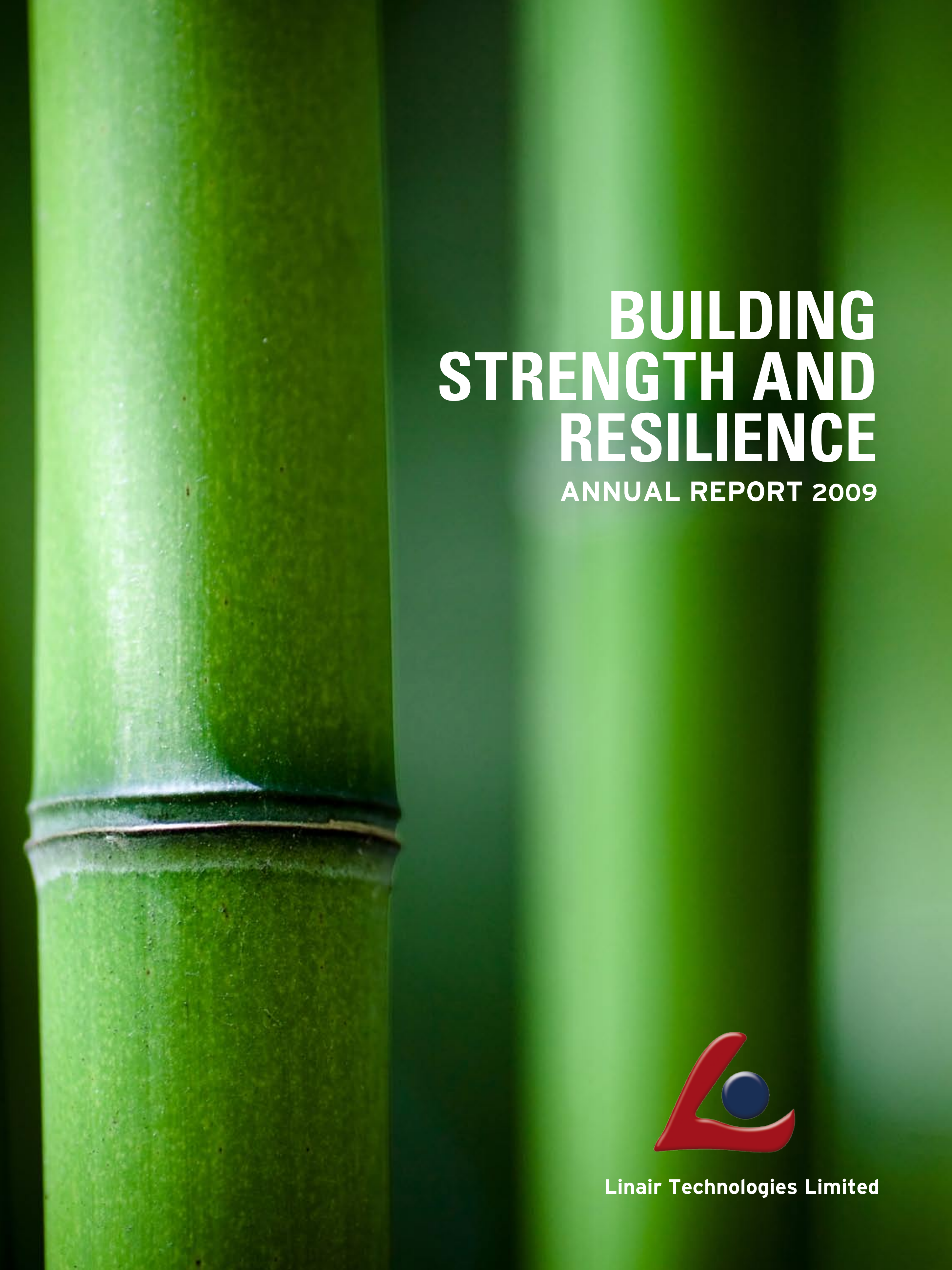


BUILDING STRENGTH AND RESILIENCE

ANNUAL REPORT 2009

Linair Technologies Limited

CONTENTS

CORPORATE PROFILE

Founded in 1998, Linair Technologies Limited (Linair) is a multi-disciplinary company providing one-stop environmental-solutions and integrated services to semiconductor, wastewater treatment, pharmaceutical and biotechnological industries.

Linair is also a leading building services and engineering solutions provider which specialises in design, installation, testing and commissioning of Air-Conditioning and Mechanical Ventilation (ACMV) and Electrical Systems.

The company was listed in the SGX Sesdaq (now known as Catalist) on February 2005.

Linair Technologies Limited has 3 major pillars of businesses:

(i) The Manufacturing division manufactures and installs high quality ducts and air tight dampers used in critical air-flow control solutions;

(ii) The Distribution division distributes critical air-flow systems, Individual Ventilated Cages (IVC) and established international industrial and biotechnology products; and

(iii) The Engineering and Services division provides turnkey facility construction management and specialist engineering, Mechanical, Electrical and Plumbing (MEP) services for commercial, residential and industrial buildings. This division also specialises in live-firing ranges and building maintenance services.

CORPORATE STRUCTURE

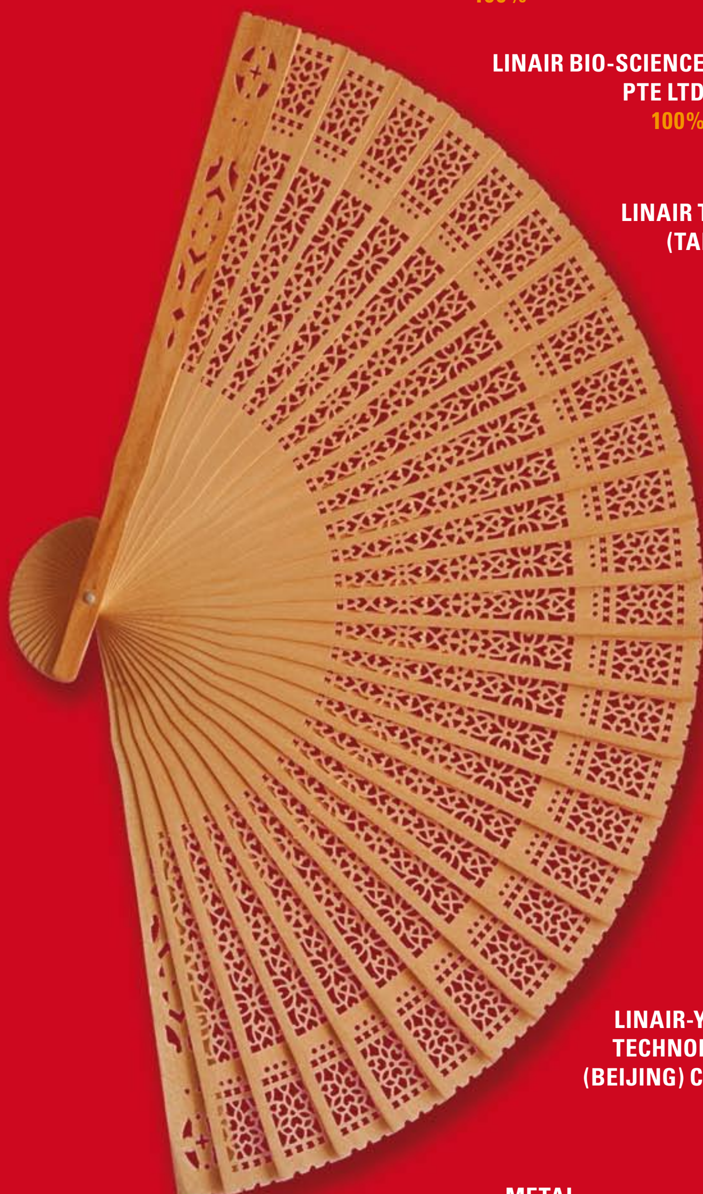
AIR SYSTEM TECHNOLOGY (S) PTE LTD
100%

LINAIR BIO-SCIENCE PTE LTD
100%

LINAIR TECHNOLOGIES (TAIWAN) CO., LTD
100%

LINAIR TECHNOLOGIES (SUZHOU) CO., LTD
100%

LINAIR TECHNOLOGIES LIMITED



LINAIR TECHNOLOGIES (M) SDN BHD
100%

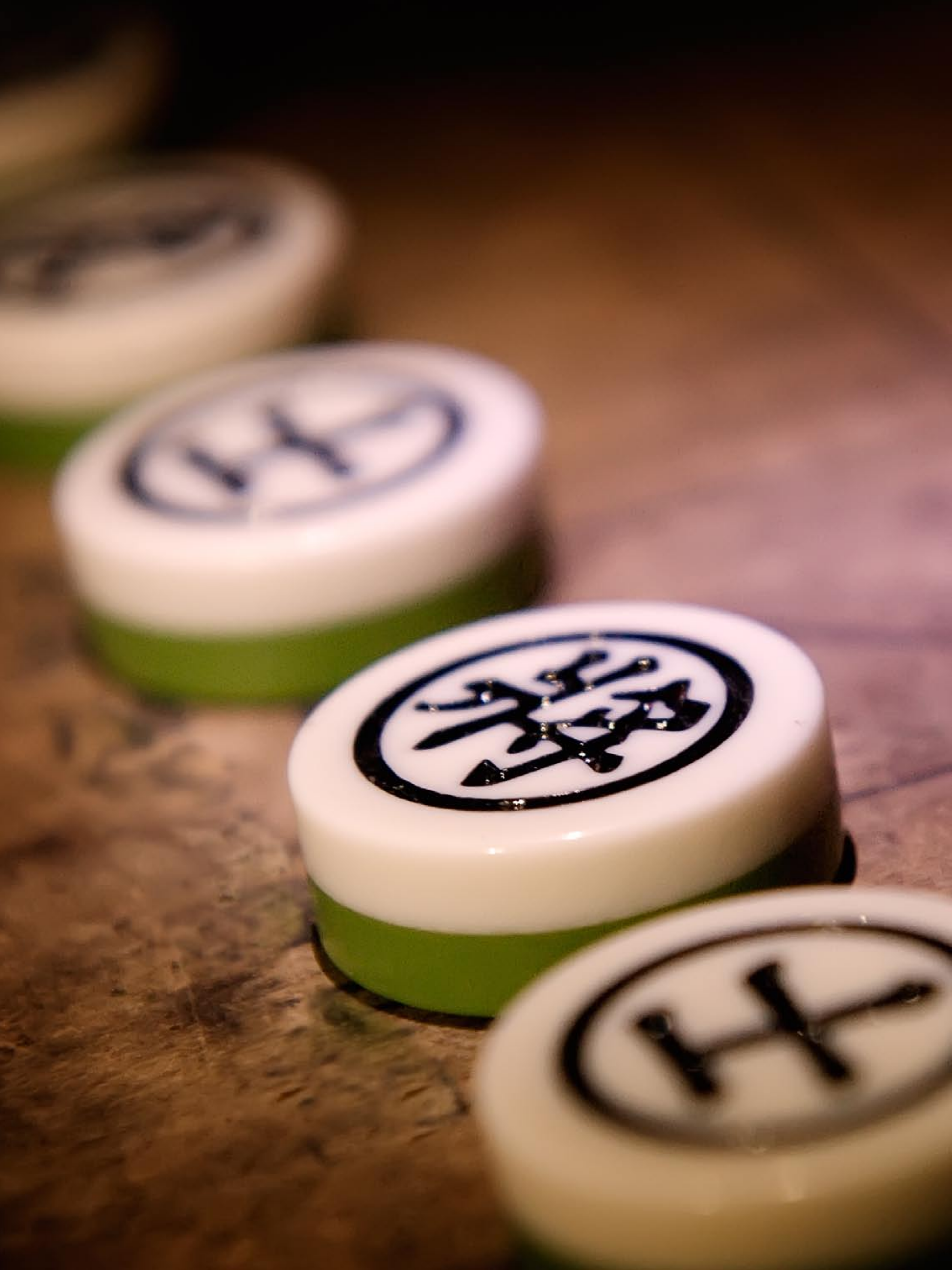
LINAIR ENGINEERING PTE LTD
100%

SHANGHAI XIANDA INDUSTRY EQUIPMENT INSTALLATION CO., LTD
70%

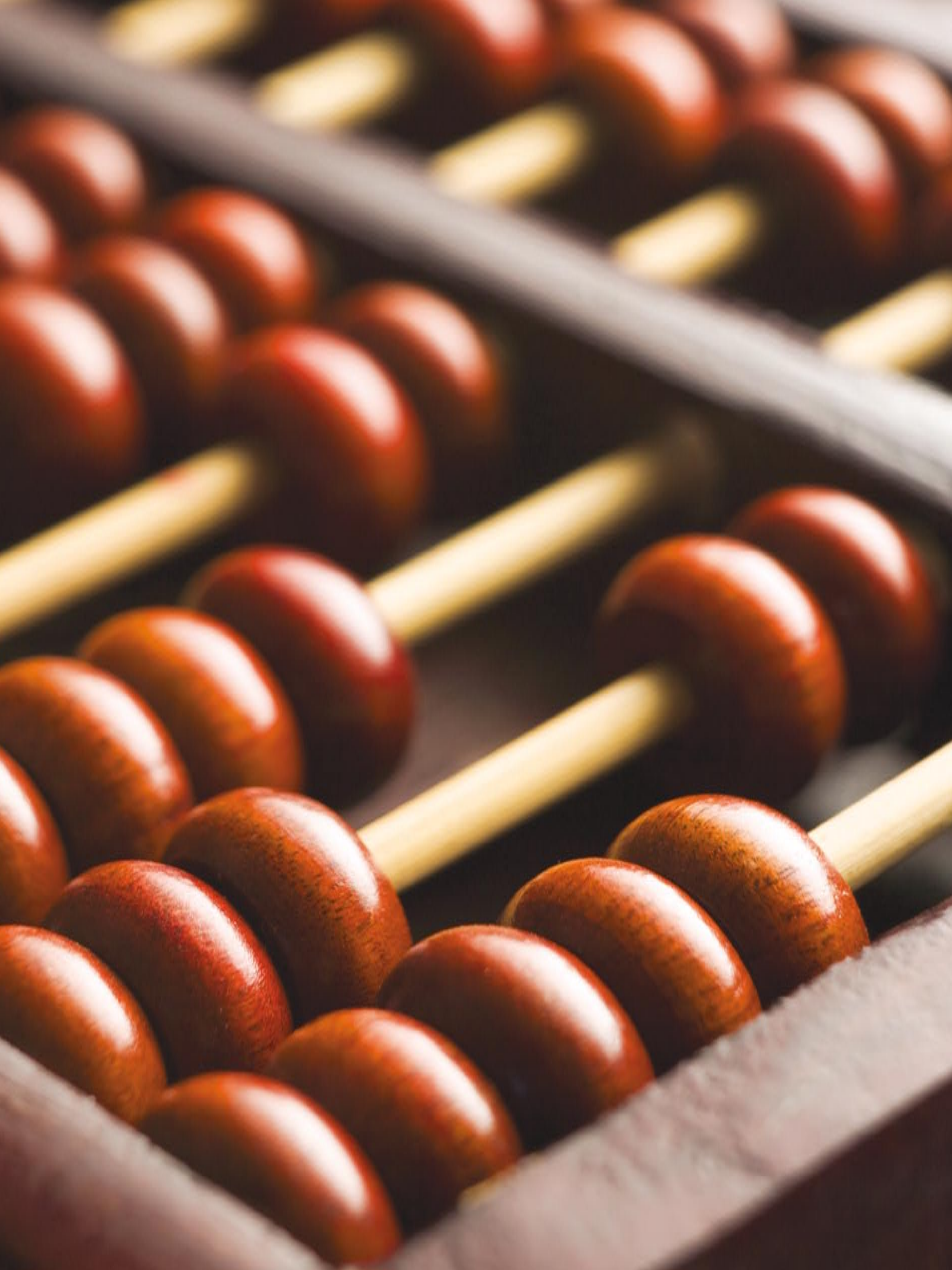
LINAIR-YINGTA TECHNOLOGIES (BEIJING) CO., LTD
49%

METAL TECHNOLOGIES LLC
24%

COMBINING TALENTS AND STRATEGIES



ALIGNING OUR BUSINESSES FOR GROWTH



MESSAGE FROM THE CHAIRMAN

DEAR SHAREHOLDERS,

Although the financial crisis-led economic recession started in the second half of 2008, our company bore the full brunt of its impact in Financial Year (“FY”) FY 2009. There are three significant outcomes. First, it set back our growth plans in the Middle East, when the UAE investor rescinded on his investment into the Linair Group of Companies (“Group”). Second, the systemic effect of the financial crisis led to our exposure in China by our Shanghai subsidiary; and finally, there was minimal demand for our ducts as there was no expansion and renewal in the semi-conductor foundries. The only bright notable spot during FY 2009 was the contribution from Air System Technology (S) Pte Ltd (“AST”) fronting our Engineering Services. AST continued to grow and remained profitable notwithstanding the difficult times.

In financial terms, the Group’s revenue in FY 2009 dropped by 46%, $43.96 million in FY 2009 compared to $81.94 million in FY 2008. The important points in the revenue figures are the increased contribution by our engineering segment of $35.95 million compared to $16.69 million in FY 2008, the sharp drop in the local duct manufacturing contribution from $11.82 million in FY 2008 to $4.48 million in FY 2009, and the drastic decline in contribution from Operations in China of $53.86 million in FY 2008 to only $1.7 million in FY 2009. However, a point to note is that a large proportion of the revenue from China Operations in FY 2008 was derived from Project Management, the sum amounting to $36.56 million with a very low gross profit margin of 2 to 3%.

Of significance is that the Group suffered a net loss of $8.64 million in FY 2009. About half of this loss comes from provisions for the impairment on trade receivables amounting to $2.94 million, and provisions for slow moving inventories of $1.17 million. These provisions totaled $4.11 million. Notwithstanding this big loss, the cash flow situation remains healthy largely due to the infusion of proceeds from shares issued to pay for the acquisition of AST.

The very difficult FY 2009, had in the beginning, forced the Group to react tactically by cutting costs without laying off our workers. The Group is now

BETTER MARGINS IN AN ESTABLISHED AND COMPETITIVE ENVIRONMENT CAN BE ACHIEVED THROUGH CREATIVE VALUE-DESIGNS AND EXPLOITING OUR NICHE STRENGTHS.

housed together in Paya Lebar, vacating our rented premises in Woodlands. Redundant or underemployed workers were reassigned to AST to meet the growing demand for its engineering services. The recession had also prompted us to reflect strategically, asking key questions on whether the Groups' businesses and models were still relevant; and how to grow the Group in future. The key priority for FY 2010 is to turn the Group around and make it profitable again.

The Engineering Services business is an enduring one. The Group's Engineering Services fronted by AST will play a major role in FY 2010, meeting its book order commitments. The challenges are two fold, first, to improve on its margins, and second, to secure more contracts to see us beyond FY 2010. Better margins in an established and competitive environment can be achieved through creative value-designs and exploiting our niche strengths. Securing contracts and growing the business may require us to seek alliances (and if necessary mergers) besides marketing our core competencies in Air Flow engineering and expanding organically in the electrical engineering services. A major obstacle to overcome will be in the recruitment of engineers brought about by the quota imposed on hiring foreigners and the relatively high costs in hiring local engineers.

