



[For Immediate Release]

Linmark Announces FY2011 Annual Results

(HONG KONG, 15 July 2011) – 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 2011 (“FY2011”).

For the year under review, the Group continued to operate under a highly challenging business environment. Though shipment value amounted to approximately US\$280.2 million (equivalent to HK\$2,185.6 million) compared to approximately US\$319.0 million (equivalent to HK\$2,488.2 million) last year, revenue did increase by approximately 2.5% year-on-year to approximately US\$95.8 million (equivalent to HK\$747.2 million). The decline in shipment volume was mainly due to the departure of a key customer from North America. However, this impact was mitigated by management’s ability to develop more business with existing key customers, establish new business ties and initiate effective cost saving measures.

The Group recorded profit after tax of approximately US\$0.6 million (equivalent to HK\$4.7 million) for FY2011. The profit reported in the 2010 financial year was approximately US\$5.9 million (equivalent to HK\$46.0 million), which included non-cash items of approximately US\$5.3 million (equivalent to HK\$41.3 million) gained from the liquidation of Linmark Electronics Limited and approximately US\$1.0 million (equivalent to HK\$7.8 million) in exchange loss arising from the deregistration of overseas branches.

General and administrative expenses fell by approximately 14.2% to approximately US\$22.0 million (equivalent to HK\$171.6 million) when compared with last year. This is a reflection of an effective cost savings plan that included reduction of headcount to a level in line with the Group’s current business requirements, as well as employing cost control measures.

Basic earnings per share were approximately 0.1 US cent (equivalent to 0.78 HK cent). The Board of Directors does not recommend the payment of a final dividend.

Mr. Wang Lu-yen, Chairman and Chief Executive Officer of Linmark, said, “To cope with the challenging environment during the year under review, we continue to take a proactive approach towards maintaining and strengthening ties with our existing customers while at the same time forging new relationships. Over the past year, we sought creative means of delivering more value-added services, offering a greater breadth of expertise to better cater for customers needs while also proposing new areas of cooperation where we could benefit from higher margins. By taking the initiative, we are confident we can establish new ties in untapped markets that we will seek to nurture into fully-fledged long-term business relationships in the coming years.

During the year under review, shipment to North America decreased by approximately 24.8% to approximately US\$133.7 million (equivalent to HK\$1,042.9 million), contributing approximately 47.7% of the Group’s total shipment value. Shipment to Europe increased by 4.7% to approximately US\$71.1 million (equivalent to HK\$554.6 million). Shipment grouped under “Others”, comprising mainly shipments to the southern hemisphere, amounted to approximately US\$75.4 million (equivalent to HK\$588.1 million). The Group has been able to make notable progress in Australia and South Africa and the management is investigating additional markets to penetrate in order to broaden revenue streams.

The Group's financial position remains healthy with cash and cash equivalents of approximately US\$17.5 million (equivalent to HK\$136.5 million) as at 30 April 2011. Its current ratio was 1.8 and gearing ratio was zero, based on no interest-bearing borrowings and total equity of approximately US\$36.7 million (equivalent to HK\$286.3 million) as at 30 April 2011.

Prospects

The difficult business environment is set to persist as unemployment remains high in parts of North America and Europe, dragging down consumer confidence as a result. Growing concerns over the worsening debt crisis in Europe, as well as economic data suggesting that the economy of the United States is stalling triggering fears of a potential double-dip recession also puts in doubt that a full recovery from the global downturn is underway.

Developing countries will also be faced with their own unique set of challenges, the most significant of which will be rising inflation and currency appreciation, which present increasing cost pressures as well.

In the face of these global challenges, which will lead to more conservative shopping practices and greater pressure on maintaining lower prices, the management will seek to further enhance the Group's competitiveness. Elevating service standards, bolstering ties with existing customers and investigating unexplored markets in order to establish new alliances will be among the efforts to be made.

Looking ahead, Mr. Wang commented, "The management will continue to manage expenses effectively and will consider merger and acquisition opportunities that lead to a more diverse range of products to offer customers. Having clear strategies in place and the commitment to succeed, the management remains cautiously optimistic about the Group's financial performance in the coming years despite challenges ahead".

About Linmark Group Limited

Linmark is a one-stop supply chain management solutions and premium brands partner. With a global presence in 14 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

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Linmark Group Limited FY2011 Annual Results Announcement

Condensed Consolidated Income Statement	For the year ended 30 April	
	2011	2010
	US\$'000	US\$'000
Revenue	95,763	93,526
Cost of sales	(72,791)	(67,200)
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Gross profit	22,972	26,326
Other income	1,367	2,525
General and administrative expenses	(22,007)	(25,647)
Gain on liquidation of a subsidiary	-	5,255
Gain on disposal of a subsidiary	13	-
Loss on deregistration of branches	-	(1,036)
Restructuring costs	(1,556)	(1,362)
Share of loss of a jointly-controlled entity	(2)	(4)
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Profit before tax	787	6,057
Income tax expense	(142)	(138)
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Profit for the year	645	5,919
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Attributable to:		
Owners of the Company	645	5,919
Non-controlling interest	-	-
	<hr/>	<hr/>
	645	5,919
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Earnings per share attributable to ordinary equity holders of the Company (expressed in US cent)		
- Basic	0.1	0.9
- Diluted	0.1	0.9
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Notes:

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

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders 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 the 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.