



[For Immediate Release]

## **Linmark Announces FY2012 Annual Results Net Profit increases more than three folds to US\$2.8 Million**

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### **Focuses on Developing Higher Margin Businesses**

(HONG KONG, 13 July 2012) – Supply chain management and solutions provider **Linmark Group Limited** (“Linmark” or the “Group”; stock code: 915) today announced its annual results for the year ended 30 April 2012 (“FY2012”). Both revenue and net profit improved. Net profit rose by approximately 366.7% to approximately US\$2.8 million (equivalent to HK\$21.8 million) as a result of the Group’s increased focus on higher margin businesses and cost containment.

For FY2012, the Group continued to be confronted with highly challenging business conditions, due largely to economic uncertainties in Europe and the United States. Though shipment value slightly declined by approximately 7.8%, amounted to approximately US\$258.3 million (equivalent to HK\$2,014.7 million), the Group was able to report increases in both revenue and gross profit for the year as a result of increased focus on higher margin businesses. Revenue rose by approximately 5.0% year-on-year to approximately US\$100.6 million (equivalent to HK\$784.7 million), while gross profit climbed by roughly 2.2% to approximately US\$23.5 million (equivalent to HK\$183.3 million).

Despite the escalating labour costs along with high inflation in its key sourcing markets, the Group successfully contained general and administrative expenses, and the restructuring activities of the Group carried out last year had been completed and there were no similar activities in the year under review. In sum, Linmark achieved a profit after tax of approximately US\$2.8 million (equivalent to HK\$21.8 million), an increase of approximately 366.7%.

Basic earnings per share were approximately 0.4 US cent (equivalent to 3.12 HK cents). The Board of Directors recommends the payment of a final dividend of 0.50 HK cent per ordinary share in respect of the year ended 30 April 2012. Together with the paid interim dividend of 0.88 HK cent per ordinary share, the total dividend paid will be 1.38 HK cents per ordinary share.

**Mr. Wang Lu Yen, Chairman and Chief Executive Officer of Linmark**, said, “Having placed greater focus on higher margin activities, I am pleased to see the Group begin to reap the rewards, realising modest gains in both revenue and gross profit despite being faced with turbulent global economic conditions. Even with the sovereign debt crisis in Europe and poor employment prospects in the United States as backcloth, we received increased orders from many of our key customers, which certainly reflect positively on the relationship we share with them, as well as their acknowledgement of our expertise and aptitude for delivering high-quality services. Our capacity to explore and exploit untapped markets and introduce products that are in step with current trends further contributed to the positive financial performance.”

During the year under review, shipments to North America decreased by approximately 10.1% to approximately US\$120.2 million (equivalent to HK\$937.6 million). Nevertheless, North America remained Linmark’s largest market, contributing approximately 46.5% of the Group’s total shipment value. Shipments to Europe decreased slightly to approximately US\$70.3 million (equivalent to HK\$548.3 million). Europe thus accounted for approximately 27.2% of the Group’s total shipment value. Shipments grouped under “Others”, comprising mainly shipments to the southern hemisphere, amounted to approximately US\$67.8 million (equivalent to HK\$528.8 million), representing approximately 26.3% of the Group’s total shipment value.

The Group's financial position remains healthy with cash and bank balances of approximately US\$19.8 million (equivalent to HK\$154.4 million) as at 30 April 2012. The Group has a current ratio of 1.8 and a gearing ratio of zero, based on no interest-bearing borrowings and total equity of approximately US\$38.9 million (equivalent to HK\$303.4 million) as at 30 April 2012.

## Prospects

In the light of lingering concerns over the European sovereign debt crisis, the state of the global economy remains uncertain. Meanwhile, economic recovery in the United States is anticipated to be slower than previously expected. Combined with further waning of consumer confidence, retailers particularly in Europe are expected to be more conservative towards replenishing inventory.

Faced with such uncertain outlook, the management will focus more efforts on bolstering relations with existing customers and partners; providing more value-added services, including product and fabric development; promoting cross-selling activities; and identifying more effective sourcing opportunities. At the same time, the Group will direct greater resources towards promoting its higher margin businesses, as well as explore new markets to achieve business growth.

Promoting growth will invariably call for effective cost controls as well. Despite the expected further escalation of labour cost in the markets the Group operates in, the management will aim at containing overall operating expenses, which will include exploring alternative markets for sourcing.

Looking ahead, **Mr. Wang** commented, "Despite the apparently turbulent business conditions that are anticipated to persist, the management remains cautiously optimistic about Linmark's prospects in view of our healthy ties with customers and strong fundamentals in place. We will continue to develop and introduce more quality products and value-added services to our customers. Continuous efforts will be placed on developing higher margin businesses, as well as cultivating new business opportunities as they arise.

In addition to seeking organic growth, we shall look out for merger and acquisition opportunities that will enhance our product portfolio and markets or open the way to new business horizons, aiming at enhancing profit contributions to the Group and maximise shareholders' value." **Mr. Wang** concluded.

### About Linmark Group Limited

Linmark is a one-stop supply chain management solutions and premium brands partner. With a global presence in 15 countries/territories and a sourcing network throughout Asia, the Group offers comprehensive and efficient sourcing solutions and value-added services to its customers, the majority of whom are leading retail chain operators, well-known brands and licensors, wholesalers, mail order houses and department stores in North America, Europe, Asia, Australia and South Africa.

Our web site: [www.linmark.com](http://www.linmark.com)

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## Linmark Group Limited FY2012 Annual Results Announcement

<b>Condensed Consolidated Income Statement</b>	<b>For the year ended 30 April</b>	
	<b>2012</b>	<b>2011</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	<b>100,621</b>	95,763
Cost of sales	<b>(77,123)</b>	<b>(72,791)</b>
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Gross profit	<b>23,498</b>	22,972
Other income	<b>1,454</b>	1,367
General and administrative expenses	<b>(22,014)</b>	<b>(22,007)</b>
Gain on disposal of subsidiaries	<b>191</b>	13
Loss on dissolution of a subsidiary	<b>(97)</b>	-
Restructuring costs	-	<b>(1,556)</b>
Share of loss of a jointly-controlled entity	<b>(1)</b>	<b>(2)</b>
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Profit before tax	<b>3,031</b>	787
Income tax expense	<b>(247)</b>	<b>(142)</b>
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Profit for the year attributable to owners of the Company	<b>2,784</b>	645
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Earnings per share attributable to ordinary equity holders of the Company (expressed in US cent)		
- Basic	<b>0.4</b>	0.1
- Diluted	<b>0.4</b>	0.1
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*Notes:*

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the year.

The Group had no dilutive potential ordinary shares in issue for the year ended 30 April 2012.

The calculation of diluted earnings per share for the year ended 30 April 2011 is based on the profit for that year attributable to owners of the Company, adjusted to reflect the interest on the share options. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during that year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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