The Group's main manufacturing business of making, supplying and where necessary fitting our ductworks and related accessories remains a relevant business, albeit one that is limited in growth. As to when the demand for our manufactured products will pick up, this will largely depend on the pace of recovery and expansion of the semi-conductor industry. The latter's expansion is in turn dependent on the strength of the global economic recovery.

The Group's third but small distribution business segment should do well because of the known expansion in the healthcare industry locally. This segment of business can grow by exporting our knowledge from the many years of experience in distributing, installing, and balancing critical air flow valves to relevant partners in the emerging markets.

FY 2010 promises to be a better year for the Group because of the envisaged economic recovery. It leaves me now, on behalf of the Board of Directors, to thank our shareholders, clients and customers, and all the staff for the confidence in the Group during the very difficult FY 2009.

BG (Ret) Law Chwee Kiat
Independent Director and Non-Executive Chairman

MESSAGE FROM THE CEO
OPERATIONS REVIEW

FY 2009 Performance

FY 2009 began with the full-blown impact of the financial tsunami which lasted till the first half of the year. The second half of FY 2009 saw some improvement in market sentiments and orders for manufacturing and distribution. Although we expected the second half performance to improve, the results were affected by impairment for a terminated project in China.

The relevant impact of the crisis on the Linair Group of Companies ("Linair Group") is the complete downturn in the semiconductor industry which dislodged forecasts of impending projects that were factored to take place this year. Semiconductor foundry projects were either postponed or cancelled, resulting in the Linair Group's manufacturing business registering a significant drop in revenue.

The same situation applied to the photovoltaic industry. We could only manage to supply ETFE-coated hook-up products to a photovoltaic plant in Singapore. On a positive note, we had successfully diversified the usage of ETFE-coated ductwork systems in the photovoltaic industry. The other development is that we managed to supply ETFE-coated ductwork to a foundry in France and is working to increase our ETFE-coated ductwork system distribution channels in Europe.

The distribution business saw a drop in revenue this year compared with FY 2008. Despite this, the distribution business posted positive results in operations largely due to effective management. However the net result showed a marginal deficit due to the provisions for slow moving inventory.

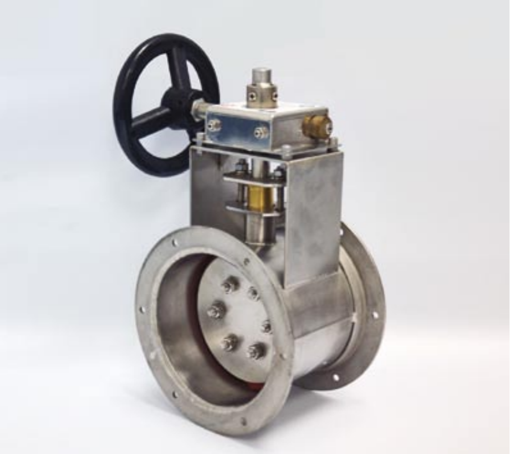
The only consistent performer for FY 2009 is the engineering services segment which possesses a healthy book order of S$60 million. There was an increase of another S$24.42 million in contracts from Abu Dhabi, UAE in the last quarter. Having completed S$35.95 million in FY 2009, the engineering services segment made a significant contribution to the FY 2009 results despite the difficult period.

FY 2010 Outlook

Linair Group's FY 2010 outlook is likely to see an improved performance compared to FY 2009. However there is still uncertainty of a revival in the semiconductor industry, and to mitigate this, we plan to trim the manufacturing operations. The manufacturing segment will only see significant growth in revenue provided we are able to tap on new semiconductor foundry development expected to take place in China.

The distribution segment will also register growth with more healthcare facilities projects in Singapore and with new orders from Pakistan. The outlook for Taiwan and Malaysia will remain slow. Growth in revenue for the distribution business will depend on the success of the newly established sales office in Australia and the success in the launch of new animal caging systems.

The engineering services segment will continue to sustain their performance with healthy book orders. The outlook for the engineering services is encouraging provided there is no recurrence of a credit



(L-R): Seagate Senai Scrubber System, Air Tight Damper

crunch. We are confident of increasing our book orders for FY 2010. More growth in engineering services will come about when we successfully expand from Abu Dhabi, UAE to other Middle East territories.

In conclusion, we should be able to ride through FY 2010 comfortably with the book orders on hand. The challenge is to exercise prudence in managing expenses incurred to generate more organic growth of the respective businesses.

Future Plans

The lessons drawn from the economic crisis compel us to rethink Linair Group strategies moving forward. We see an urgent need to build a resilient and sustainable Linair.

Our Board of Directors have drawn up guidelines for our strategic growth plans to comprise of diversified business operations that is resilient to any economic crisis. This will position the Linair Group to cushion downturns, as was experienced in the Semiconductor and Biotech industries. There is also a need to build strong book orders to enable Linair Group to achieve profitability and sustainability.

This set of guidelines will serve to bring about business growth in Linair Group as we transform from a manufacturing, distribution and specialist engineering company into a comprehensive engineering and construction company with advanced 'Green' and energy conservation capabilities.

In the next 3 years, we intend to develop enhanced competencies in the construction field leading up to design and project management capabilities. In line with integrating 'Green' technologies and standards into all spectrum of Linair Group's businesses, we will develop capabilities for turnkey, Eco-friendly and 'Green' engineering and construction solutions to the Commercial, Industrial, and Biotechnology industries.

Linair Group's management hopes to integrate the 3 business pillars in more synergistic developments to develop integrated solutions and services for the green construction and engineering services sector, at the same time developing economies-of-scale business strategies to drive Linair's profitability.

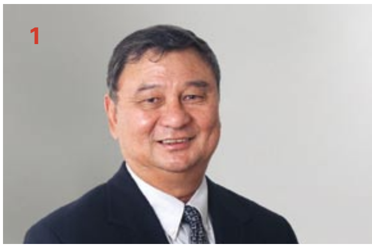
Linair Group's growth will focus on organic business growth together with corporate growth through mergers and acquisitions of strategic and complementary businesses.

Appreciation

I am excited about Linair Group's new directions and look forward to the challenges ahead. I wish to take the opportunity to thank the strategic investor for his valuable input and commitment to support Linair Group's future plans, the Chairman, and the Board of Directors for their relentless efforts and time to develop the strategic plans, as well as key executives for their contributions. I also wish to express my appreciation to other shareholders and staff for their support.

Mr. Ong Peng Kwang Jemme
Group Chief Executive Officer

BOARD OF DIRECTORS



1. BG (Ret) Law Chwee Kiat
Independent Director and Non-Executive Chairman

BG (ret) Law Chwee Kiat brings with him over 30 years of service with the SAF and held several senior command and staff appointments, including Commander of 9th Division, Commander TrADOC and Head Combat Intelligence Department and Acting ACGS (Intelligence). BG (ret) Law had also served on the boards of two government-linked companies.

Following his retirement from the SAF, BG (ret) Law was appointed Senior research Fellow, the Institute of Defence and Strategic Studies, NTU, Singapore. Concurrently he held the appointment of the Head of Operational Art Development Group in the SAF. He left the NTU in 2003 and helped established Einrelevance Pte. Ltd. He is currently the Chairman of the company.

He holds a Bachelor of Arts (Political Science/History) from the National University of Singapore.

2. Mr. Ong Peng Kwang Jemme
Group Chief Executive Officer

Group CEO Mr. Jemme Ong is primarily responsible for overseeing the Group's strategic business direction and development. Prior to joining the Group in 2003, Mr. Jemme Ong set up Aims Capital Pte Ltd in 1999, a company dealing with investment in equities. In June 2001, he set up Jordans Offshore Supplies Pte Ltd, engaged in the supply of material and handling equipment for the oil and gas industry. From 1997 to 1999, Mr. Jemme Ong was the Managing Partner of Ngee Seng Autoworks and Ngee Seng Spray Painting. From 1990 to 1997, he managed a chain supply and distribution business dealing with home appliances in Indonesia.

3. Mr. Ho Ta-Huang
Non-Executive Director

Mr. Ho Ta-Huang is the founder and Chairman of Chern Dar. Mr. Ho has over 30 years of experience in the business of manufacturing and installation of stainless steel and galvanised steel ductworks in Taiwan. He is the honorary Chairman of the Taiwan Hardware Association and an inspector with the Taiwan Ventilation Equipment Association.

4. Mr. Wong Kok Chye
CEO, Linair Duct

Mr. Wong Kok Chye is the Chief Executive Officer of Linair Duct, a key business unit of The Linair Group. His responsibilities include overseeing the Group's duct manufacturing business in ASEAN. Prior to joining the Group as Project Director in 2000, he was a consulting Engineer in Rankine & Hill Consultant Engineers and was responsible for designing building systems and management of engineering projects.

Mr. Wong holds a Bachelor degree in Engineering with First Class Honours in Mechanical Engineering from Queen's University of Belfast. Mr. Wong was awarded the rex McCandless Prize and the F.V. Warnock Prize for academic excellence by the University.

5. Mr. Ong Chin Lin
Independent Non-Executive Director

Mr. Ong Chin Lin is the Independent Non-Executive Director at Linair. He is the Chairman of the Audit Committee, and member of the remuneration Committee and Nomination Committee.

Mr. Ong had previously held senior financial and operations positions at Prima Flour Ltd, Malaysia-Beijing Travel Sdn Bhd and Nylect Technology Limited. He is currently the Independent Non-Executive Director of Yi-Lai Berhad and Old Chang Kee Ltd. Mr. Ong graduated with a Bachelor of Commerce (Accountancy) from the then Nanyang University in 1970. He is a fellowship member of the Institute of Chartered Accountants in England & Wales, and also a member of the Malaysia Institute of Accountants.

6. Mr. Tan Hup Foi @ Tan Hup Hoi
Independent Non-Executive Director

Mr Tan Hup Foi was appointed as an Independent Non-Executive Director on 17 August 2009, and a member of the Audit Committee. Mr Tan is the Chairman of Ngee Ann Polytechnic Council. He is also an Honorary Vice-President of the International Association of Public Transport (UITP) and Honorary Chairman of UITP Asia-Pacific Division.

Mr Tan was the Chief Executive of Trans-Island Bus Services Ltd from 1994 to 2005 and also the Deputy President of SMRT Corporation Ltd from 2003 to 2005.

He was awarded the Public Service Medal (PBM) in 1996 and Public Service Star (BBM) in 2008 by the President of Republic of Singapore. Mr Tan graduated from Monash University in Australia with a First Class Honours degree in Mechanical Engineering in 1974 and he obtained a Master of Science (Industrial Engineering) degree from University of Singapore in 1979.

7. Mr. Leong Horn Kee
Independent Non-Executive Director

Mr. Leong was appointed as an Independent Non-Executive Director on 17 August 2009, and currently serves in the Remuneration Committee. He is the Chairman and CEO of CapitalCorp Partners Pte Ltd. He has wide experience in both the public and private sectors. He has served in the Singapore Government's Administrative Service in the Ministry of Finance and Ministry of Trade and Industry, and has worked in various industries such as investments, venture capital, merchant banking, hotels, food and beverage, and property development.

He was a Member of Parliament for 22 years from 1984 to 2006. He is currently Singapore's Non-resident Ambassador to Mexico and a member of the Securities Industry Council. Mr Leong holds a Production Engineering and Management (First class honours) degree from Loughborough University, UK; an Economics (Honours) degree from the University of London, UK; a BA degree in Chinese Language and Literature from Beijing Normal University, China; an MBA from INSEAD, France; and a Master in Business Research (MBR) from University of Western Australia.

SENIOR MANAGEMENT

Mr. Ong Peng Kwang Jemme
Group Chief Executive Officer

Mr. Jemme Ong, the Group Chief Executive Officer is primarily responsible for the Group's strategic directions and developments. He charted Linair's Global outlook Plan and maintained the Group's business health and growth strategies. Mr. Jemme Ong joined Linair in 2003 as General Manager.

He was promoted to Chief Operations Officer in 2004 and appointed as Director in 2005 before taking over as Group CEO in 2006.

Mr. Ong has brought with him to Linair a wealth of experience in managing successful Singapore companies Aims Capital Pte Ltd, Jordans Offshore Supplies Pte Ltd, Ngee Seng Autoworks, Ngee Seng Spray Painting, including a chain supply and distribution business in Indonesia.

Mr. Wong Siew Hong
Group Chief Financial Officer

Mr. Wong joined Linair as Chief Financial Officer in April 2007. He is responsible for the financial management and reporting functions of the Group. Mr. Wong is also the Company Secretary. Prior to joining the group, Mr. Wong Siew Hong was with Foo Kon Tan Grant Thornton for nine years and his last held position was that of Senior Audit Manager. Mr. Wong holds a Bachelor of Accountancy from the National University of Singapore and is a member of the Institute of Certified Public Accountants of Singapore.

Mr. Anthony Sum Yew Wah
Group Chief Marketing Officer

Mr. Anthony Sum was appointed Linair's Chief Marketing Officer in Jan 2007. He is responsible for the Group's Global Marketing effort in providing marketing leadership and support, establish distributorships and sales, develop partnerships and alliances. Mr Sum also oversees the Group's Corporate Affairs, and is responsible for shaping and implementing policy initiatives.

Mr. Sum has more than 18 years' experience with MNCs and SMEs.

He holds a Master Of Science in IT from the University of Glasgow (UK) and a Executive MBA from the Golden Gate University (USA).

Mr. Wong Kok Chye
Chief Executive Officer, Linair Duct

Mr. Wong Kok Chye is the Chief Executive Officer of Linair Duct. He is chiefly responsible for the development, operations and growth of the Group's Duct business.

Mr. Wong joined Linair in 2000 as Project Director, and was appointed Sales Director in 2001. He was promoted to South-East Asia Director in 2005 before assuming his current role as CEO, Linair Duct in October 2006.

Mr. Wong holds a Bachelor degree in Engineering with First Class Honours in Mechanical Engineering from Queen's University of Belfast.

Mr. Lai Mun Yow
Director, Air System Technology Pte Ltd

Mr. Lai Mun Yow joined Linair in Oct 2006 as Chief Executive Officer of Linair Engineering Pte Ltd. His responsibilities include overseeing the Group's engineering business and operations in ASEAN and China. Mr. Lai has more than 20 years of experience in project management and construction of laboratory, pharmaceutical plants and clean rooms.

Prior to joining Linair, Mr. Lai was the project manager with Shin Nippon Air Technologies Co., Ltd.

Mr. Chang Cheng Yu
General Manager, Linair Technologies (Suzhou) Co., Ltd

Mr. Chang joined Linair in Dec 2007 as General Manager of Linair Technoloiges (Suzhou) Co.,Ltd, a wholly owned subsidiary company of The Linair Group. He is responsible for the management and development of the Group's business and duct manufacturing operations in China. Mr. Chang has more than 10 years of experience in the business of manufacturing and installation of stainless steel and galvanised steel ductworks in Taiwan.

Mr. Chang holds a Bachelor Degree in Mechanical Engineering, Taiwan Yuan-Ze University.

Mr. Sunnee Ng Jee Aun
Operation Manager, Linair Bio-Science Pte Ltd

Mr Sunnee Ng is responsible for the development, operations and growth of the group's critical facilities airflow business.

Mr. Ng joined Linair since graduation in 2003 from Monash University, Bachelors in Mechanical Engineering with Honours. He first joined the group as an Application Sales Engineer, responsible for the critical air solution business in Malaysia , and was then transferred to Linair Technologies Singapore as a Business Development Executive in 2004 assisting the group's COO on the global duct expansion plan. In 2005, he was promoted as the Head of production in Linair Bio-Science managing the production of Micro-Safe IVCs before assuming his current role as Operation Manager of Linair Bio-Science in May 2007.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors (the "Board") of Linair Technologies Limited (the "Company") is committed to ensuring and maintaining a high standard of corporate governance within the Group. This report describes the corporate governance framework and practices of the Company with specific reference to the principles and guidelines set out in the Corporate Governance 2005 (the "Code").

BOARD MATTERS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management. To fulfil this role, the Board sets the Group's strategic direction, establishes goals for management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group.

The Board meets regularly and as warranted by particular circumstances or as deemed appropriate by the board members. The Company Secretary is always present at such meetings to record the proceedings.

The responsibilities of the Board include:

- reporting to shareholders and the market;
- ensuring adequate risk management processes;
- reviewing internal controls and internal and external audit reports;
- monitoring the Board composition, director selection and Board processes and performance;
- reviewing and approving executive directors' remuneration;
- validating and approving corporate strategy;
- reviewing business results, monitoring budgetary control and corrective actions (if required); and
- authorising and monitoring major investment and strategic commitments.

Newly appointed directors will be given an orientation program to familiarise themselves with the Company's operations. Apart from keeping the Board informed of all relevant new laws and regulations, the Company has an on-going training budget for existing Directors to attend any training programme in connection with their duties as Directors.

Where necessary, the Company will arrange for the Directors to attend any training programme in connection with their duties as Directors.

A formal letter setting out the Directors' duties and obligations is provided to each Director upon his appointment. New Directors are provided with a formal letter of appointment, setting out the directors' duties and obligations.

The Board is assisted by various Board Committees namely the Audit Committee, the Nominating Committee and the Remuneration Committee in carrying out and discharging its duties and responsibilities efficiently and effectively.

STATEMENT OF CORPORATE GOVERNANCE

The attendance of the directors at meetings of the Board and Board Committees during the year, as well as the frequency of such meetings, is disclosed below:

	BOARD	AUDIT COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE
Number of meetings held	5	2	1	1
Ong Peng Kwang Jemme	5	NA	1	NA
Wong Kok Chye	5	NA	NA	NA
Ho Ta-Huang	4	2	NA	1
BG (Ret) Law Chwee Kiat	5	2	1	1
Ong Chin Lin	5	2	1	1
Leong Horn Kee *	1	0	NA	NA
Tan Hup Foi @ Tan Hup Hoi *	2	NA	NA	0

* *Appointed on 17 August 2009*

The Company has adopted internal guidelines and financial authority limits structure setting forth matters that require Board approval. Under the guidelines, Board approval is required for material transactions such as commitments and payments of operating and capital expenditure exceeding S$1,000,000.

BOARD COMPOSITION AND BALANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this Report, the Board comprises seven members; of whom four are independent, which provides a strong and independent element on the Board:

BG (Ret) Law Chwee Kiat	Independent/Non-Executive Chairman
Mr Ong Peng Kwang Jemme	Executive Director and Group Chief Executive Officer
Mr Wong Kok Chye	Executive Director
Mr Ho Ta-Huang	Non-Executive Director
Mr Ong Chin Lin	Independent non-executive Director
Mr Leong Horn Kee	Independent non-executive Director
Mr Tan Hup Foi @ Tan Hup Hoi	Independent non-executive Director

The Board is of the view that the current size and structure are appropriate given that the non-executive directors form the majority in the Board comprising seven members.

The criterion for independence is based on the definition given in the Code. The Board considers an "Independent" Director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgment of the conduct of the Group's affairs. The independence of each Director is reviewed annually by the Nominating Committee, based on the definition of independence as stated in the Code.

