liabilities	78	77	-	-
Bank borrowings	471	471	-	-
	549	548	-	-
Current Liabilities				
Trade and other payables	6,742	7,460	17,621	16,488
Gross amount due to customers for contract work-in-progress	334	652	-	-
Current tax payable	68	14	-	-
Bank borrowings	98	192	-	-
	7,242	8,318	17,621	16,488
Total Equity and Liabilities	20,562	22,097	24,524	23,828

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

Amount repayable in one year or less

As at 30 June 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
98	-	192	-

Amount repayable after one year

As at 30 June 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
471	-	471	-

Details of collaterals

The bank borrowings are secured by a subsidiary's fixed deposits of $609,490 (31 Dec 13: $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.

	HY2014	HY2013
	S$'000	S$'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before taxation	**(618)**	(972)
Adjustments for:		
Depreciation of property, plant and equipment	**171**	185
Gain on disposal of property, plant and equipment	**-**	(29)
Bad debts written off	**1**	-
Interest expense	**17**	24
Allowance for impairment of trade receivables	**-**	325
Amortisation of intangible assets	**201**	201
Write back for slow-moving inventories	**(4)**	(7)
Exchange fluctuation difference	**208**	(212)
Fair value adjustment on financial asset, fair value through profit or loss	**1**	(3)
Provision for warranty	**30**	-
Provision for warranty written back	**(246)**	(127)
Interest income	**(6)**	(6)
Operating loss before working capital changes	**(245)**	(621)
Decrease in inventories	**378**	139
Decrease/(increase) in amount due from customers for contract work-in-progress	**149**	(874)
Decrease in operating receivables	**2,257**	434
(Decrease)/increase in operating payables	**(501)**	1,523
Cash generated from operations	**2,038**	601
Interest received	**4**	-
Tax paid	**(4)**	(19)
Net cash generated from operating activities	**2,038**	582

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

	HY2014	HY2013
	S$'000	S$'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(753)**	(16)
Proceeds from disposal of property, plant and equipment	**-**	29
Net cash (used in)/generated from investing activities	**(753)**	13
CASH FLOW FROM FINANCING ACTIVITIES		
Bank borrowings repaid	**(95)**	(215)
Interest paid	**(16)**	(24)
Increase in fixed deposits pledged	**-**	(66)
Net cash used in financing activities	**(111)**	(305)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,174**	290
CASH AND CASH EQUIVALENTS AT THE BEGINNING	**8,822**	4,215
CASH AND CASH EQUIVALENTS AT THE END	**9,996**	4,505

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 equity holders 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 2013	17,580	(17)	(1,393)	16,170	-	16,170
Loss for the year	-	-	(965)	(965)	(9)	(974)
Other comprehensive loss						
Exchange differences on translating foreign operations	-	(205)	-	(205)	-	(205)
Total comprehensive loss for the period	-	(205)	(965)	(1,170)	(9)	(1,179)
At 30 June 2013	17,580	(222)	(2,358)	15,000	(9)	14,991
At 1 January 2014	**17,580**	**(483)**	**(3,933)**	**13,164**	**67**	**13,231**
Loss for the year	**-**	**-**	**(655)**	**(655)**	**(21)**	**(676)**
Other comprehensive income						
Exchange differences on translating foreign operations	**-**	**179**	**-**	**179**	**37**	**216**
Total comprehensive income/(loss) for the period	**-**	**179**	**(655)**	**(476)**	**16**	**(460)**
At 30 June 2014	**17,580**	**(304)**	**(4,588)**	**12,688**	**83**	**12,771**
The Company						
At 1 January 2013	17,580	-	(8,550)	9,030	-	9,030
Loss for the year	-	-	(38)	(38)	-	(38)
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(38)	(38)	-	(38)
At 30 June 2013	17,580	-	(8,588)	8,992	-	8,992
At 1 January 2014	**17,580**	**-**	**(10,240)**	**7,340**	**-**	**7,340**
Loss for the year	**-**	**-**	**(437)**	**(437)**	**-**	**(437)**
Other comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss for the period	**-**	**-**	**(437)**	**(437)**	**-**	**(437)**
At 30 June 2014	**17,580**	**-**	**(10,677)**	**6,903**	**-**	**6,903**

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 2013 and 30 June 2014.

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 2014 and 31 December 2013. The total number of issued shares as at 30 June 2014 and 31 December 2013 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 2013.

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 2013.

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.

	HY2014 S$'000	HY2013 S$'000
Net loss attributable to shareholders	(655)	(965)
Earnings per share for the period based on the weighted average number of shares in issue of 348,783,140 for HY2014 (HY2013:348,783,140)		
	Cents	Cents
Basic earnings per share	(0.19)	(0.28)
Diluted earnings per share	(0.19)	(0.28)

There is no dilutive effect for the period ended 30 June 2014.