The non-executive Directors effectively check on Management by constructively challenging and helping to develop proposals on strategy. They monitor and review the reporting and performance of Management in meeting agreed goals and objectives.

The non-executive Directors may meet regularly on their own as warranted without the presence of Management.

The Board is of the view that the current Board members comprise persons whose diverse skills, experience and attributes provide for effective direction for the Group. The composition of the Board will be reviewed on an annual basis by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making.

Particulars of interests of Directors who held office at the end of the financial year in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are set out in the Directors' Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

The Chairman of the Board is BG (Ret) Law Chwee Kiat, an Independent non-executive Director whilst the Chief Executive Officer ("CEO"), Mr Ong Peng Kwang Jemme is an Executive Director. The Chairman and the CEO are not related. The Chairman is also responsible for the workings of the Board, ensuring the integrity and effectiveness of its governance process. The Chairman also ensures that the Board constructively engages the management on strategy, business operations, enterprise risk and other plans.

The Chairman ensures that Board meetings are held regularly, at least twice a year, and as and when necessary. He sets the board meeting agenda in consultation with the CEO, key executives as well as the Company Secretary. He also ensures that sufficient information is disseminated to the members of the Board timely to enable them to carry out their duties. In the conduct of Board meetings, the Chairman seeks and encourages contribution by both executive and non-executive directors and the interaction and constructive relations among directors.

The Chairman is also assisted by the three Committees and the internal auditors who report to the Audit Committee in ensuring compliance with the Company's guideline on corporate governance.

As the Company's CEO, Mr Jemme Ong is responsible for the day-to-day management affairs of the Group. He reports directly to the Board and updates the Board on the performance of the Company during regular meetings, and ensures that policies and strategies adopted by the Board are implemented.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board. As a principle of good corporate governance, all directors should be required to submit themselves for re-nomination and re-election at regular intervals.

NOMINATING COMMITTEE ("NC")

The NC comprises three Directors, of whom majority, including the Chairman, are independent. The NC members are:

BG (Ret) Law Chwee Kiat (Chairman)	Independent non-executive Director
Mr Ong Peng Kwang Jemme	Executive Director and Group Chief Executive Officer
Mr Ong Chin Lin	Independent non-executive Director

The primary function of the NC is to determine the criteria for identifying candidates and to review nominations for the appointment of Directors to the Board, to decide how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval. Its duties and functions are outlined as follows:-

a. to make recommendations to the Board on all board appointments and re-nomination having regard to the director's contribution and performance (eg. attendance, preparedness, participation, candour and any other salient factors);
b. to ensure that all directors would be required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;
c. to determine annually whether a director is independent, in accordance with the guidelines contained in the Code;
d. to decide whether a director is able to and has adequately carried out his duties as a director of the Company, in particular cases, which the director has multiple board representations; and
e. to decide how the Board's performance may be evaluated and to propose objective performance criteria.

There is a formal and transparent process for the appointment of new directors to the Board. The NC reviews and recommends all new Board appointments and also the re-nomination and re-appointment of directors to the Board.

In the nomination and selection process of a new director, the NC identifies key attributes of an incoming director based on the requirements of the Group and recommends to the Board the appointment of the new director. New directors are appointed by way of a board resolution. The NC has conducted an annual review of the independence of the Independent Directors based on guidelines stated in the Code, and has ascertained that they are independent.

BOARD PERFORMANCE

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the board.

The NC has assessed the effectiveness of the Board as a whole and the contributions of each director to the effectiveness of the Board. In assessing the effectiveness of the Board, the NC considers a number of factors, including the discharge of the Board's functions, access to information, participation at board meetings and communication and guidance given by the Board to top management.

The NC's focus in the assessment of Board effectiveness is on its ability to provide supervisory and oversight while the NC will to a certain extent consider the Company's achievement of various financial performance criteria (including those in the Code) as part of its assessment of the effectiveness of the Board, the Board regards these criteria as being more appropriate measures of management performance and is relevant in its assessment of the Company's management.

The Chairman of NC would act on the results of the performance evaluation and propose changes to the Board where appropriate.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

Periodic financial summary reports, budgets, forecasts and other disclosure documents are provided to the Board prior to Board meetings. The Board has separate and independent access to the Company's senior management and Company Secretary at all times. Any material variance between projections and actual results is to be disclosed and explained.

The Company Secretary will attend all Board meetings to respond to the queries of any Director and to assist in ensuring that board procedures are followed as well as applicable rules and regulations are complied with. The office of the Company Secretary acts as a channel of information flow within the Board and its committees and between senior management and non-executive Directors. The appointment and removal of the Company Secretary is by the Board.

Management deals with requests for information from the Board promptly. The Board is informed of all material events and transactions as and when they occur.

The Company Secretary assists the Board to ensure that board procedures are followed and that the Company complies with all rules and regulations that are applicable to the Company.

Each director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as directors.

REMUNERATION MATTERS

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") comprises four Directors, the majority of whom, including the Chairman are independent.

BG (Ret) Law Chwee Kiat (Chairman)	Independent non-executive Director
Mr Ho Ta-Huang	Non-Executive Director
Mr Ong Chin Lin	Independent non-executive Director
Mr Leong Horn Kee	Independent non-executive Director

The RC's role is to review and recommend remuneration policies and packages for each director and key executives. The review will cover all aspects of remuneration including but not limited to directors' fee, salaries, allowances, bonuses, options and benefits in kind. The RC's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board.

The payment of fees to Directors is subject to approval at the annual general meeting of the Company. No director is involved in deciding his own remuneration.

To enable the committee to carry out its duties, the RC has access to expert advice in the field of executive compensation inside and/or outside the Company, where necessary.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. Aproportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The Board has also recommended a fixed fee for non-executive directors plus a variable component depending on the number of meetings they attend, taking into account the effort, time spent and responsibility of each non-executive director.

The Company has entered into service contracts with its CEO. The service contracts cover the terms of employment, salaries and other benefits. The service contract of CEO is for a fixed term of three years with a notice period of six months. Non-executive directors have no service contracts.

The Company's Performance Bonus Share Plan is administered by the RC with such discretion, powers and duties as are conferred on it by the Board. A member of the RC shall not be involved in the deliberations of the RC in respect of the grant of Awards to him.

The recommendations of the RC will be submitted to the Board for endorsement. The RC will be provided with access to expert professional advice on remuneration matters as and when necessary. The expense of such services shall be borne by the Company.

DISCLOSURE OF REMUNERATION

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The Company will submit the quantum of the non-executive Directors' fee for each year to the shareholders for approval at each annual general meeting.

A breakdown showing the level and mix of each director's remuneration for the financial year ended 31 December 2009 is as follows:

REMUNERATION BAND & NAME OF DIRECTOR	SALARY %	BONUS %	OTHER BENEFITS %	DIRECTORS' FEE %	TOTAL %
Below $250,000					
Ong Peng Kwang Jemme	89%	7%	4%	-	100%
BG (Ret) Law Chwee Kiat	-	-	-	100%	100%
Ho Ta-Huang	-	-	-	100%	100%
Ong Chin Lin	-	-	-	100%	100%
Wong Kok Chye	80%	10%	10%	-	100%
Leong Horn Kee	-	-	-	100%	100%
Tan Hup Foi @ Tan Hup Hoi	-	-	-	100%	100%

Remuneration of key executives (who are not directors) for the financial year ended 31 December 2009.

REMUNERATION BAND & NAME OF KEY EXECUTIVE	SALARY %	BONUS %	OTHER BENEFITS %	TOTAL %
Below $250,000				
Wong Siew Hong	82%	10%	8%	100%
Anthony Sum Yew Wah	77%	10%	13%	100%
Lai Mun Yow	76%	6%	18%	100%
Alan Chang Cheng Yu	92%	8%	-	100%
Sunnee Ng Jee Aun	81%	10%	9%	100%

There were no employees during the financial period from 1 January 2009 to 31 December 2009 who were immediate family members of a Director and/or a Substantial Shareholder whose remuneration exceeded $150,000 during the financial year ended 31 December 2009.

The Company has not granted any shares under its Performance Bonus Share Plan.

ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is accountable to the shareholders and is mindful of its obligations to furnish timely information and to ensure full disclosure of material information to shareholders in compliance with statutory requirements and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("Listing Manual").

Price sensitive information will be publicly released either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Financial results and annual reports will be announced or issued within legally prescribed periods.

Management provides directors with the management accounts on a periodic basis.

Principle 11: The Board should establish an Audit Committee with written terms of reference, which clearly set out its authority and duties.

AUDIT COMMITTEE ("AC")

The AC comprises the following members, the majority of whom, including the Chairman, are independent:

Mr Ong Chin Lin (Chairman)	Independent non-executive Director
BG (Ret) Law Chwee Kiat	Independent non-executive Director
Mr Ho Ta-Huang	Non-Executive Director
Mr Tan Hup Foi @ Tan Hup Hoi	Independent non-executive Director

The AC members have the relevant accounting or related financial management experience.

The role of the AC is to assist the Board in the execution of its corporate governance responsibilities within the established Board references and requirements. The AC also reviews the adequacy of the company's internal controls and effectiveness of the company's internal audit function as set out in the guidelines stated in the Code. The services of the internal auditors are utilised to assist the AC in the discharge of its duties and responsibilities. The Audit Committee also has the authority to carry out any matter within its terms of reference.

The AC had reviewed the financial statements of the Group for the year ended 31 December 2009 as well as the auditor's report thereon and the announcements for half-year and annual results before they are submitted to the Board for approval. The AC also reviewed the interested person transactions of the Group.

The financial statements, accounting policies and system of internal accounting controls are the responsibilities of the Board of Directors acting through the AC. In performing its functions set out in Section 201B (5) of the Companies Act, Cap. 50, the AC reviewed the scope of work of both internal and external auditors and the assistance given by the Group's officers to the audits. The AC met periodically with the Company's internal and external auditors to review their audit plan and discuss the results of their respective examinations and their evaluation of the Group's system of internal accounting controls without the presence of the Company's management. The AC has separate and independent access to the external auditors and the internal audit function. The AC has also reviewed the appointment of the external auditors for the Company and its subsidiaries and is satisfied with the standard and effectiveness of the audit. The Company has complied with Rule 716 of the Listing Manual.

The Company has in place a whistle-blowing framework where staff of the Company can have access to the AC's chairman. All concerns about improprieties would be channelled to the Head of human resources who would investigate and report to the AC's Chairman.

In accordance with the Code, the AC is satisfied that it:

- has full access to and cooperation from management as well as discretion to invite any director, executive or otherwise, to attend its meeting.
- has been given reasonable resources to enable it to complete its functions properly.
- has reviewed findings and evaluation of the system of internal controls with internal and external auditors.

The AC had reviewed the amount of non-audit services to the Group by the external auditors and is satisfied that the nature and extent of such services had not prejudiced the independence and objectivity of the external auditors. No non-audit fees is payable to the external auditors during the financial year.

The Company recognises that external auditors are a critical component of the Group's overall corporate governance framework as they provide the Board and shareholders with an independent verification of the Group's financial statements as well as highlighting areas for strengthening the Group's systems of internal control and accounting procedures during the course of the audit. The AC believes that the periodic rotation of external auditors will serve to further enhance the independence and effectiveness of the external auditors and, in the process, further strengthen the corporate governance of the Group.

INTERNAL CONTROLS

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

INTERNAL AUDIT

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The internal audit function reports directly to the AC. The internal audit function follows essentially the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. Currently, the internal audit function is undertaken by Eltici e-Risk Services Pte Ltd. The AC reviews annually, the adequacy of the internal audit function.

Internal Audit and Internal Controls

The Group maintains a system of internal controls for all companies within the Group. The controls are to provide reasonable assurance (but not absolute guarantee) that assets are adequately safeguarded, operational controls are in place, business risks are suitably protected and proper accounting records are maintained.

With the assistance of the internal audit function and through the AC, the Board reviews the effectiveness of the key internal controls at least on an annual basis, provides its perspective on management control and ensures that the necessary corrective actions are taken on a timely basis. There are formal procedures in place for both the internal and external auditors to report conclusions and recommendations to management and to the AC independently. The AC is satisfied that the internal audit function and internal controls are adequate.

Risk Management

The Group's systems of internal control play a key role in the identification and management of risks that are significant to affect the achievement of its business objectives. The process of business risk management has been integrated throughout the Group with the business planning and monitoring processes. The results are reviewed by key senior executives on an on-going basis. The overall risk management process and results are reviewed by the Board.

In addition, a comprehensive exercise to assess the risk of each operating division was conducted by the internal audit function with the participation from the Board and the Company's senior management. This provided the Board and its senior management with another opportunity to reassess risk management issues.

Significant macro-level risk factors relevant to the Group's operations and the associated mitigating factors are discussed as follows:

Corporate Level

Financial risk

Such risks include interest rate risk, foreign currency risks from foreign currency denominated assets and liabilities as well as foreign investments and credit risks arising from payment default by customers or tenants. We manage risks mainly by monitoring the rate movements in the financial market closely, hedging the fluctuation risks by use of the appropriate hedge instruments and putting a formal credit evaluation and collection system in place.

Operational risks that may result in fraud and error

The sheer diversity and scale of our operations subject us to such risks. We address these risks by instituting standards on corporate governance, promoting control consciousness, implementing proper system of internal controls and maintaining an internal audit function.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at annual general meetings, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

In line with the Company's continuing obligations pursuant to the Listing Manual, the Board's policy is that all shareholders would be equally informed of all major developments impacting the Group on a timely basis.

In presenting the annual financial statements and announcements of financial results to shareholders, it is the aim of the Board to provide shareholders with a balanced and understandable assessment of the Company's performance, position and prospects. The financial results for the half-year and full year are released to shareholders within 45 and 60 days of the half-year end and full year-end, respectively.

The chairman of the respective AC, NC and RC, will normally be present at forthcoming AGMs to answer any questions relating to the work of these committees. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Group also maintains a website at http://www.linair.com.sg at which shareholders can access information on the Group. The website provides, *inter alia*, corporate announcements, press releases and profiles of the Group.

The Articles allow a member of the Company to appoint one or two proxies to attend and vote on behalf of the member.

Separate resolutions are proposed for substantially separate issues at the meeting.

All shareholders of the Company receive the annual report and notice of annual general meeting ("AGM"). At the AGM, shareholders are given the opportunity to voice their views and ask Directors or senior management questions regarding the Company.

INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transactions with interested persons and requires all such transactions to be at arm's length and are reviewed by the AC. Besides the information disclosed below, there is no other interested person transactions conducted during the year, which exceeds $100,000 in value.

In FY2009, the Company has paid an interest amounting to S$150,000 to Chern Dar Enterprise Co., Ltd in relation to a shareholder's loan extended to the Company.

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$100,000)	
	2009	2008	**2009**	2008
	S$'000	S$'000	**S$'000**	S$'000
Interest Payment				
Chern Dar Enterprise Co. Ltd	**150**	-	**-**	-

DEALINGS IN SECURITIES

In line with Rule 1204(18) of the Listing Manual on Dealing in Securities, the Company issues circulars to its directors and employees, to remind them that (1) they should not deal in shares of the Company on short-term considerations or if they are in possession of unpublished material price-sensitive information; and (2) they are required to report on their dealings in shares of the Company. The directors and employees are also reminded of the prohibition in dealing in shares of the Company one month before the release of the half year and year-end financial results and ending on the date of the announcement of the relevant results. The Company has complied with the said Rule during the financial year.

MATERIAL CONTRACTS

There was no material contract entered into by the Company or any of its subsidiary companies involving the interest of the Chief Executive Officer, any Director, or controlling shareholder.

SPONSORSHIP

The Company has appointed CIMB Bank Berhad, Singapore Branch ("CIMB") as the Company's Continuing Sponsor with effect from 27 August 2009.

The directors and senior management of the Company would consult CIMB on all material matters relating to compliance with the Listing Rules, its listing and the quotation of its securities, documents to be released to shareholders to ensure that such documents are in compliance with the Listing Rules and proper disclosure will be made.

During FY2009, CIMB was appointed as manager of the Company's Rights Issue and management fees of S$100,000 was paid to CIMB in connection with the above appointment.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors submit their report to the members together with the audited statement of financial position of the Company and consolidated financial statements of the Group for the financial year ended 31 December 2009.

DIRECTORS

The directors of the Company in office at the date of this report are:

BG (Ret) Law Chwee Kiat
Ong Peng Kwang Jemme
Ho Ta-Huang
Ong Chin Lin
Wong Kok Chye
Leong Horn Kee (appointed on 17.08.2009)
Tan Hup Foi @ Tan Hup Hoi (appointed on 17.08.2009)

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other body corporate.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Cap. 50, none of the directors who held office at the end of the financial year was interested in shares of the Company and its related corporations except as follows:

Name of Corporation Linair Technologies Limited	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	Number of Ordinary Shares fully paid					
	At 1.1.2009	At 31.12.2009	At 21.1.2010	At 1.1.2009	At 31.12.2009	At 21.1.2010
The Company:						
BG (Ret) Law Chwee Kiat	1,492,000	5,035,500	5,035,500	508,000	1,124,000	1,124,000
Ong Peng Kwang Jemme	1,346,000	7,012,720	7,012,720	5,356,240	-	-
Ho Ta-Huang	-	-	-	14,761,000	44,283,000	44,283,000
Ong Chin Lin	134,000	402,000	402,000	-	-	-
Wong Kok Chye	500,000	6,822,000	6,822,000	193,000	579,000	579,000
Leong Horn Kee (Appointed on 17.08.2009)	-	-	-	-	-	-
Tan Hup Foi @ Tan Hup Hoi (Appointed on 17.08.2009)	-	-	-	-	-	-

DIRECTORS' REPORT

DIRECTORS' INTEREST IN SHARES OR DEBENTURES (CONT'D)

Name of Corporation Linair Technologies Limited	Warrants registered in the name of director			Warrants in which a director is deemed to have an interest		
	Number of Warrants					
	At 1.1.2009	At 31.12.2009	At 21.1.2010*	At 1.1.2009	At 31.12.2009	At 21.1.2010 *
Interests in Warrants in the Company						
BG (Ret) Law Chwee Kiat	186,500	-	-	63,500	123,256	-
Ong Peng Kwang Jemme	5,000	9,705	-	1,207,030	2,343,058	-
Ho Ta-Huang	-	-	-	1,845,370	3,582,188	-
Ong Chin Lin	17,000	32,999	-	-	-	-
Wong Kok Chye	-	386,439	-	-	-	-
Leong Horn Kee (Appointed on 17.08.2009)	-	-	-	-	-	-
Tan Hup Foi @ Tan Hup Hoi (Appointed on 17.08.2009)	-	-	-	-	-	-

* The warrants had expired on 18 January 2010.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director has received or has become entitled to receive a benefit, by reason of a contract made by the Company or its related corporations with a director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

WARRANTS

On 19 July 2007, the Company allotted 14,397,767 warrants at an issue price of $0.13 for each warrant. Each warrant entitles the warrant holder to subscribe for one (1) new ordinary share. The warrants have an exercise period of 3 years from 19 January 2007 to 18 January 2010. During the financial year, 262,000 warrants were exercised at an issue price of S$0.17. In addition, pursuant to the rights issue, the number of warrants were adjusted in accordance with the terms of the deed poll and increased from 13,330,767 to 25,877,257 and at an issue price of S$0.09. The number of outstanding warrants as of 31 December 2009 and 18 January 2010 is 25,877,257 and nil respectively. The warrants had expired on 18 January 2010.

SHARE OPTIONS

No options to take up unissued shares of the Company or of its subsidiaries have been granted during the financial year.

No shares were issued during the financial year to which this report relates by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were as follows:

Ong Chin Lin (Chairman)
BG (Ret) Law Chwee Kiat
Ho Ta-Huang
Tan Hup Foi @ Tan Hup Hoi (w.e.f. 25.02.2010)

The Audit Committee carried out its functions in accordance with Section 201B of the Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Code of Corporate Governance.

In performing its functions, the Audit Committee reviewed the overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It met with the Company's internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company's and the Group's system of internal accounting controls. The Audit Committee also reviewed the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2009 as well as the auditors' report thereon. The Audit Committee has full access to and co-operation of the Management and has been given the resources required for it to discharge its functions properly. It also has discretion to invite any Director and executive officer to attend its meetings.

The Audit Committee has also conducted a review of the fees paid or payable to the auditors for non-audit services for financial year ended 31 December 2009. In pursuance with Section 206(1A) of the Companies Act, Cap. 50, and based on the review by the Audit Committee and its recommendation, the Board is also satisfied that the level of non-audit fees paid or payable to the auditors did not affect the independence of the auditors.

The Audit Committee has recommended to the Board the nomination of PKF-CAP LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

AUDITORS

The auditors, PKF-CAP LLP, has expressed its willingness to accept re-appointment.

On behalf of the board of directors

ONG PENG KWANG JEMME

WONG KOK CHYE

Dated: 15 March 2010

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the accompanying statements of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the results of the business, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors

ONG PENG KWANG JEMME

WONG KOK CHYE

Dated: 15 March 2010

INDEPENDENT AUDITORS' REPORT

to the members of Linair Technologies Limited

We have audited the accompanying financial statements of Linair Technologies Limited ("the Company") and its subsidiaries (collectively, "the Group"), set out on pages 30 to 83, which comprise the statements of financial position of the Company and the Group as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statements of financial position and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the statement of financial position of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

PKF-CAP LLP
Public Accountants and Certified Public Accountants
Singapore, 15 March 2010

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2009

		The Company		The Group		
		31 December 2009	31 December 2008	**31 December 2009**	31 December 2008	1 January 2008
	Note	$	$	$	$ (Restated)	$
Assets						
Non-current assets						
Goodwill	4	**-**	-	**1,291,100**	969,054	132,472
Property, plant and equipment	5	**1,053,929**	1,616,847	**6,026,140**	7,539,474	6,811,787
Other intangible assets	6	**-**	-	**2,818,375**	3,543,046	-
Investment in subsidiaries	7	**15,936,382**	15,936,382	**-**	-	-
Investment in associated companies	8	**508,511**	663,902	**285,703**	282,809	342,924
		17,498,822	18,217,131	**10,421,318**	12,334,383	7,287,183
Current assets						
Inventories	9	**479,826**	806,737	**2,954,880**	6,033,273	3,432,211
Gross amount due from customers for contract work-in-progress	10	**-**	20,552	**1,144,950**	4,460,984	3,521,138
Trade and other receivables	11	**11,416,968**	10,742,551	**12,283,247**	19,734,327	21,006,691
Fixed deposits pledged	12	**723,335**	719,654	**2,944,300**	2,642,013	1,476,873
Financial asset, fair value through profit or loss	13	**-**	-	**33,022**	24,177	-
Prepaid operating expenses		**47,933**	13,611	**192,479**	292,638	231,089
Fixed deposits		**-**	-	**-**	-	527,433
Cash and bank balances	14	**945,215**	1,254,422	**5,203,383**	5,051,497	2,822,231
		13,613,277	13,557,527	**24,756,261**	38,238,909	33,017,666
Total assets		**31,112,099**	31,774,658	**35,177,579**	50,573,292	40,304,849

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2009

		The Company		The Group		
		31 December 2009	31 December 2008	**31 December 2009**	31 December 2008	1 January 2008
	Note	$	$	$	$ (Restated)	$
Equity and liabilities						
Current liabilities						
Gross amount due to customers for contract work-in-progress	10	**-**	-	**3,395,269**	5,458,667	-
Trade and other payables	15	**9,840,101**	13,616,903	**12,844,930**	23,004,820	13,438,053
Obligations under finance leases	16	**678,603**	887,661	**682,396**	898,275	1,034,364
Current tax payable		**14,911**	202,627	**315,558**	519,581	1,154,328
Bank borrowings	17	**323,503**	207,411	**323,503**	1,051,293	4,720,000
		10,857,118	14,914,602	**17,561,656**	30,932,636	20,346,745
Net current assets/(liabilities)		**2,756,159**	(1,357,075)	**7,194,605**	7,306,273	12,670,921
Non-current liabilities						
Obligations under finance leases	16	**191,805**	870,408	**191,805**	877,802	828,436
Bank borrowings	17	**546,397**	-	**546,397**	-	-
Deferred tax liabilities	18	**-**	-	**187,533**	207,752	244,217
		738,202	870,408	**925,735**	1,085,554	1,072,653
Total liabilities		**11,595,320**	15,785,010	**18,487,391**	32,018,190	21,419,398
Net assets		**19,516,779**	15,989,648	**16,690,188**	18,555,102	18,885,451
Capital and reserves						
Share capital	19	**17,577,449**	10,802,968	**17,577,449**	10,802,968	10,802,968
Retained earnings/ (accumulated losses)		**1,939,330**	5,186,680	**(1,061,992)**	7,445,051	7,878,120
Foreign currency translation reserve	19	**-**	-	**174,731**	214,237	(117,194)
Attributable to equity holders of the Company		**19,516,779**	15,989,648	**16,690,188**	18,462,256	18,563,894
Minority interests		**-**	-	**-**	92,846	321,557
Total equity		**19,516,779**	15,989,648	**16,690,188**	18,555,102	18,885,451
Total equity and liabilities		**31,112,099**	31,774,658	**35,177,579**	50,573,292	40,304,849

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2009

	Note	Year ended 31 December 2009 $	Year ended 31 December 2008 $
Revenue	3	**43,963,978**	81,940,587
Cost of sales		**(38,306,035)**	(70,965,543)
Gross profit		**5,657,943**	10,975,044
Other operating income	20	**474,946**	867,990
Administrative expenses		**(5,673,551)**	(5,689,794)
Other operating expenses	21(b)	**(8,318,702)**	(4,650,814)
Finance costs	21(c)	**(431,214)**	(372,199)
Share of associated companies' results		**2,894**	(128,332)
(Loss)/profit before taxation	21(d)	**(8,287,684)**	1,001,895
Income tax expense	23	**(347,414)**	(547,473)
(Loss)/profit for the year		**(8,635,098)**	454,422
Other comprehensive income			
Exchange differences on translating foreign operations		**(4,297)**	375,103
Total comprehensive (loss)/income for the year		**(8,639,395)**	829,525
(Loss)/profit attributable to:			
Shareholders of the Company		**(8,507,043)**	726,805
Minority interests		**(128,055)**	(272,383)
		(8,635,098)	454,422
Total comprehensive (loss)/income attributable to:			
Shareholders of the Company		**(8,546,549)**	1,058,236
Minority interests		**(92,846)**	(228,711)
		(8,639,395)	829,525
(Loss)/Earnings per share attributable to shareholders of the Company (cents)			
Basic	24	**(6.04)**	0.63
Diluted	24	**(6.04)**	0.63

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 December 2009

	Note	Share capital	Foreign currency translation reserve	Retained earnings / (accumulated losses)	Total	Minority interests	Total
		← Attributable to equity holders of the Company			→		
		$	$	$	$	$	$
Balance at 1 January 2008		10,802,968	(117,194)	7,878,120	18,563,894	321,557	18,885,451
Total comprehensive income for the year		-	331,431	726,805	1,058,236	(228,711)	829,525
First and final dividend		-	-	(1,159,874)	(1,159,874)	-	(1,159,874)
Balance at 31 December 2008		10,802,968	214,237	7,445,051	18,462,256	92,846	18,555,102
Balance at 1 January 2009		**10,802,968**	**214,237**	**7,445,051**	**18,462,256**	**92,846**	**18,555,102**
Loss net of tax		**-**	**-**	**(8,507,043)**	**(8,507,043)**	**(128,055)**	**(8,635,098)**
Exchange difference on translating foreign operations		**-**	**(39,506)**	**-**	**(39,506)**	**35,209**	**(4,297)**
Total comprehensive loss for the year		**-**	**(39,506)**	**(8,507,043)**	**(8,546,549)**	**(92,846)**	**(8,639,395)**
Rights issue paid up	19	**6,974,964**	**-**	**-**	**6,974,964**	**-**	**6,974,964**
Issue of shares, arising from exercise of warrants	19	**44,540**	**-**	**-**	**44,540**	**-**	**44,540**
Rights issue expenses written off to share capital account	19	**(245,023)**	**-**	**-**	**(245,023)**	**-**	**(245,023)**
Balance at 31 December 2009		**17,577,449**	**174,731**	**(1,061,992)**	**16,690,188**	**-**	**16,690,188**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2009

	Year ended 31 December 2009	Year ended 31 December 2008
	$	$ (Restated)
Cash Flows from Operating Activities		
Net (loss)/profit before taxation	**(8,287,684)**	1,001,895
Adjustments for:		
Depreciation of property, plant and equipment	**1,749,128**	1,712,798
Allowance for impairment on receivables	**1,335,491**	1,371,769
Recognised losses on contract work-in-progress	**1,603,590**	-
Impairment of goodwill	**-**	132,472
Write back for warranty provision no longer required	**-**	(685,111)
Exchange fluctuation difference	**116,642**	141,295
Interest expense	**431,214**	372,199
Interest income	**-**	(41,211)
Amortisation of intangible asset	**402,625**	-
Impairment of property, plant and equipment	**275,512**	-
Gain on disposal of property, plant and equipment	**(6,767)**	(28,465)
Provision/(write-back) for slow-moving inventories	**1,166,346**	(79,641)
Property, plant and equipment written off	**8,825**	-
Fair value adjustment on financial asset, fair value through profit or loss	**(8,845)**	(1,594)
Share of associated companies' results	**(2,894)**	128,332
Operating (loss)/profit before movements in working capital	**(1,216,817)**	4,024,738
Decrease/(increase) in inventories	**1,912,047**	(2,521,422)
(Increase)/decrease in amount due from/(to) customers for contract work-in-progress	**(350,954)**	5,821,710
Decrease in operating receivables	**6,215,748**	2,803,743
Decrease in operating payables	**(2,751,890)**	(6,396,386)
Cash generated from operations	**3,808,134**	3,732,383
Interest paid	**(431,214)**	(372,199)
Tax paid	**(571,656)**	(1,355,561)
Net cash generated from operating activities	**2,805,264**	2,004,623
Cash Flows from Investing Activities		
Purchase of property, plant and equipment (Note A)	**(660,849)**	(854,584)
Net cash outflow from acquisition of subsidiary (Note B)	**-**	(1,686,677)
Acquisition of investment in associated companies	**-**	(92,032)
Interest received	**-**	41,211
Amount owing to the vendor of a subsidiary cum substantial shareholder (Note B)	**(4,908,000)**	4,908,000
Proceeds from disposal of property, plant and equipment	**56,488**	191,594
Net cash (used in)/generated from investing activities	**(5,512,361)**	2,507,512

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2009

	Year ended 31 December 2009	Year ended 31 December 2008
	$	$ (Restated)
Cash Flows from Financing Activities		
Bank borrowings repaid	**(1,181,393)**	(3,668,706)
Proceeds from bank borrowing	**1,000,000**	-
(Increase)/decrease in fixed deposits pledged	**(302,287)**	488,001
Finance lease obligations paid	**(901,876)**	(1,059,912)
Dividends paid	**-**	(1,159,874)
Proceeds from shares issued	**7,019,504**	-
Share issuance expense	**(245,023)**	-
Amount due to a substantial shareholder	**(2,500,000)**	2,500,000
Net cash generated from/(used in) financing activities	**2,888,925**	(2,900,491)
Net increase in cash and cash equivalents	**181,828**	1,611,644
Effects of currency translation on cash and cash equivalents	**(29,942)**	90,189
Cash and cash equivalents at the beginning of the year	**5,051,497**	3,349,664
Cash and cash equivalents at the end of the year (Note C)	**5,203,383**	5,051,497

NOTE:

A. During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $660,849 (2008 - $1,827,772) of which $nil (2008 - $973,188) was acquired under finance lease. Cash payments of $660,849 (2008 - $854,584) were made to purchase property, plant and equipment.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2009

B. On 1 January 2008, the company acquired 100% stake in Air System Technology (S) Pte Ltd for a consideration of S$7,414,358.

The fair value of the subsidiary's assets acquired and liabilities assumed as at 1 January 2008 were as follows:

	1 January 2008
	$
Property, plant and equipment	632,222
Financial assets, fair value through profit or loss	122,582
Gross amount due from customers for contract work-in-progress	1,302,889
Trade and other receivables	2,864,698
Cash and cash equivalents	819,681
Fixed deposits	1,653,142
Trade and other payables	(4,256,080)
Provision for warranty	(100,000)
Tax payable	(136,876)
Intangible assets (Note 6)	3,543,046
Net identifiable assets purchased	6,445,304
Goodwill (Note 4)	969,054
Total consideration	7,414,358
Satisfied by:	
Cash paid	2,506,358
Amount due to the vendor of a subsidiary cum substantial shareholder	4,908,000
	7,414,358
Net cash outflow from acquisition of subsidiary	1,686,677

The effect of acquisition on cash flows is as follows:

	$
Total consideration	7,414,358
Less: Amount due to the vendor of a subsidiary cum substantial shareholder	(4,908,000)
Consideration paid	2,506,358
Less: Cash and cash equivalents of subsidiary acquired	(819,681)
Net cash outflow from acquisition of subsidiary	1,686,677

C. Cash and cash equivalent at end of financial year

	31 December 2009	31 December 2008
	$	$
Cash and bank balances	**5,203,383**	5,051,497

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 GENERAL INFORMATION

The statement of financial position of the Company and the consolidated financial statements of the Group for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on the date of the Statement By Directors.

The Company is a limited liability company and incorporated in the Republic of Singapore and listed on the Singapore Exchange Securities Trading Limited (''SGX-ST'').

The registered office and principal place of business of the Company is located at 110 Paya Lebar Road #04-01 Singapore Warehouse Singapore 409009.

The principal activities of the Company are that of business of supply and installation of environment-control exhaust systems from its component parts and investment holding. The principal activities of the subsidiaries are stated in Note 7 to the financial statements.

2(A) BASIS OF PREPARATION

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRSs") including related Interpretations to FRS ("INT FRS") promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention, unless as disclosed in the accounting policies below.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

In the process of applying the Group's accounting policies, which are described in Note 2(c), management has made the following judgement that have the most significant effect on the amounts recognised in the financial statements.

<u>Impairment of goodwill</u>

The Group determines whether goodwill is impaired at least once on an annual basis. This requires an estimation of the value in use of the cash generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate to calculate the present value of those cash flows. Further details on the key assumptions applied in the impairment assessment of goodwill are described in Note 4 to the financial statements.

<u>Amortisation of other intangible asset</u>

The Group assesses whether there are any indicators of impairment of intangible asset at each reporting date and are tested for impairment when such indicator exists. When the value-in-use calculations are undertaken, the management must estimate the expected future cash flows from the asset and choose a suitable discount rate to calculate the net present value of those cash flows.

<u>Depreciation of property, plant and equipment</u>

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 60 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2(A) BASIS OF PREPARATION (CONT'D)

Significant accounting estimates and judgements (cont'd)

Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment of property, plant and equipment at each reporting date and are tested for impairment when such indicator exists. When the value-in-use calculations are undertaken, the management must estimate the expected future cash flows from the asset and choose a suitable discount rate to calculate the net present value of those cash flows.

Revenue and cost of sales recognition

The Group has recognised revenue generated from installation contracts and relevant cost of sales incurred by using the percentage of completion method. The assessment of the percentage of completion requires the examination of the circumstances of the transactions. The Group believes that its recognition basis of sales and cost of sales as set out in Note 2(c) is appropriate.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers. An expected loss on the construction contract should be recognised as an expense immediately.

Income tax

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Operating lease commitments - as lessor

The Group has entered into commercial property lease on its freehold property. The Group has determined that it retains all the significant risks and rewards of ownership of its property which is leased out and so accounts for the contract as operating lease.

Impairment loss on trade and other receivables

The Group provides for impairment loss on trade and other receivables mainly based on the collectability and ageing status of the individual receivable at the end of the year. The balance of impairment for doubtful debts as at 31 December 2009 amounted to $2,738,415 (2008: $1,518,955).

Provision for slow-moving inventories

The Group assesses the provision for slow-moving inventories when the related inventories are not saleable above their carrying amounts. A provision of $1,180,129 (2008: $13,783) is made and is recognised in "Other operating expenses".

Provision for warranties

A provision is recognised for expected warranty claims on construction project completed during the year, based on past experience of the level of returns.

Accordingly, $nil (2008:$274,345) and $nil (2008:$174,345) of provision was provided as at year end for the Group and the Company respectively.

The provision for warranties has been included in the budgeted costs for each of the projects in the current year and the amount recognised to statement of comprehensive income is $593,400 (Note 15).

2(B) ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") and Interpretations issued by the Accounting Standards Council that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2009. The adoption of these new and revised FRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The following are the new or amended FRS and INT FRS that are effective for the Group:-

		Effective for annual periods beginning on or after
FRS 1	- Presentation of Financial Statements – Revised presentation	1 January 2009
	- Presentation of Financial Statements – Amendments relating Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	Borrowing Costs	1 January 2009
FRS 32	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 102	Share-based payment – Vesting conditions and cancellations	1 January 2009
FRS 107	Financial Instruments: Disclosures	1 January 2009
FRS 108	Operating Segments	1 January 2009

The adoption of the above pronouncements have no material impact on the financial statements in the period of initial application, except for FRS 1, FRS 107 and FRS 108 as indicated below.

FRS 1 Presentation of Financial Statements – Revised presentation

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in the statement of comprehensive income, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present a single statement.

FRS 107 Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 32 and Note 29 respectively.

2(B) ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS (CONT'D)

FRS 108 Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 *Segment Reporting*.

The Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:-

		Effective for annual periods beginning on or after
FRS 102	Share-based payment: Group cash-settled Share-based payment	1 January 2010
FRS 103	Business Combinations	1 July 2009
FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
FRS 27	Consolidated and Separate Financial Statements	1 July 2009
FRS 39	Financial Instruments: Recognition and Measurement - Eligible Hedged Items	1 July 2009
INT FRS 117	Distributions of Non-cash Assets to Owners	1 July 2009

Except for the revised FRS 103 and the amendments to FRS 27, the directors expect that the adoption of the other standards and interpretations listed above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 103 and the amendments to FRS 27 are described below. The Group has not considered the impact of accounting standards issued after the reporting date.