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	
	30/06/2014 Cents	31/12/2013 Cents	30/06/2014 Cents	31/12/2013 Cents
Net asset value per share	3.64	3.79	1.98	2.10

Net asset value per ordinary share as at 30 June 2014 and 31 December 2013 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 (HY2014 vs HY2013)

Revenue

The Group registered a decrease in revenue in the current financial period. Revenue decreased from S$16.41 million in HY2013 to S$7.78 million in HY2014, a decrease of approximately 52.6 % or S$8.63 million.

This was mainly due to a decrease in revenue of approximately S$10.5 million from the engineering segment as a result of fewer projects.

However, excluding the Suzhou's operation which was liquidated in FY2013, the manufacturing segment recorded positive growth in revenue of S$1.3 million or 72% to partially offset the slowdown in the engineering segment. This growth was due mainly to restructuring efforts to streamline operations.

Gross profit margin

Gross profit margin for HY2014 was 21.8% as compared to 10.9% in HY2013. The increase was mainly due to engineering projects contributing a much larger share of revenue in HY2013 than in HY2014.

Other operating income

Other operating income increased by S$0.011 million from S$0.404 million in HY2013 to S$0.415 million in HY2014. This increase was mainly due to write back of provision of warranty in HY2014.

Administrative expenses

Administrative expenses decreased from S$1.83 million in HY2013 to S$1.69 million in HY2014. This was mainly due to a decrease in staff costs.

Other operating expenses

The other operating expenses decreased from S$1.32 million in HY2013 to S$1.03 million in HY2014. This was mainly due to the allowance for impairment of trade receivables of S$0.325 million made in HY2013.

Finance costs

Finance costs decreased from S$0.024 million in HY2013 to S$0.017 million in HY2014. The higher finance cost in HY2013 was due to interest expense incurred by a subsidiary in China.

Taxation

Tax expense increased from S$2,000 in HY2013 to S$58,000 in HY2014 due to better profitability from an oversea subsidiary.

Profit after taxation

Overall, the Group made a loss of S$0.68 million in HY2014 as compared to a loss of S$0.97 million in HY2013.

Statement of Financial Position (HY2014 vs FY2013)

In HY2014, the value of the property, plant and equipment increased from S$0.66 million in FY2013 to S$1.25 million mainly due to purchases of plant and machineries.

The intangible asset decreased from S$1.21 million in FY2013 to S$1.01 million in HY2014 due to amortisation of S$0.20 million in the current financial period.

Inventories decreased from S$1.61 million as at 31 December 2013 to S$1.24 million as at 30 Jun 2014 as a result of lower stock holding.

Gross amount due from customers for contract work-in-progress decreased by S$0.47 million for the half year ended 30 June 2014. This was due to fewer projects in the engineering segment.

Trade and other receivables fell by S$2.26 million for the half year ended 30 June 2014 mainly due to fewer projects in the engineering segment.

Bank borrowings decreased by S$ 0.1 million due to loan repayments made during HY2014.

There was a decrease in trade and other payables from S$7.46 million as at 31 December 2013 to S$6.74 million as at 30 June 2014 due mainly to a decrease in trade payables in the engineering segment due to fewer projects.

Gross amount due to customers for contract work-in-progress decreased by S$0.32 million for the half year ended 30 Jun 2014. This was mainly due to fewer projects.

Liquidity

The Group maintained a healthy liquidity position as shown by a current ratio of 2.53 as at 30 June 2014. The Group's cash and cash equivalents, excluding pledged bank deposits of S$1.17 million, stood at S$9.99 million as at 30 June 2014.

Net cash generated from operating activities for HY2014 was S$2.04 million as compared to net cash generated of S$0.58 million for HY2013.This was mainly due to improvements in trade receivables collections.

Net cash used in investing activities for HY2014 was S$753,000 as compared to S$13,000 for HY2013.This was mainly due to the purchases of plant and machineries.

Net cash used in financing activities was S$0.11 million in HY2014 as compared to S$0.31 million in HY2013. This was mainly due to the repayment of bank borrowings.

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

There was no variance between the announcement on profit warning released on 18 July 2014 and the actual unaudited results released in this announcement.

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 challenging and competitive landscape our engineering and manufacturing businesses faced in the first half of 2014 is expected to continue into the second half of 2014.

While the group expects these challenging conditions to continue, it is committed to the business units restructuring and operational cost control exercise which began in September 2013.

Together with the ongoing restructuring, the Group is making headway in winning more orders and projects and is confident of building a healthier project pipeline.

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 2014	HY 2013	**HY 2014**	HY 2013
	$'000	$'000	**$'000**	$'000
Chern Dar Enterprise Co. Ltd				
Purchases	**283**	339	-	-

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 2014 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

13 August, 2014

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:

Name: Mr Tan Chong Huat, Registered Professional, RHT Capital Pte. Ltd.
Address: Six Battery Road #10-01, Singapore 049909
Tel: (65) 6381 6757