Revised FRS 103 Business Combinations and Amendments to FRS 27 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2009. The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 7 Statement of Cash Flows, FRS 12 Income Taxes, FRS 21 The Effects of Changes in Foreign Exchange Rates, FRS 28 Investments in Associates and FRS 31 Interests in Joint Ventures. The changes from revised FRS 103 and Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to early adopt.

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Details of its subsidiaries are given in Note 7. All inter-company balances and significant inter-company transactions and resulting unrealised profits and losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only.

The financial statements of the subsidiaries used in the presentation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from consolidated financial statements from the effective dates of acquisition or disposal i.e. when the power to govern the financial and operating policies of the subsidiary is ceded. Where accounting policies of the subsidiary do not conform to those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

Minority interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of fair value of the subsidiary's identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition except when the losses applicable to the minority interests in a subsidiary exceed the minority interest in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority interests are attributed to the equity holders of the Company, unless the minority interests have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minority interests' share of losses previously absorbed by the equity holders of the Company have been recovered.

Minority interest is presented in the consolidated statements of financial position within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income.

Goodwill

Goodwill on consolidation arises when purchase price exceeds the fair values attributed to net assets at the date of acquisition.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the consolidated statement of comprehensive income. Impairment losses recognised for goodwill are not reversed in subsequent periods.

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Other intangible assets

Intangible assets acquired are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives of 8 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed using the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Furniture and fittings	3 - 10 years
Plant and machinery	3 - 10 years
Renovations	10 years
Motor vehicles	5 years
Leasehold property	over the period of lease
Computers and office equipment	3 -10 years
Freehold property	331/3 years

No depreciation is provided for construction-in-progress.

The cost of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration costs is also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Fully depreciated property, plant and equipment are retained in the books of account until they are no longer in use.

The carrying amounts of property, plant and equipment are reviewed yearly in order to assess whether their carrying amounts need to be written down to recoverable amounts. Recoverable amount is defined as the higher of value in use and net selling price.

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries

A subsidiary is defined as a company in which the investing Company has a long-term equity interest of more than 50% or whose financial and operating policy decisions the Group controls.

Shares in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated statements of financial position includes any goodwill (net of any accumulated impairment losses) identified on acquisition.

Investments in associated companies at Company level are initially recognised at cost. The cost of an acquisition is measured at the fair value of assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Allowance for impairment losses, if any, is made on an individual associated company basis.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group's share of the net assets and post-acquisition reserves of associated companies is reflected in the book value of the investments in the consolidated statements of financial position.

Related parties

Related parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis and includes freight and handling charges. Provision is made, where necessary, for obsolete, slow-moving and defective inventory in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Amount due from/(to) customers for contract work-in-progress

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the statements of financial position date, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers.

The stage of completion is determined by surveys of work performed.

At the statements of financial position date, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented as gross amount due from customers on contract work-in-progress on the face of statements of financial position. Where progress billings exceed costs incurred plus recognised profit (less recognised losses), the balance is presented as gross amount due to customers on contract work-in-progress on the face of statements of financial position.

Investment in financial assets

(a) Classification

The Group classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, where applicable. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

(i) <u>Financial assets, fair value through profit or loss</u>

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the statements of financial position date.

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in financial assets (cont'd)

(a) Classification (cont'd)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the statements of financial position date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables on the statements of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the statements of financial position date.

(b) Recognition and derecognition

Purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the statement of comprehensive income. Any amount in the fair value reserve relating to that asset is also taken to the statement of comprehensive income.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognized in the statement of comprehensive income.

(d) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' investment category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in the fair value reserve within equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in the statement of comprehensive income.

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in financial assets (cont'd)

(e) Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(f) Impairment

The Group assesses at each statements of financial position date whether there is an objective evidence that a financial asset or group of financial assets is impaired.

(i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the statement of comprehensive income.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company and the Group consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the statement of comprehensive income.

(ii) Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted. The amount of the allowance is recognised in the statement of comprehensive income.

Bad debts are written off when known and specific provisions are made for those debts considered to be doubtful. Receivables include trade and non-trade balances with third parties and related companies.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits, net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

Financial liabilities

The Company's and the Group's financial liabilities include trade and other payables, finance lease liabilities and related company balances. Financial liabilities are recognised when the Company and the Group becomes a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "Finance Costs" in the statement of comprehensive income.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grants relates to an expense item, it is recognised in the statement of comprehensive income over the period necessary to match it on a systematic basis to the costs that it is intended to compensate. Grants related to income are deducted in reporting the related expenses.

Borrowings

Interest-bearing loans are recognised initially at fair value, less attributable transaction costs, if any. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost which is the initial fair value less any principal repayments. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Finance leases

(a) Finance leases

Leases of property, plant and equipment where the Company and the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is taken to the statement of comprehensive income over the leased period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the useful life of the asset.

(b) Operating leases

(i) Where the Group and the Company are the lessees

Rental expenses on operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the total lease rentals. Penalty payments on early termination, if any, are recognised in the statement of comprehensive income when incurred. There are no contingent rentals.

(ii) Where the Group and the Company are the lessors

Rental income from leasing of commercial premises is recognised on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the total lease rentals. Penalty payments on early termination, if any, are recognised in the statement of comprehensive income when incurred. There are no contingent rentals.

Payables

Payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and the Group.

Payables include trade and non-trade balances with third parties and related companies.

Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiary companies. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiary companies fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs.

Financial guarantee contracts are subsequently amortised to the statement of comprehensive income over the period of the subsidiary companies' borrowings, unless the Company has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

Employee benefits

Pension obligations

The Company and the Group contribute to the Central Provident Fund ("CPF") or equivalent fund, a defined contribution plan regulated and managed by the Government of Singapore or other authorities, which applies to the majority of the employees. The Company's and the Group's contributions to CPF or equivalent are charged to the statement of comprehensive income in the period to which the contributions relate.

Key management personnel

Directors and certain managers that have the authority and responsibility for planning, directing and controlling the activities of the entity are considered key management personnel.

Income taxes

The liability method of tax effect accounting is adopted by the Company and the Group. Current taxation is provided at the current taxation rate based on the tax payable on the income for the financial year that is chargeable to tax. Deferred taxation is provided at the current taxation rate on all temporary differences existing at the statements of financial position date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised (unless the deferred tax asset arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

The statutory tax rates enacted at the statements of financial position date are used to determine deferred income tax.

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets

The carrying amounts of the Company's and the Group's non-financial assets subject to impairment are reviewed at each statements of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is defined as the higher of value in use and net selling price.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Manufacturing revenue relates to revenue generated from the manufacture, supply, installation and maintenance of stainless steel ducts, ETFE-coated ducts which will be integrated with third-party equipment such as fume-hoods, scrubbers and fans for a complete environment-control system.

Manufacturing revenue is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to survey of work performed.

(b) Engineering revenue is recognised in the period in which the services are rendered.

(c) Distribution revenue relates to sale from the distribution of the Metu-System, a ducting joint system for the installation and fitting of exhaust systems in Singapore and Malaysia; Phoneix Controls System, a critical airflow control system in Singapore, Malaysia and Taiwan; ClorDisys Chlorine Dioxide Decontamination Systems and Individual Ventilated Caging Systems to laboratories, animal facilities and research centre.

Distribution revenue is recognised upon passage of title to customer which generally coincides with their delivery and acceptance.

(d) Interest income is recognised using the effective interest method.

(e) Rental income from operating leases on property, plant and equipment is recognised on a straight-line basis over the lease term.

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("the functional currency"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is also the functional currency of the Company.

2(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Conversion of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into functional currency at rates of exchange closely approximating those ruling at statements of financial position date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the statement of comprehensive income in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rates as the date when the fair value was determined.

Assets and liabilities of the foreign subsidiaries are translated at the rates of exchange ruling at the statements of financial position date. The statement of comprehensive income of the foreign subsidiaries are translated at the average monthly rates. Foreign currency translation adjustments arising are recorded directly in the foreign currency translation reserve.

Financial instruments

Financial instruments carried on the statements of financial position include cash and cash equivalents, fixed deposits, trade and other receivables, financial assets, fair value through profit or loss, trade and other payables, finance leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Disclosures on financial risk management are provided in Note 29.

Segment reporting

As of 1 January 2009, the Group determines and presents operating segments based on the information that internally is provided to the Board of Directors ("BOD"), who is the Group's operating decision maker. This change in accounting policy is due to the adoption of FRS 108 Operating Segments. Previously operating segments were determined and presented in accordance with FRS 14 Segment Reporting. The new accounting policy in respect of operating segment disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's reporting results are reviewed regularly by the BOD to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the BOD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

3 REVENUE

Significant categories of revenue, excluding inter-company transactions and applicable goods and services tax, are detailed as follows:

	Year ended 31.12.2009	Year ended 31.12.2008
	$	$
The Group		
Manufacturing	**5,112,660**	47,621,862
Engineering services	**36,286,958**	31,252,227
Distribution & services	**2,564,360**	3,066,498
	43,963,978	81,940,587

4 GOODWILL

	31.12.2009	31.12.2008
	$	$
The Group		
Balance at beginning	**969,054**	132,472
Goodwill on acquisition of subsidiary (Note B of consolidated cash flow statement)	**-**	969,054
Balance at end	**969,054**	1,101,526
Adjustment (note 6)	**322,046**	-
Allowance for impairment loss	**-**	(132,472)
	1,291,100	969,054

The goodwill represents the excess of the cost of business over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. For the purpose of impairment testing, the above goodwill is allocated to the Group's operation which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

In the current financial year, the goodwill arising from acquisition of the subsidiary has been adjusted as the fair values of the acquiree's identifiable assets, particularly intangible assets as disclosed in note 6 to the financial statements, have been determined in accordance with the provisions of FRS103.

4 GOODWILL (CONT'D)

Impairment testing for goodwill

Goodwill arising from business combination is allocated to the cash-generating units ("CGUs"), categorized under Engineering services business of the Group.

The recoverable amount of the CGU was determined based on value-in-use calculations. These calculations used cash flow projections from financial budgets approved by management and the Board of Directors covering five year period.

The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flows for the five-year period and beyond is as follows:

	2009
Growth rate	5%
Pre-tax discount rate	6%

The value-in-use calculation for the CGU is most sensitive to the following assumptions:

Growth rate – The forecasted growth rate applied in the cash flow projections represent management's best estimate of likely economic conditions for the forecasted period.

Pre-tax discount rate – The cash flows are discounted using an after tax weighted average cost of capital.

As a result of the impairment testing performed, management and the Directors do not consider that any impairment write-down is necessary in relation to the goodwill as at 31 December 2009.

5 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings	Plant and machinery	Renovations	Motor vehicles	Leasehold property	Computers and office equipment	Total
	$	$	$	$	$	$	$
The Company							
Cost							
At 1.1.2008	64,480	80,841	291,387	93,150	599,520	145,630	1,275,008
Additions	380	1,170,590	26,000	193,888	-	10,341	1,401,199
At 31.12.2008	64,860	1,251,431	317,387	287,038	599,520	155,971	2,676,207
Additions	731	13,934	54,024	-	-	20,720	89,409
Disposals	-	-	-	-	-	(28,453)	(28,453)
At 31.12.2009	**65,591**	**1,265,365**	**371,411**	**287,038**	**599,520**	**148,238**	**2,737,163**
Accumulated depreciation							
At 1.1.2008	38,749	29,480	111,562	85,328	110,769	114,846	490,734
Depreciation for the year	13,471	415,877	63,477	46,600	9,000	20,201	568,626
At 31.12.2008	52,220	445,357	175,039	131,928	119,769	135,047	1,059,360
Depreciation for the year	12,759	420,522	66,330	38,777	9,000	19,932	567,320
Impairment loss	-	-	84,791	-	-	-	84,791
Disposals	-	-	-	-	-	(28,237)	(28,237)
At 31.12.2009	**64,979**	**865,879**	**326,160**	**170,705**	**128,769**	**126,742**	**1,683,234**
Net book value							
At 31.12.2009	**612**	**399,486**	**45,251**	**116,333**	**470,751**	**21,496**	**1,053,929**
At 31.12.2008	12,640	806,074	142,348	155,110	479,751	20,924	1,616,847

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture and fittings	Plant and machinery	Renovations	Motor vehicles	Freehold property	Leasehold property	Construction in progress	Computers and office equipment	Total
	$	$	$	$	$	$	$	$	$
The Group									
Cost									
At 1.1.2008	124,680	7,390,708	729,488	343,774	-	599,520	-	421,915	9,610,085
Arising of subsidiary	19,096	96,201	-	369,047	702,176	-	-	-	1,186,520
Additions	63,322	1,422,265	26,000	254,700	-	-	23,057	38,428	1,827,772
Disposals	-	(215,530)	-	(126,500)	-	-	-	(5,565)	(347,595)
Exchange difference	(1,488)	132,272	12,648	8,226	-	-	-	11,471	163,129
Reclassification	-	11,024	12,033	-	-	-	(23,057)	-	-
At 31.12.2008	205,610	8,836,940	780,169	849,247	702,176	599,520	-	466,249	12,439,911
Additions	8,632	72,378	75,244	461,309	-	-	-	43,286	660,849
Disposals	-	(85,628)	(26,460)	(72,800)	-	-	-	(30,343)	(215,231)
Exchange fluctuation difference	(434)	(124,498)	(9,421)	(5,765)	-	-	-	(5,756)	(145,874)
At 31.12.2009	**213,808**	**8,699,192**	**819,532**	**1,231,991**	**702,176**	**599,520**	**-**	**473,436**	**12,739,655**
Accumulated depreciation									
At 1.1.2008	86,022	1,867,516	267,492	210,583	-	110,769	-	255,916	2,798,298
Arising of subsidiary	16,719	75,887	-	275,138	186,554	-	-	-	554,298
Depreciation for the year	27,267	1,267,480	184,457	134,304	21,066	9,000	-	69,224	1,712,798
Disposals	-	(102,658)	-	(76,242)	-	-	-	(5,565)	(184,465)
Exchange fluctuation difference	(926)	11,488	1,883	2,828	-	-	-	4,235	19,508
At 31.12.2008	129,082	3,119,713	453,832	546,611	207,620	119,769	-	323,810	4,900,437
Depreciation for the year	18,983	1,285,635	165,307	159,085	21,066	9,000	-	90,052	1,749,128
Disposals	-	(82,966)	(6,984)	(40,567)	-	-	-	(26,168)	(156,685)
Exchange difference	(267)	(43,052)	(5,726)	(2,927)	-	-	-	(2,905)	(54,877)
Impairment loss	-	190,560	84,791	-	-	-	-	161	275,512
At 31.12.2009	**147,798**	**4,469,890**	**691,220**	**662,202**	**228,686**	**128,769**	**-**	**384,950**	**6,713,515**
Net book value									
At 31.12.2009	**66,010**	**4,229,302**	**128,312**	**569,789**	**473,490**	**470,751**	**-**	**88,486**	**6,026,140**
At 31.12.2008	76,528	5,717,227	326,337	302,636	494,556	479,751	-	142,439	7,539,474

The Company and the Group had motor vehicles and machinery under finance leases with net book value of $383,778 (2008 - $690,001) and $2,102,477 (2008 - $2,956,334) respectively.

The leasehold property with carrying amount of $470,751 is pledged for bank facilities granted to the Company.

The freehold property with carrying amount of $473,490 is pledged for bank facilities granted to a subsidiary (Note 28).

5 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

During the year, the Company moved from previous office premises to current office premises. Thus, an impairment loss of $84,791 (2008: $nil) representing write-down of the renovations of previous office premises was recognised in "Other operating expenses".

During the year, the Group carried out a review of the recoverable amount of its property, plant and equipment particularly on plant and machinery because of the expected reduction in usage of certain plant and machinery. An additional impairment loss of $190,721 (2008: $nil) representing the write-down of these plant and machinery to recoverable amount was recognised in "Other operating expenses".

6 OTHER INTANGIBLE ASSETS

	31.12.2009	31.12.2008
	$	$
The Group		
BCA L6 license		
Balance at beginning	**3,543,046**	-
Addition	**-**	3,543,046
Adjustment on fair value	**(322,046)**	-
	3,221,000	3,543,046
Amortisation	**(402,625)**	-
Balance at end of year	**2,818,375**	3,543,046

In the previous financial year, the fair value of the license is determined provisionally. In the current financial year, the Group engaged an independent professional company to determine the fair value of the intangible asset, BCA L6 license, which was valued at S$3,221,000. Accordingly, the provisional value of the license had been restated in accordance with provisions of FRS 103. As a result of the change in value of the license, the goodwill arising from acquisition is adjusted accordingly.

7 INVESTMENT IN SUBSIDIARIES

	31.12.2009	31.12.2008
	$	$
The Company		
Unquoted equity investments, at cost	**17,536,012**	17,536,012
Allowance for impairment loss	**(1,599,630)**	(1,599,630)
	15,936,382	15,936,382

7 INVESTMENT IN SUBSIDIARIES (CONT'D)

The subsidiaries as at 31 December 2009 are:

Name of subsidiary	Country of incorporation/ Place of business	Cost of investment		Percentage of equity held		Principal activities
		31.12.2009 **$**	31.12.2008 $	**31.12.2009**	31.12.2008	
Linair Technologies (M) Sdn. Bhd. (1)	Malaysia	**268,563**	268,563	**100%**	100%	Manufacture of air related ducts and accessories
Linair Engineering Pte. Ltd. (3)	Singapore	**130,880**	130,880	**100%**	100%	Construction of clean rooms and laboratory and installation of environment-control exhaust systems
Linair Bio-Science Pte. Ltd. (3)	Singapore	**500,000**	500,000	**100%**	100%	Mechanical engineering works including design, installation, testing and commission and maintenance of airflow control systems, provide laboratory equipping, decontamination, indoor air quality evaluation and certification
Linair Technologies (Suzhou) Co., Ltd. (2)	People's Republic of China	**8,253,461**	8,253,461	**100%**	100%	Manufacture of air related ducts and accessories
Linair Bio-Energy Pte Ltd. (3)	Singapore	**10,000**	10,000	**100%**	100%	Construction of bio-fuel production equipment, production of bio-fuel feedstock and bio-diesel
Shanghai XianDa Industry Equipment Installation Co., Ltd (2)	People's Republic of China	**750,750**	750,750	**70%**	70%	Provision of connections Industry Equipment for chemical and waste water management system, manufacturer for NIKKISO chemical dosing and sampling equipment

7 INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Country of incorporation/ Place of business	Cost of investment		Percentage of equity held		Principal activities
		31.12.2009 **$**	31.12.2008 $	**31.12.2009**	31.12.2008	
Linair Technologies (Taiwan) Co., Ltd [4]	Republic of China (Taiwan)	**208,000**	208,000	**100%**	100%	Mechanical engineering works including design, installation, testing and commission and maintenance of airflow control systems, provide laboratory equipping, decontamination, indoor air quality evaluation and certification
Air System Technology (S) Pte Ltd [3]	Singapore	**7,414,358**	7,414,358	**100%**	100%	General contractors for building construction, plumping and air-conditioning
		17,536,012	17,536,012			

(1) Audited by PKF Malaysia

(2) Audited by PKF International Accountants Co., Ltd, Hong Kong

(3) Audited by PKF-CAP LLP, Singapore

(4) Audited by PKF Taiwan

8 INVESTMENT IN ASSOCIATED COMPANIES

	The Company		The Group	
	31.12.2009 **$**	31.12.2008 $	**31.12.2009** **$**	31.12.2008 $
Costs of investment	**784,265**	784,265	**784,265**	784,265
Impairment loss	**(275,754)**	(120,363)	**-**	-
Share of associated companies' loss	**-**	-	**(498,562)**	(501,456)
	508,511	663,902	**285,703**	282,809

8 INVESTMENT IN ASSOCIATED COMPANIES (CONT'D)

The associated companies as at 31 December 2009 are as follows:-

Name of associated company	Place of business/ Country of incorporation	Percentage of equity held		Principal activities
		2009	2008	
Linair-Yingta Technologies (Beijing) Co., Ltd [1]	People's Republic of China	**49%**	49%	Manufacturing of airducts and related products
Metal Technologies LLC [2]	Dubai	**24%**	24%	Manufacturing of galvanized steel ventilation ductwork and accessories

[1] Audited by Beijing ZhongPingJianHuaHao Certified Public Accountants

[2] Reviewed by Abdul Majid Hamadeh & Co., Dubai

Summary of financial information of associated companies, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2009 **$**	2008 $
Total assets	**5,109,279**	4,264,164
Total liabilities	**4,273,094**	3,834,284
Revenue	**5,868,152**	1,360,268
Profit/(loss) after taxation for the year	**340,180**	(187,091)

9 INVENTORIES

	The Company		The Group	
	31.12.2009 $	31.12.2008 $	**31.12.2009 $**	31.12.2008 $
Work-in-progress	**-**	-	**83,064**	48,034
Raw materials	**194,994**	656,509	**1,993,904**	4,223,325
Finished goods	**284,832**	150,228	**877,912**	1,761,914
	479,826	806,737	**2,954,880**	6,033,273

9 INVENTORIES (CONT'D)

Provision for slow-moving inventories

	The Company		The Group	
	31.12.2009 $	31.12.2008 $	**31.12.2009 $**	31.12.2008 $
Balance at beginning	**13,783**	-	**152,699**	232,340
Provision for current year	**28,220**	13,783	**1,180,129**	13,783
Reversal of provision	**(13,783)**	-	**(13,783)**	(93,424)
Exchange differences	**-**	-	**(11,262)**	-
Balance at end	**28,220**	13,783	**1,307,783**	152,699

The cost of inventories recognised as expense and included in "Cost of sales" in the statement of comprehensive income amounted to $14,420,612 (2008: $43,102,180).

Due to declining business operations, the Group tested the inventories for impairment. An allowance for slow-moving inventories to $1,180,129 (2008: $13,783) was provided.

10 GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK-IN-PROGRESS

	The Company		The Group	
	31.12.2009 $	31.12.2008 $	**31.12.2009 $**	31.12.2008 $ (Restated)
Costs incurred	**-**	3,721,304	**25,251,597**	34,791,658
Attributable profit	**-**	1,092,394	**5,111,899**	2,225,230
Recognised losses (a)	**-**	-	**(1,603,590)**	-
	-	4,813,698	**28,759,906**	37,016,888
Progress billings	**-**	(4,793,146)	**(31,010,225)**	(38,014,571)
Gross amount due from/(to) customers for contract work-in-progress	**-**	20,552	**(2,250,319)**	(997,683)
Gross amount due from customers for contract work-in-progress	**-**	20,552	**1,144,950**	4,460,984
Gross amount due to customers for contract work-in-progress	**-**	-	**(3,395,269)**	(5,458,667)
	-	20,552	**(2,250,319)**	(997,683)

(a) The Group recognised losses on contract work-in-progress amounting to $1,603,590 (2008: $nil) arising from a China subsidiary, Shanghai XianDa Industry Equipment Installation Co., Ltd as a result of the discontinuance of its projects in China.

11 TRADE AND OTHER RECEIVABLES

	The Company		The Group	
	31.12.2009 $	31.12.2008 $	**31.12.2009 $**	31.12.2008 $
Trade receivables				
- Unrelated parties	**1,891,930**	3,283,395	**8,992,028**	14,809,335
- Subsidiaries	**913,385**	1,029,508	**-**	-
- Related party	**-**	-	**84,487**	-
	2,805,315	4,312,903	**9,076,515**	14,809,335
Allowance for impairment loss (trade)	**(763,035)**	(18,234)	**(2,491,986)**	(1,272,526)
Trade receivables, net	**2,042,280**	4,294,669	**6,584,529**	13,536,809
Advance to suppliers	**-**	-	**1,203,310**	1,800,679
Allowance for impairment loss	**-**	-	**(246,429)**	(246,429)
Advance to suppliers, net	**-**	-	**956,881**	1,554,250
Trade receivables, net	**2,042,280**	4,294,669	**6,584,529**	13,536,809
Advance to suppliers, net	**-**	-	**956,881**	1,554,250
Deposits	**45,127**	52,033	**257,467**	290,358
Amount owing by subsidiaries - non-trade	**9,713,408**	4,754,834	**-**	-
Amount owing by associates - non-trade	**380,311**	558,577	**380,311**	558,577
Retention sum receivables	**-**	176,445	**2,183,980**	1,504,917
Unbilled revenue	**128,742**	283,179	**1,375,205**	1,236,121
Interest receivables	**160,609**	128,173	**161,096**	129,413
Other receivables	**205,149**	494,641	**383,778**	923,882
Allowance for impairment loss (non-trade)	**(1,258,658)**	-	**-**	-
	11,416,968	10,742,551	**12,283,247**	19,734,327

Trade receivables are normally due within 30 to 90 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

11 TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are impaired

At the statements of financial position date, the Group have provided allowance for impairment of $2,491,986 (2008: $1,272,526) due from its main customers in China because of financial difficulties faced by the customers.

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	31.12.2009 $	31.12.2008 $	**31.12.2009 $**	31.12.2008 $
Singapore dollars	**11,086,976**	8,713,190	**10,739,223**	13,083,636
United States dollars	**11,451**	779,788	**17,171**	1,282,925
Taiwan dollars	**-**	-	**117,910**	234,615
Malaysia Ringgit	**-**	1,249,573	**353,712**	1,377,893
Renminbi	**318,541**	-	**1,055,231**	3,755,258
	11,416,968	10,742,551	**12,283,247**	19,734,327

The amount owing by subsidiaries and associates are non-trade in nature, unsecured, interest-free and repayable on demand.

Trade and other receivables approximate their fair value.

12 FIXED DEPOSITS PLEDGED

The Company

The fixed deposits earn interest at the rate of 0.5% (2008 – 2.04%) per annum and have been pledged with various banks for banking facilities granted to the Company.

The Group

The fixed deposits earn interest at the rate of 0.1% - 0.71% (2008 – 0.83% - 2.04%) per annum and have been pledged to various banks for banking facilities granted to the Group (Note 28).

Fixed deposits of $14,356 (2008 - $14,541) is pledged as a guarantee for public utilities.

The carrying amount of fixed deposits pledged approximates its fair value.

Fixed deposits pledged are denominated in the following currencies:

	The Company		The Group	
	31.12.2009 $	31.12.2008 $	**31.12.2009 $**	31.12.2008 $
Singapore dollars	**723,335**	719,654	**2,576,231**	2,585,927
Malaysia Ringgit	**-**	-	**56,896**	56,086
Renminbi	**-**	-	**311,173**	-
	723,335	719,654	**2,944,300**	2,642,013

13 FINANCIAL ASSET, FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2009 $	31.12.2008 $
The Group		
Quoted investment, at cost	**150,000**	250,000
Less: Disposal of investment	**-**	(100,000)
	150,000	150,000
Less: Fair value adjustment	**(116,978)**	(125,823)
	33,022	24,177
Market value of quoted investment	**33,022**	24,177

The quoted investment has been pledged with a bank for banking facility granted to a subsidiary (Note 28).

The financial asset, fair value through profit or loss is carried at fair value which is determined by reference to the quoted prices (unadjusted) in active markets, which is Level 1 of the fair value hierarchy.

The financial asset, fair value through profit or loss is denominated in Singapore dollars.

14 CASH AND CASH EQUIVALENTS

	The Company		The Group	
	31.12.2009 $	31.12.2008 $	31.12.2009 $	31.12.2008 $
Cash and bank balances	**945,215**	1,254,422	**5,203,383**	5,051,497

Cash and cash equivalents approximate their fair value.

Cash and cash equivalents are denominated in the following currencies:

	The Company		The Group	
	31.12.2009 $	31.12.2008 $	31.12.2009 $	31.12.2008 $
Singapore dollars	**935,833**	1,210,901	**4,672,459**	3,546,810
United States dollars	**5,619**	39,390	**26,242**	43,777
Taiwan dollars	**-**	-	**9,049**	187,700
Malaysia Ringgit	**-**	-	**117,385**	225,264
Renminbi	**-**	-	**374,485**	1,043,815
Euro	**3,763**	4,131	**3,763**	4,131
	945,215	1,254,422	**5,203,383**	5,051,497

15 TRADE AND OTHER PAYABLES

	The Company		The Group	
	31.12.2009 $	31.12.2008 $	**31.12.2009 $**	31.12.2008 $ (Restated)
Trade payables	**850,644**	1,361,160	**6,942,731**	10,111,528
Amount owing to subsidiaries	**8,316,501**	3,794,130	**-**	-
Amount owing to the vendor of a subsidiary cum substantial shareholder (a)	**-**	4,908,000	**-**	4,908,000
Amount owing to a substantial shareholder (b)	**-**	2,500,000	**-**	2,500,000
Advance payments received	**185,600**	-	**185,600**	15,000
Accruals – projects (c)	**66,000**	632,160	**2,875,701**	2,477,234
Accruals – directors' fees	**99,000**	85,000	**99,000**	85,000
Accrued operating expenses	**308,747**	304,729	**1,181,820**	1,240,833
Provision for overbilling reconciliation of contract sum	**-**	-	**462,773**	-
Other payables	**13,609**	31,724	**1,097,305**	1,667,225
	9,840,101	13,616,903	**12,844,930**	23,004,820

(a) The amount owing to the vendor of a subsidiary cum substantial shareholder represents the balance payable for the purchase of equity interest in the subsidiary. It was unsecured and bore interest at 4% per annum. The amount was fully repaid during the financial year.

(b) The amount owing to substantial shareholder was unsecured and bore interest at 6% per annum. The amount was fully repaid during the financial year.

(c) Included in accruals – projects are provisions for warranties related to construction contract of $593,400 (2008: $274,345).

Trade payables are normally on 30 to 60 days credit terms. The carrying amounts of the trade payables approximate their fair value.

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	31.12.2009 $	31.12.2008 $	**31.12.2009 $**	31.12.2008 $
Singapore dollars	**9,252,301**	12,798,617	**8,523,772**	16,542,873
United States dollars	**2,448**	354,322	**135,517**	366,877
Taiwan dollars	**501,937**	383,477	**512,130**	783,374
Malaysia Ringgit	**4,061**	-	**216,421**	394,246
Renminbi	**78,467**	80,487	**3,456,203**	4,917,450
Others	**887**	-	**887**	-
	9,840,101	13,616,903	**12,844,930**	23,004,820

16 OBLIGATIONS UNDER FINANCE LEASES

	The Company		The Group	
	31.12.2009 $	31.12.2008 $	**31.12.2009 $**	31.12.2008 $
Minimum lease payments payable:				
Due not later than one year	**742,941**	976,660	**747,449**	989,440
Due later than one year and not later than five years	**212,712**	955,653	**212,712**	964,582
Due later than five years	**-**	-	**-**	-
	955,653	1,932,313	**960,161**	1,954,022
Finance charges allocated to future periods	**(85,245)**	(174,244)	**(85,960)**	(177,945)
Present value of minimum lease payments	**870,408**	1,758,069	**874,201**	1,776,077

	The Company		The Group	
	31.12.2009 $	31.12.2008 $	**31.12.2009 $**	31.12.2008 $
Present value of minimum lease payments:				
Due not later than one year	**678,603**	887,661	**682,396**	898,275
Due later than one year and not later than five years	**191,805**	870,408	**191,805**	877,802
Due later than five years	**-**	-	**-**	-
	870,408	1,758,069	**874,201**	1,776,077

The effective interest rates for the Company and the Group are 2.74% (2008 – 2.58%) and 2.76% (2008 – 2.60%) respectively.

The amount payable after one year is shown under non-current liabilities whilst the amount payable within one year is shown under current liabilities.

Obligations under finance leases are denominated in Singapore dollars.

Obligations under finance leases approximate their fair value.

17 BANK BORROWINGS

	The Company		The Group	
	31.12.2009	31.12.2008	**31.12.2009**	31.12.2008
	$	$	**$**	$
Trust receipts	**-**	207,411	**-**	207,411
Short term bank loan	**-**	-	**-**	843,882
Term bank loan (unsecured)	**869,900**	-	**869,900**	-
	869,900	207,411	**869,900**	1,051,293
Bank loan repayable after one year	**(546,397)**	-	**(546,397)**	-
	323,503	207,411	**323,503**	1,051,293

Bank borrowings are denominated in the following currencies:

	The Company		The Group	
	31.12.2009	31.12.2008	**31.12.2009**	31.12.2008
	$	$	**$**	$
Singapore dollars	**869,900**	207,411	**869,900**	207,411
Renminbi	**-**	-	**-**	843,882
	869,900	207,411	**869,900**	1,051,293

The short term bank loan which bore interest at a rate of 7.29% per annum and was secured by a corporate guarantee from the Company was fully repaid during the financial year.

The unsecured term loan bears effective interest rate at 5% (2008: nil) per annum and is repayable in 36 monthly instalments commencing August 2009.

The bank loan repayable after one year is shown under non-current liabilities whilst the amount repayable within one year is shown under current liabilities.

Bank borrowings approximate their fair value.

18 DEFERRED TAX LIABILITIES

	31.12.2009	31.12.2008
	$	$
The Group		
Balance at beginning	**207,752**	244,217
On acquisition of subsidiary	**-**	7,000
Transfer to statement of comprehensive income (Note 23)	**(18,152)**	(34,669)
Exchange difference on translation	**(2,067)**	(8,796)
Balance at end	**187,533**	207,752

The balance comprises tax on:

Excess of net book value over tax written down value of property, plant and equipment	**187,533**	207,752

19 SHARE CAPITAL AND RESERVES

Share capital

	No. of shares	Share capital
		$
Balance as at 31 December 2008	115,987,400	10,802,968
Issue of shares by way of rights issues	232,498,800	6,974,964
Share issue expenses written off to right issue expense account	-	(245,023)
Conversion of warrants to ordinary shares	262,000	44,540
Balance as at 31 December 2009	348,748,200	17,577,449

All issued ordinary shares are fully paid. There is no par value for these ordinary shares and with no restrictions.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meeting. All shares rank equally with regard to the Company's residual assets.

On 19 July 2007, the Company allotted 14,397,767 warrants at an issue price of $0.13 for each warrant. Each warrant entitles the warrant holder to subscribe for one (1) new ordinary share. The warrants have an exercise period of 3 years from 19 January 2007 to 18 January 2010. During the financial year, 262,000 warrants were exercised at an issue price of S$0.17. In addition, pursuant to the rights issue, the number of warrants were adjusted in accordance with the terms of the deed poll and increased from 13,330,767 to 25,877,257 and at an issue price of S$0.09. The number of outstanding warrants as of 31 December 2009 and 18 January 2010 is 25,877,257 and nil respectively. The warrants had expired on 18 January 2010.

During the financial year, the Company issued 232,498,800 new shares at $0.03 each for a total consideration of $6,974,964 for cash to provide funds for the payment of $4,000,000 being second tranche of cash payment for its acquisition of a subsidiary in 2008, payment of $2,500,000 being shareholder's loan to finance Company's acquisition of a subsidiary in 2008, and the remaining funds for the use of working capital of the Group. The proceeds from the rights issue has been utilised in the above manner.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency translation differences arising from translation of the financial statements of foreign operations.

20 OTHER OPERATING INCOME

	Year ended 31.12.2009	Year ended 31.12.2008
	$	$
The Group		
Interest received	**-**	41,211
Rental income	**135,773**	58,250
Gain on disposal of property, plant and equipment	**6,767**	28,465
Write back for warranty provision no longer required	**174,345**	685,111
Subcontract revenue	**47,230**	-
Miscellaneous sales	**63,573**	-
Other income	**47,258**	54,953
	474,946	867,990

21(A) EMPLOYEE BENEFITS

The Group (including director's remuneration)

	Year ended 31.12.2009	Year ended 31.12.2008
	$	$
Salary and related costs	**6,461,068**	6,126,012
Central provident fund contributions	**449,150**	365,730
	6,910,218	6,491,742
Less : Government grant – jobs credit scheme	**(216,368)**	-
	6,693,850	6,491,742

21(B) OTHER OPERATING EXPENSES

Included in the other operating expenses are depreciation of $919,927 (2008: $839,123), provision for slow-moving inventories of $1,166,346 (2008: write back of slow-moving inventories of $79,641), impairment loss on receivables of $1,335,491 (2008: $1,371,769), recognised losses on contract work-in-progress of $1,603,590 (2008: $nil), operating lease rental of $766,803 (2008: $692,290), amortisation of intangible asset of $402,625 (2008: $nil), and provision for overbilling reconciliation on contract sum of $478,927 (2008: $nil).

21(C) FINANCE COSTS

	Year ended 31.12.2009	Year ended 31.12.2008
	$	$
The Group		
Obligation under finance leases	**90,709**	112,497
Trust receipts	**1,796**	30,631
Bank loans	**93,594**	216,571
Amount owing to substantial shareholders	**230,833**	12,500
Others	**14,282**	-
	431,214	372,199

21(D) (LOSS) / PROFIT BEFORE TAXATION

	Year ended 31.12.2009	Year ended 31.12.2008
	$	$
The Group		
(Loss) / profit before taxation has been arrived at after charging/(crediting):		
Bad debts written off	**19,835**	16,117
Directors' fees	**99,000**	85,000
Directors' remuneration	**338,664**	370,254
Depreciation of property, plant and equipment	**1,749,128**	1,712,798
Foreign exchange loss	**46,842**	67,810
Operating lease rentals	**766,803**	692,290
Operating lease rentals included in costs of sales	**101,485**	104,459
Interest expense	**431,214**	372,199
Gain on disposal of property, plant and equipment	**(6,767)**	(28,465)
Property, plant and equipment written off	**8,825**	-
Impairment of goodwill	**-**	132,472
Loss on disposal of financial asset, fair value through profit or loss	**-**	23,866
Allowances for impairment loss on receivables		
- trade	**1,335,491**	1,125,340
- other	**-**	246,429
Recognised losses on contract work-in-progress	**1,603,590**	-
Recognised loss for completed project	**541,055**	-
Write back for warranty provision no longer required	**-**	(685,111)
Interest income	**-**	(41,211)
Fair value adjustment on financial asset, fair value through profit or loss	**(8,845)**	(1,594)
Provision/(write-back) for slow-moving inventories	**1,166,346**	(79,641)
Amortisation of intangible asset	**402,625**	-
Impairment of property, plant and equipment	**275,512**	(1,594)

22 KEY MANAGEMENT PERSONNEL COMPENSATION

	Year ended 31.12.2009	Year ended 31.12.2008
	$	$
The Group		
Short-term benefits	**951,374**	759,563
Comprise amounts paid to:		
Directors of the Company	**338,664**	370,254
Other key management personnel	**612,710**	389,309
	951,374	759,563

23 TAXATION

	Year ended 31.12.2009	Year ended 31.12.2008
	$	$
The Group		
Current taxation	**383,711**	557,300
Deferred taxation (Note 18)	**(18,152)**	(34,669)
	365,559	522,631
(Over)/under provision of current taxation in respect of prior years	**(18,145)**	24,842
	347,414	547,473

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Group's profits as a result of the following:

	Year ended 31.12.2009	Year ended 31.12.2008
	$	$
(Loss)/profit before taxation	**(8,287,684)**	1,001,895

	Year ended 31.12.2009	Year ended 31.12.2008
	$	$
Tax at statutory income tax rate of 17% (2008: 18%)	**(1,408,906)**	180,341
Tax effect on non-deductible expenses	**393,576**	353,529
Tax effect on non-taxable income	**(51,093)**	(126,330)
Statutory stepped income exemption	**(78,000)**	(82,350)
Difference in foreign tax rates	**(512,548)**	49,439
Deferred tax benefit not recognised in prior year now recognised	**60,933**	-
Utilisation of reinvestment allowances	**(7,622)**	(7,954)
Deferred tax benefit not recognised	**1,871,254**	155,956
Over provision of current taxation	**(24,183)**	(22,120)
Under provision of current taxation	**6,038**	46,962
Others	**97,965**	-
Income tax expenses recognised in the statement of comprehensive income	**347,414**	547,473

The Group

As at the statement of financial position date, the Group has tax losses of approximately $5,198,000 (2008 - $2,677,648) and unabsorbed capital allowances of $142,000 (2008 - $Nil) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognized due to uncertainty of its recoverability. The use of these tax losses is subject to the arrangement of the tax authorities and compliance with the provisions of the tax legislation of the respective countries in which the companies operate.

The Singapore corporate tax rate was reduced from 18% to 17% with effect for the year assessment 2010.

24 (LOSS)/EARNINGS PER SHARE

The Group

The calculation of earnings per share for the financial year ended 31 December 2009 is based on the Group's (loss)/profit after taxation and minority interests of $8,507,043 (2008 - $726,805) divided by the weighted average number of shares of 140,877,902 ordinary shares (2008 - 115,987,400) during the financial year.

The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

25 SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the Company and the Group with the related parties at agreed rates:

	Year ended 31.12.2009	Year ended 31.12.2008
	$	$
The Company		
Purchases from subsidiaries	**(3,453,414)**	(6,396,298)
Sales to subsidiaries	**2,995**	2,487,054
Interest on loan to substantial shareholders	**(230,833)**	(12,500)
The Group		
Purchase of motor vehicles from related parties	**(461,309)**	-
Subcontractors cost paid to a related party (a)	**-**	(2,221,721)
Sales to a related party (b)	**-**	59,505
Interest on loan to substantial shareholders	**(230,833)**	(12,500)

(a) Included in current year's subcontract costs are cost paid/payable to a former related party amounting to S$3,187,898. In previous year, the entity was related by way of interest held by a close family member of key management personnel. The close family member had disposed off his interest in the related party during the year and thus the entity is no longer deemed as a related party.

(b) The Group had entered into construction contract with a related party which is related by way of 50% equity interest held by a key management personnel of the Group.

26 OPERATING COMMITMENTS (NON-CANCELLABLE)

(a) Operating lease commitments – where the Group is a lessee

At the statement of financial position date, the Company and the Group were committed to making the following lease rental payments under non-cancellable operating leases for office equipment and office premises:

	The Company		The Group	
	31.12.2009	31.12.2008	**31.12.2009**	31.12.2008
	$	$	**$**	$
Not later than one year	**129,660**	331,010	**416,936**	908,354
Later than one year and not later than five years	**43,479**	116,089	**195,659**	409,311

Operating lease payments represent rental payables by the Company and the Group for certain of its office properties. Leases are negotiated for an average term of one to four years.

(b) Operating lease commitments – where the Group is a lessor

At the statements of financial position date, the Company and the Group were committed to receive the following lease rental incomes under non-cancellable operating leases for lease out warehouse properties:

	The Company		The Group	
	31.12.2009	31.12.2008	**31.12.2009**	31.12.2008
	$	$	**$**	$
Not later than one year	**5,600**	11,200	**30,300**	29,700
Later than one year and not later than five years	**-**	-	**13,308**	-

Operating lease receivables represent rental receivables by the Company and the Group for certain of its warehouse properties. Leases are negotiated for an average term of 2 to 20 months.

27 CAPITAL COMMITMENT

	The Company		The Group	
	31.12.2009	31.12.2008	**31.12.2009**	31.12.2008
	$	$	**$**	$
Capital expenditure not provided for in the financial statements in respect of:				
- Purchase of land	**-**	-	**-**	714,552
- Purchase of plant and equipment	**-**	-	**-**	7,384

28 CONTINGENT LIABILITIES

The Company

The Company has given letters of financial support in proportion to its shareholdings for certain subsidiary companies to continue to operate as going concern and to meet their respective obligations as and when they fall due.

The Company and the Group

The Company in the normal course of business, issued letters of indemnities to various customers for warranty on the exhaust systems installed.

The Company has given guarantee to banks for subsidiaries in connection with bank loans and bank facilities granted to subsidiaries amounting to $6,174,819 (2008: $2,948,701). No liability is expected to arise from the guarantee given.

A subsidiary has provided banker's guarantee amounting to $4,231,971 (2008: $2,158,252) to third parties for performance of contracts at the statement of financial position date. The above facility is secured by the subsidiary's freehold property with carrying value of $473,490, fixed deposits of $2,028,000 and quoted investments with market value of $33,022 and it is also secured by a subsidiary's key management personnel's personal guarantee and his personal property. No liability is expected to arise from the banker's guarantee issued.

A subsidiary issued promissory notes as collateral for completed contracts amounted to $31,179 (2008: $32,459) and received promissory notes as collateral from suppliers for completed contracts amounted to $2,660 (2008: $2,660).

A subsidiary signed an agreement with its suppliers relating to a project agreeing on the arrangement to settle the outstanding amount owing to the suppliers of $1,750,468. Based on this agreement, 25% of the $1,750,468 will be paid to the supplier while the remaining 75% amounting to $1,312,851 will be paid contingent upon receipt from the customer of the project which at the statement of financial position date is in financial difficulty. The Company is currently negotiating with the customer and the outcome is not known. During the financial year, a total of $725,890 had been paid to the suppliers and the remaining $1,024,578 remains unsettled. The Company has assessed that the probability of them settling the remaining sum outstanding is low. As a result, the Company did not make provision for the remaining sum outstanding and disclosed the same as contingent liabilities at the statement of financial position date.

Litigation between a subsidiary and a subcontractor, of which the subcontractor claimed about $104,000 for costs arising from the works carried out in respect of a particular project. This had been fully settled in the previous financial year. The subsidiary counterclaimed against the subcontractor for the sum of approximately $96,000 which the subcontractor has not accepted. The subsidiary has accounted for this amount and is confident to recover the same and thus, no allowance for impairment is necessary.

29 FINANCIAL RISK MANAGEMENT

The Group and the Company is exposed to credit risk, foreign currency risk, liquidity risk and other market risks arising in the normal course of business. The management continually monitors the Group's risk management process to ensure the appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

29 FINANCIAL RISK MANAGEMENT (CONT'D)

29.1 Credit risk

Credit risk is the risk of a financial loss on outstanding financial instruments should a counter-party default on its obligation.

For trade and other receivables, the Group's policy is to deal with creditworthy counterparties and/or obtaining sufficient rental deposits or bankers' guarantees, where appropriate, to mitigate credit risk. In addition, these receivables are monitored closely on an ongoing basis. The Group is not exposed to any significant concentration of credit risk, except approximately 11% of the Group's trade receivables were due from 1 major customer who is located in Singapore at the statement of financial position date.

Cash and fixed deposits are placed with financial institutions which are regulated and reputable.

The maximum exposure to credit risk is represented by the carrying amount of each class of financial assets in the statements of financial position.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country and segment profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables (net of allowance for doubtful receivables) at the statements of financial position date is as follows:

	2009 $	2009 %	2008 $	2008 %
The Group				
By country:				
Singapore	**5,684,055**	**86%**	10,264,597	75%
People's Republic of China	**883,728**	**13%**	3,209,216	24%
Republic of China (Taiwan)	**16,746**	**1%**	62,996	1%
	6,584,529	**100%**	13,536,809	100%
By segment:				
Manufacturing	**2,384,310**	**36%**	4,847,519	36%
Engineering services	**3,001,773**	**46%**	8,252,537	61%
Distribution & services	**1,198,446**	**18%**	436,753	3%
	6,584,529	**100%**	13,536,809	100%

(i) Financial assets that are past due but not impaired

The ageing analysis of trade receivables past due but not impaired is as follows:

	2009 $	2008 $
The Group		
Trade receivables past due:		
One month or less	**1,500,480**	2,836,981
More than one but less than two months	**1,399,891**	2,221,610
More than two but less than three months	**211,477**	1,159,493
More than three months but less than one year	**919,222**	3,435,697
More than one year	**976,581**	303,059

These receivables are unsecured.

29 FINANCIAL RISK MANAGEMENT (CONT'D)

29.1 Credit risk (cont'd)

(ii) Financial assets that are past due and impaired

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2009 $	2008 $
The Group		
Gross amount	**2,491,986**	1,272,526
Allowance for impairment	**(2,491,986)**	(1,272,526)
	-	-
Movement in allowance for impairment:		
At beginning of the year	**1,272,526**	147,186
Current year allowance	**1,370,515**	1,204,659
Exchange differences	**(73,816)**	46,779
Allowance written back	**(35,024)**	(126,098)
Bad debts written off	**(42,215)**	-
At end of year	**2,491,986**	1,272,526

29.2 Foreign exchange risk

The Group transacts business in various foreign currencies, including the United States dollar, Malaysia Ringgit and Taiwan dollar and therefore is exposed to foreign exchange risk. The Group does not have a foreign currency hedging policy. However management monitors foreign exchange exposure and will consider hedging significant foreign exchange risk should the need arises.

Sensitivity analysis for foreign currency risk

The table below demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the United States dollar ("USD"), Taiwan dollar ("NTD") and Malaysia Ringgit ("RM") exchange rates against the respective functional currencies of the Group entities, with all other variable held constant.

		2009 $	2008 $
		Profit	Profit
The Group			
USD/SGD	– strengthened 5% (2008: 5%)	**(3,822)**	2,585
	– weakened 5% (2008: 5%)	**3,822**	(2,585)
NTD/SGD	– strengthened 5% (2008: 5%)	**20,430**	19,042
	– weakened 5% (2008: 5%)	**(20,430)**	(19,042)
RM/SGD	– strengthened 5% (2008: 5%)	**13,051**	67,331
	– weakened 5% (2008: 5%)	**(13,051)**	(67,331)

29 FINANCIAL RISK MANAGEMENT (CONT'D)

29.3 Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's policy is to minimize interest rate risk exposures while obtaining sufficient funds for business expansion and working capital needs. To achieve this, the Group regularly assesses and monitors its cash with reference to its business plans and day-to-day operations.

The Group's exposure to interest rate risk arises primarily from its interest-bearing deposits and borrowings from financial institutions.

The Group manages its interest cost by using a mix of fixed and variable rate borrowings, and medium term notes.

Sensitivity analysis for interest rate risk

At the statement of financial position date, if SGD interest rates had been 75 basis points lower/higher with all other variables held constant, the Group's profit and loss would have been $6,524 lower/higher, arising mainly as a result of lower/higher interest expense on floating loans and borrowings.

In respect of interest-bearing financial assets the following table indicates their effective interest rates at statement of financial position date:

	Note	Effective interest rate	Total	Less than 1 year	1 to 5 years
		%	$'000	$'000	$'000
The Company and the Group					
31 December 2009					
Financial liabilities					
Bank borrowings	**17**	**5.00**	**870**	**324**	**546**
31 December 2008					
Financial liabilities					
Bank borrowings	17	6.00 to 7.29	1,051	1,051	-

29.4 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate due to change in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group's market risk is insignificant.

29 FINANCIAL RISK MANAGEMENT (CONT'D)

29.5 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group and the Company monitors its liquidity needs by closely monitoring scheduled debt servicing payments for financial liabilities and its cash outflows due to day-to-day operations, as well as ensuring the availability of funding through an adequate amount of credit facilities, both committed and uncommitted.

The table below analyses the maturity profile of the Group's and the Company's financial assets and liabilities based on contractual undiscounted cash flows:

	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
	$	$	$	$
The Group				
As at 31 December 2009				
Financial assets:				
Trade and other receivables	**12,283,247**	**-**	**-**	**12,283,247**
Fixed deposits pledged	**2,944,300**	**-**	**-**	**2,944,300**
Financial asset, fair value through profit or loss	**33,022**	**-**	**-**	**33,022**
Cash and bank balances	**5,203,383**	**-**	**-**	**5,203,383**
Financial liabilities:				
Trade and other payables	**12,844,930**	**-**	**-**	**12,844,930**
Obligations under finance leases	**682,396**	**191,805**	**-**	**874,201**
Bank borrowings	**323,503**	**546,397**	**-**	**869,900**
As at 31 December 2008				
Financial assets:				
Trade and other receivables	19,734,327	-	-	19,734,327
Fixed deposits pledged	2,642,013	-	-	2,642,013
Financial asset, fair value through profit or loss	24,177	-	-	24,177
Cash and bank balances	5,051,497	-	-	5,051,497
Financial liabilities:				
Trade and other payables	23,004,820	-	-	23,004,820
Obligations under finance leases	898,275	877,802	-	1,776,077
Bank borrowings	1,051,293	-	-	1,051,293

29 FINANCIAL RISK MANAGEMENT (CONT'D)

29.5 Liquidity risk (cont'd)

	Less than 1 year	Between 2 and 5 years	Over 5 years	Total
	$	$	$	$
The Company				
As at 31 December 2009				
Financial assets:				
Trade and other receivables	**11,416,968**	**-**	**-**	**11,416,968**
Fixed deposits pledged	**723,335**	**-**	**-**	**723,335**
Cash and bank balances	**945,215**	**-**	**-**	**945,215**
Financial liabilities:				
Trade and other payables	**9,840,101**	**-**	**-**	**9,840,101**
Obligations under finance leases	**678,603**	**191,805**	**-**	**870,408**
Bank borrowings	**323,503**	**546,397**	**-**	**869,900**
As at 31 December 2008				
Financial assets:				
Trade and other receivables	10,742,551	-	-	10,742,551
Fixed deposits pledged	719,654	-	-	719,654
Cash and bank balances	1,254,422	-	-	1,254,422
Financial liabilities:				
Trade and other payables	13,616,903	-	-	13,616,903
Obligations under finance leases	887,661	870,408	-	1,758,069
Bank borrowings	207,411	-	-	207,411

30 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain a strong credit rating and healthy capital ratios to support the Group's business operations and to maximise shareholder value.

The Group manages the capital structure and makes adjustments to it accordingly to changes in economic conditions and the risk characteristics of the underlying assets.

There were no changes in the Group's approach to capital management during the financial year.

Management monitors capital based on gearing ratio. The Group's policy is to keep the gearing ratio to not more than 70%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	2009 $	2008 $
The Group		
Net debt	**8,511,447**	19,004,616
Total equity	**16,690,188**	18,555,102
Total Capital	**25,201,635**	37,559,718
Gearing ratio	**34%**	51%

The Group and Company are in compliance with all loan covenants for the financial year ended 31 December 2009.

31 STATEMENT OF OPERATIONS BY SEGMENTS

Segment information is provided as follows:

<u>Manufacturing</u>

Manufacturing relates to revenue generated from the manufacture, supply, installation and maintenance of stainless steel ducts, ETFE-coated ducts which will be integrated with third-party equipment such as fume-hoods, scrubbers and fans for a complete environment-control system.

<u>Engineering services</u>

Engineering relates to provision of turnkey facility construction management and specialist engineering.

<u>Distribution & services</u>

Distribution relates to revenue generated from the distribution of the Metu-System, a ducting joint system for the installation and fitting of exhaust systems in Singapore and Malaysia; Phoneix Controls System, a critical airflow control system in Singapore, Malaysia and Taiwan; ClorDisys Chlorine Dioxide Decontamination Systems and Individual Ventilated Caging Systems to laboratories, animal facilities and research centres.

31 STATEMENT OF OPERATIONS BY SEGMENTS (CONT'D)

31.1 (a) Business segments

Financial year ended 31 December 2009

	Manufacturing	Engineering services	Distribution & services	Total
	$	$	$	$
REVENUE				
External sales	5,112,660	36,286,958	2,564,360	43,963,978
RESULTS				
Segment results	(4,394,281)	(3,088,188)	(376,895)	(7,859,364)
Finance costs	(161,620)	(12,487)	(1,363)	(175,470)
Unallocated finance costs				(255,744)
Share of associated companies' results				2,894
Taxation				(347,414)
Minority interests				128,055
Net loss attributable to shareholders				(8,507,043)
ASSETS				
Segment assets	16,232,812	15,336,028	1,940,189	33,509,029
Unallocated corporate assets				1,668,550
Total assets				35,177,579
LIABILITIES				
Segment liabilities	5,470,798	11,974,284	539,217	17,984,299
Unallocated corporate liabilities				503,092
Total liabilities				18,487,391
OTHER INFORMATION				
Capital expenditure	139,986	505,366	15,497	660,849
Depreciation	1,317,519	222,857	208,752	1,749,128
Gain on disposal of property, plant and equipment	-	(6,767)	-	(6,767)
Property, plant and equipment written off	4,685	4,140	-	8,825
Allowance for impairment loss on receivables	258,456	1,057,035	20,000	1,335,491
Recognised losses on contract work-in-progress	-	1,603,590	-	1,603,590
Bad debts written off	19,778	57	-	19,835
Impairment of property, plant and equipment	176,936	58,828	39,748	275,512
Recognised loss on completed project	-	541,055	-	541,055

31 STATEMENT OF OPERATIONS BY SEGMENTS (CONT'D)

31.1 (a) Business segments (cont'd)

Financial year ended 31 December 2008

	Manufacturing	Engineering services	Distribution & services	Total
	$	$	$	$
REVENUE				
External sales	47,621,862	31,252,227	3,066,498	81,940,587
RESULTS				
Segment results	908,740	1,208,686	(615,000)	1,502,426
Finance costs	(254,471)	(61)	(2,166)	(256,698)
Unallocated finance costs				(115,501)
Share of associated companies' results				(128,332)
Taxation				(547,473)
Minority interests				272,383
Net profit attributable to shareholders				726,805
ASSETS				
Segment assets	23,690,020	22,281,200	2,627,996	48,599,216
Unallocated corporate assets				1,974,076
Total assets				50,573,292
LIABILITIES				
Segment liabilities	15,129,049	15,306,038	855,770	31,290,857
Unallocated corporate liabilities				727,333
Total liabilities				32,018,190
OTHER INFORMATION				
Capital expenditure	1,636,391	125,133	66,248	1,827,772
Depreciation	1,284,307	179,701	248,790	1,712,798
Gain on disposal of property, plant and equipment	(13,640)	(14,825)	-	(28,465)
Allowance for impairment loss on goodwill	132,472	-	-	132,472
Allowance for impairment loss on receivables	944,436	380,727	46,606	1,371,769
Bad debts written off	-	16,117	-	16,117

31 STATEMENT OF OPERATIONS BY SEGMENTS (CONT'D)

31.1 (b) Geographical segments

	2009 $	2008 $
Revenue		
Singapore	**39,429,687**	23,223,785
Malaysia	**2,584,036**	4,681,042
People's Republic of China	**1,683,034**	52,039,517
Republic of China (Taiwan)	**267,221**	1,996,243
	43,963,978	81,940,587

The following table shows the assets by geographical area as at 31 December 2009:

	2009 $	2008 $
Total assets		
Singapore	**26,591,850**	33,836,806
Malaysia	**3,012,944**	4,207,212
People's Republic of China	**5,339,884**	12,260,931
Republic of China (Taiwan)	**232,901**	509,069
	35,177,579	50,573,292

32 FINANCIAL INSTRUMENTS

Fair value

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

(ii) the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

32 FINANCIAL INSTRUMENTS (CONT'D)

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The Group does not anticipate that the carrying amounts recorded at the statement of financial position date for financial assets with a maturity of more than one year to be significantly different from the values that would eventually be received.

33 COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended on the face of the statements of financial position, statement of cash flows and the related notes to the financial statements. Comparative figures have been adjusted to conform with the current year's presentation.

	Previously reported	After reclassification
	2008 $	2008 $
The Group		
Statements of financial position		
Trade and other payables	28,463,487	23,004,820
Gross amount due to customers for contract work-in-progress	-	5,458,667
	28,463,487	28,463,487
Statement of cash flows		
Exchange fluctuation difference	231,484	141,295
Provision/(write-back) for slow-moving inventories	-	(79,641)
Fair value adjustment on financial asset, fair value through profit or loss	-	(1,594)
Increase in inventories	(2,601,063)	(2,521,422)
Decrease/(increase) in amount due from/(to) customers for contract work-in-progress	363,043	5,821,710
Decrease/(increase) in operating receivables	2,802,149	2,803,743
Increase in operating payables	3,970,281	(6,396,386)
Amount owing to the vendor of a subsidiary cum substantial shareholder (Note B)	-	4,908,000
Effects on currency translation on cash and cash equivalents	-	90,189

34 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 15 March 2010.

SHAREHOLDINGS STATISTICS

As at 16 March 2010

Number of issued shares	:	348,783,140
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 16 MARCH 2010

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	18	2.54	1,132	0.00
1,000 - 10,000	201	28.39	1,259,341	0.36
10,001 - 1,000,000	452	63.84	53,934,908	15.46
1,000,001 and above	37	5.23	293,587,759	84.18
Total	**708**	**100.00**	**348,783,140**	**100.00**

LIST OF 20 LARGEST SHAREHOLDERS AS AT 16 MARCH 2010

No.	Name	No. of Shares	%
1	TAT HONG CAPITAL PTE LTD	94,500,000	27.09
2	DMG & PARTNERS SECURITIES P L	46,890,000	13.44
3	LOH TOH YONG	25,800,000	7.40
4	SENG SOON HIANG	16,612,541	4.76
5	ONG PENG KWANG JIMMY	7,012,720	2.01
6	WONG KOK CHYE	6,822,000	1.96
7	OCBC SECURITIES PRIVATE LTD	6,703,000	1.92
8	YUEN CHEE KIN	6,469,000	1.85
9	HUANG LING JUNG	6,235,000	1.79
10	DAIWA CAPITAL MKTS S'PORE LTD	6,000,000	1.72
11	NG KAH HOCK	5,767,000	1.65
12	CHANG CHEN YU	5,398,000	1.55
13	TAN CHOW KHONG	5,142,000	1.47
14	LAW CHWEE KIAT	5,035,500	1.44
15	HSBC (SINGAPORE) NOMS PTE LTD	3,447,000	0.99
16	CITIBANK NOMS S'PORE PTE LTD	3,300,000	0.95
17	RAFFLES NOMINEES (PTE) LTD	3,154,000	0.90
18	GAY SOON WATT	3,124,000	0.90
19	DBS NOMINEES PTE LTD	3,031,000	0.87
20	LOH YIH	2,900,000	0.83
	TOTAL	**263,342,761**	**75.49**

SHAREHOLDINGS STATISTICS

As at 16 March 2010

SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2010

	Number of Shares fully paid			
Name of Substantial Shareholders	Direct interest	%	Deemed interest	%
Ho Ta-Huang [(1)]	-	-	44,283,000	12.70
Chern Dar Enterprise Co. Ltd [(2)]	-	-	44,283,000	12.70
Tat Hong Capital Pte Ltd	94,500,000	27.09	-	-
Loh Toh Yong	25,800,000	7.40	-	-

Notes:

(1) Mr Ho Ta-Huang is deemed to be interested in the 44,283,000 held by Chern Dar Enterprise Co. Ltd.

(2) Chern Dar Enterprise Co. Ltd's shares are held in the name of a nominee.

PUBLIC FLOAT

Based on information available to the Company as at 16 March 2010, approximately 46.80% of the issued ordinary shares of the Company are held in the hands of public. Accordingly, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

LINAIR TECHNOLOGIES LIMITED
Registration No. 199505699D
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Orchid Country Club, 1 Orchid Club Road, Sapphire 1 & 2, Singapore 769162 on Friday, 30 April 2010 at 10.00 a.m., to transact the following business: -

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2009 together with the reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To re-elect Mr Ho Ta-Huang, a Director retiring under Article 89 of the Articles of Association of the Company. **(Resolution 2)**

   Mr Ho Ta-Huang will, upon re-election as Director of the Company, remain as a member of the Audit Committee and will be considered non independent for the purposes of Rule 704(7) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Section B: Rules of Catalist. He will also continue as a member of the Remuneration Committee.

3. To re-elect Mr Ong Chin Lin, a Director retiring under Article 89 of the Articles of Association of the Company. **(Resolution 3)**

   Mr Ong Chin Lin will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(7) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Section B: Rules of Catalist. He will continue as a member of the Remuneration Committee and Nominating Committee.

4. To re-elect Mr Leong Horn Kee, a Director retiring under Article 88 of the Articles of Association of the Company. **(Resolution 4)**

5. To re-elect Mr Tan Hup Foi @ Tan Hup Hoi, a Director retiring under Article 88 of the Articles of Association of the Company. **(Resolution 5)**

   Mr Tan Hup Foi @ Tan Hup Hoi will, upon re-election as Director of the Company, remain as a member of the Audit Committee and will be considered independent for the purposes of Rule 704(7) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Section B: Rules of Catalist.

6. To approve payment of Directors' Fee of S$99,000 for the financial year ended 31 December 2009. (2008: $85,000). **(Resolution 6)**

7. To re-appoint PKF-CAP LLP as auditors of the Company and to authorize the Directors to fix their remuneration. **(Resolution 7)**

SPECIAL BUSINESS

To consider and if thought fit, pass the following ordinary resolutions, with or without modifications:-

8. **Authority to allot and issue shares**

   "(a) That pursuant to Section 161 of the Companies Act, and the Listing Manual under Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Rules of Catalist"), approval be and is hereby given to the Directors of the Company, to:

   (i) issue ordinary shares in the capital of the Company (the "Shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors in their absolute discretion deem fit;

(b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 100% of the total number of issued Shares, excluding treasury shares, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 50% of the total number of issued Shares excluding treasury shares, and for the purpose of this resolution, the total number of issued Shares excluding treasury shares shall be the Company's total number of issued Shares excluding treasury shares at the time this resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

(ii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST or the Sponsor of the Company) and the Articles of Association for the time being of the Company; and

(iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 8)
(See Explanatory Note 1)

9. **Renewal of the Share Buy Back Mandate**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST"); and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors of the Company as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other provisions of the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the "Share Buy Back Mandate");

(b) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act;

(c) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buy Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held or is required by law to be held;

(ii) the date on which the share buy back is carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buy Back Mandate is varied or revoked;

(d) for purposes of this Resolution:

"Prescribed Limit" means 8% of the issued ordinary share capital of the Company as at the date of passing of this Resolution (excluding any treasury shares that may be held by the Company from time to time);

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:-

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price, where:

"Average Closing Price" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period; and

"day of making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off- Market Purchase; and

(e) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including without limitation, to execute all such documents as may be required and to approve any amendments, alterations or modifications to any documents), as they or he may consider desirable, expedient or necessary to give effect to the transactions contemplated by this Resolution."

(Resolution 9)
(See Explanatory Note 2)

10. **Renewal of Linair Performance Bonus Share Plan**

"That authority be and is hereby given to the Directors of the Company to grant awards under the Linair Performance Bonus Share Plan ("the Plan") established by the Company from time to time in accordance with the provisions of the Plan and to issue and allot from time to time such number of fully-paid up shares as may be required to be issued and allotted pursuant to the vesting of the awards under the Plan provided that the aggregate number of shares to be issued and allotted pursuant to the Plan shall not exceed 15% of the Company's issued share capital of the Company on the day preceding the date of grant of awards (excluding treasury shares)."

(Resolution 10)
(See Explanatory Note 3)

LINAIR TECHNOLOGIES LIMITED
Registration No. 199505699D
(Incorporated in the Republic of Singapore)

ANY OTHER BUSINESS

11. To transact any other business which may be properly transacted at the Annual General Meeting.

By Order of the Board

Wong Siew Hong
Company Secretary
Singapore, 15 April 2010

Explanatory Notes on Special Business to be transacted: -

1. The Ordinary Resolution 8, if passed, will empower the Directors of the Company from the date of the above Meeting until the next annual general meeting to issue Shares and convertible securities in the Company up to an amount not exceeding in aggregate 100 per cent of the total number of issued Shares excluding treasury shares of the Company, of which the total number of Shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 50 per cent of the total number of issued Shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. The Rules of Catalist currently provide that the total number of issued Shares excluding treasury shares of the Company for this purpose shall be the total number of issued Shares excluding treasury shares at the time this resolution is passed (after adjusting for new Shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's Shares). This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company. Details of the Proposed New Share Issue Mandate are set out in the Appendix of the Notice of AGM.

2. Resolution 9, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting until the date the next annual general meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 8 per cent of the total number of issued Shares excluding any Shares which are held as treasury shares of the Company at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buy Back Mandate are set out in greater detail in the Appendix accompanying this Notice.

3. Resolution 10, if passed, will empower the Directors of the Company to grant awards and to issue and allot shares in the capital of the Company pursuant to the Linair Performance Bonus Share Plan. The Directors may exercise their power to issue and allot shares in the Company pursuant to the Share Plan, provided that the aggregate number of shares to be issued and allotted shall not exceed 15 per cent of the total number of issued shares excluding treasury shares in the capital of the Company from time to time. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution.

Notes:

1. A Depositor's name must appear on the Depository Register not less than 48 hours before the time of the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead and any such proxy need not be a member of the Company.

3. The instrument appointing a proxy must be lodged at the registered office of the Company not less than 48 hours before the time appointed for the Meeting.

APPENDIX TO THE NOTICE OF THE AGM

THE PROPOSED NEW SHARE ISSUE MANDATE

Introduction

At the last annual general meeting of the Company held on 30 April 2009, shareholders approved the existing share issue mandate, (the "Existing Share Issue Mandate") authorising the directors of the Company (the "Directors") to allot and issue new Shares not exceeding 100% of the issued share capital of the Company, provided that the aggregate number of shares to be issued other than on a pro-rata basis to shareholders shall not exceed a sub-limit of 50% of the issued share capital of the Company from time to time and at any time such number of new Shares and convertible securities (whether by way of rights, bonus, options or otherwise) on such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, subject to certain limits as prescribed in the Listing Manual. Unless revoked or varied by the Company in general meeting, the Existing Share Issue Mandate will expire on the date of the next general meeting of the Company.

The Company will be seeking shareholders' approval by ordinary resolution at the forthcoming Annual General Meeting ("AGM") for the Proposed New Share Issue Mandate to be given to the Directors to issue new Shares and convertible securities of the Company of up to 100% of the Company's issued share capital as at the date of the AGM (excluding treasury shares) on a pro rata basis and 50% on non pro rata basis.

The Proposed New Share Issue Mandate, if approved by shareholders at the AGM, will supersede and replace the Existing Share Issue Mandate and shall take force and effect from the date of the AGM, and the Existing Share Issue Mandate shall correspondingly be deemed revoked with effect from the date of the AGM.

The Directors wish to highlight that in the case where the issue of new Shares under the Proposed New Share Issue Mandate leads to an obligation by any single party or concert party group to make an offer for the Company's Shares, the provision of the Singapore Code on Take-overs and Mergers shall apply.

Rationale of the Proposed New Share Issue Mandate

The Directors are of the opinion that a general (as opposed to a specific) approval for the Directors to issue new Shares or convertible securities of the Company under the Proposed New Share Issue Mandate will enable the Company to respond faster to business opportunities and to have greater flexibility and scope in negotiating with third parties in potential fund raising exercises or other arrangements or transactions involving the capital of the Company.

Furthermore, as the Company has completed its transition to Catalist with effect from 27 August 2009, it is now subject to the Rules of Catalist. Under the Rules of Catalist, a share issue mandate approved by shareholders as an ordinary resolution will enable Directors to issue new Shares and convertible securities of the Company of up to 100% of the Company's issued share capital as at the date of the AGM (excluding treasury shares) on a pro rata basis and 50% on a non pro rata basis, as opposed to the 50% threshold under the SESDAQ regulations for the issue of shares and convertible securities (subject to a maximum of 20% of the issued share capital for issuance other than on a pro rata basis to existing shareholders). The Proposed New Share Issue Mandate will comply with the Rules of Catalist applicable to the Company.

Validity period of Proposed New Share Issue Mandate

The Proposed New Share Issue Mandate will be tabled as an ordinary resolution at the AGM. Subject as aforesaid, the Proposed New Share Issue Mandate will take effect from the passing of ordinary resolution and shall continue in force until the next annual general meeting of the Company, unless prior thereto, the Proposed New Share Issue Mandate is carried out to the full extent mandated or the Proposed New Share Issue Mandate is revoked or varied by the Company in general meeting. Subject to its continued relevance to the Company, the Proposed New Share Issue Mandate will be put to shareholders for renewal at subsequent annual general meetings of the Company.

PROXY FORM

LINAIR TECHNOLOGIES LIMITED
Registration No. 199505699D
(Incorporated in the Republic of Singapore)

IMPORTANT

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy Form is, therefore, not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____ (Name)

of ____ (Address)

being a member/members of LINAIR TECHNOLOGIES LIMITED hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as my/our proxy/proxies to attend and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at Orchid Country Club, 1 Orchid Club Road, Sapphire 1 & 2, Singapore 769162 on Friday, 30 April 2010 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Ordinary Resolutions	For*	Against*
1.	To receive and adopt the Audited Financial Statements for the year ended 31 December 2009 together with the reports of the Directors and the Auditors thereon.		
2.	To re-elect Mr Ho Ta-Huang, a Director retiring under Article 89 of the Articles of Association.		
3.	To re-elect Mr Ong Chin Lin, a Director retiring under Article 89 of the Articles of Association.		
4.	To re-elect Mr Leong Horn Kee, a Director retiring under Article 88 of the Articles of Association.		
5.	To re-elect Mr Tan Hup Foi @ Tan Hup Hoi, a Director retiring under Article 88 of the Articles of Association.		
6.	To approve the payment of Directors' Fee of S$99,000 for the financial year ended 31 December 2009.		
7.	To re-appoint PKF-CAP LLP as Auditors of the Company and to authorize Directors to fix their remuneration.		
	Special Business		
8.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50.		
9.	To renew the mandate authorizing Directors to purchase the Company's ordinary shares.		
10.	To renew the Linair Performance Bonus Share Plan.		

* *Please indicate your vote "For" or "Against" with a "√" within the box provided.*

Dated this ____________ day of ____________ 2010

Total number of Shares	Number of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Common Seal

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM

PROXY FORM

Notes

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. This instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be deposited at the registered office of the Company at the Registered Office at 110 Paya Lebar Road, #04-01 Singapore Warehouse, Singapore 409009,not later than 48 hours before the time set for the Annual General Meeting.

6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

CORPORATE INFORMATION

Board of Directors

BG (Ret) Law Chwee Kiat
(Independent/Non-Executive Chairman)

Ong Peng Kwang Jemme *(Group CEO)*

Ho Ta-Huang *(Non-Executive Director)*

Wong Kok Chye *(CEO, Linair Duct)*

Ong Chin Lin *(Independent Non-Executive Director)*

Tan Hup Foi @ Tan Hup Hoi
(Independent Non-Executive Director)

Leong Horn Kee *(Independent Non-Executive Director)*

Executive Committee

Ong Peng Kwang Jemme *(Chairman)*

Wong Kok Chye

Wong Siew Hong

Anthony Sum Yew Wah

Lai Mun Yow

Chang Cheng Yu

Sunnee Ng Jee Aun

Audit Committee

Ong Chin Lin *(Chairman)*

BG (Ret) Law Chwee Kiat

Ho Ta-Huang

Tan Hup Foi @ Tan Hup Hoi

Nominating Committee

BG (Ret) Law Chwee Kiat *(Chairman)*

Ong Peng Kwang Jemme

Ong Chin Lin

Remuneration Committee

BG (Ret) Law Chwee Kiat *(Chairman)*

Ho Ta-Huang

Ong Chin Lin

Leong Horn Kee

Company Secretary

Wong Siew Hong

Share & Warrant Registrar and Share Transfer Office

KCK CorpServe Pte. Ltd.
333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721

Auditors

PKF-CAP LLP
146 Robinson Road
#08-01
Singapore 068909

Partner-In-Charge

Mr Lee Eng Kian
(Appointed with effect from 28 April 2008)

Principal Bankers

United Overseas Bank Limited
Malayan Banking Berhad

Registered Office

110 Paya Lebar Road
#04-01 Singapore Warehouse
Singapore 409009
Telephone: (65) 6757 5310
Facsimile: (65) 6757 5319
Registration No: 199505699D
Corporate Website:
http://www.linair.com.sg

Linair Technologies Limited

110 Paya Lebar Road,
#04-01 Singapore Warehouse,
Singapore 409009

Tel: (65) 6757 5310
Fax: (65) 6757 5319

www.linair.com.sg