



[For Immediate Release]

Linmark Announces FY2009 Interim Results

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(HONG KONG, 12 December 2008) – Supply chain management and solutions provider, **Linmark Group Limited** (“Linmark” or the “Group”; stock code: 915) today announced its interim results for the six months ended 31 October 2008.

For the six months ended 31 October 2008, shipment value amounted to approximately US\$304.7 million (equivalent to HK\$2,376.7 million), down approximately 1.5% as compared to approximately US\$309.3 million (equivalent to HK\$2,412.5 million) for the corresponding period last year. Revenue decreased by approximately 19.2% to approximately US\$119.9 million (equivalent to HK\$935.2 million), mainly attributable to the drop in sales from the electronics division operated by Dowry Peacock Group Limited (“Dowry Peacock”).

The Group reported a loss after tax of approximately US\$8.3 million (equivalent to HK\$64.7 million) for the six months ended 31 October 2008, against that of approximately US\$1.7 million (equivalent to HK\$13.3 million) for the corresponding period last year. The loss was mainly attributable to a non-cash item of approximately US\$10.1 million (equivalent to HK\$78.8 million), representing the impairment loss on patents and trademarks, which was absent in the same period last year. Excluding the one-time non-cash item, the Group would have an adjusted profit of approximately US\$1.8 million (equivalent to HK\$14.0 million) for the review period against a loss of approximately US\$1.7 million (equivalent to HK\$13.3 million) for the same period last year.

Loss per share was approximately 0.7 US cent (equivalent to 5.46 HK cents). The Board of Directors do not recommend the payment of an interim dividend for the six months ended 31 October 2008 (six months ended 31 October 2007: Nil).

Mr. Wang Lu-yen, Chairman of Linmark, said, “The business environment remained challenging during the first half of FY2009. The deteriorating global economy and the weakening Sterling against the U.S. dollar had posed serious challenges to the operations and financial situation of Dowry Peacock during the period under review. Given the uncertain outlook of the UK consumer electronics market, management has decided to write off the remaining value of the patents and trademarks held by Dowry Peacock.”

North America is at present the largest market of the Group, with shipment accounting for approximately 52.6% of the Group’s total. Shipment to North America increased by approximately 40.4% to approximately US\$160.3 million (equivalent to HK\$1,250.3 million), mainly attributable to orders from new customers and stronger demand from several existing key customers.

Shipment to Europe decreased by 23.9% to approximately US\$85.0 million (equivalent to HK\$663.0 million) which was largely due to a drop in sales from the electronics division in the UK. Shipment to Europe now accounts for approximately 27.9% of the Group’s total. Shipment grouped under “Others”, mainly representing shipment to the southern hemisphere, amounted to approximately US\$59.4 million (equivalent to HK\$463.3 million).

The Group's financial position remained healthy with cash and cash equivalents of approximately US\$18.6 million (equivalent to HK\$145.1 million) as at 31 October 2008. Its current ratio was 1.2 and gearing ratio was low at 0.02.

Prospects

Looking forward, with the global financial crisis sending most of its markets into recession, the Group expects the business environment to be very challenging in the second half of the current financial year. Management will exercise prudence in running the Group's businesses, explore ways to maximise profits including reviewing its cost structure and finding ways to increase revenues from existing and new customers.

Dowry Peacock is expected to face mounting difficulties and uncertainty amid tough market conditions. In response, its management team will actively explore different strategic options that can allow it to contain any further erosion to shareholders' value.

In November 2008, the Group announced the appointment of Mr. Michel BOURLON as its Chief Executive Officer and executive director with effect from 19 January 2009 or an earlier date as may be agreed between Mr. Bourlon and the Company. Mr. Bourlon has 25 years of senior management experience in the sourcing industry including sourcing apparel and hardgoods in the Asia Pacific region for global retailers. His extensive experience in execution and in-depth understanding of the global sourcing industry will take the Group's business forward.

"While unprofitable division and business will be rationalised, management will keep up sales promotion efforts, seize cross-selling opportunities among the different business arms and strive to improve operational efficiency. Management is optimistic about the medium-term prospects of the Group and believes that the Group has the ability to weather the tough times ahead and achieve success in the long run." **Mr. Wang** concluded.

About Linmark Group Limited

Linmark, listed on The Stock Exchange of Hong Kong Limited in May 2002, is a one-stop supply chain management and solutions provider. With a global presence in 25 cities and 15 countries/territories and a regional 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, 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 FY 2009 Interim Results Announcement

Condensed Consolidated Interim Income Statement

For the six months ended 31 October

	2008	2007
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	119,893	148,307
Cost of sales	(99,402)	(131,682)
Gross profit	20,491	16,625
Other income	840	1,590
General and administrative expenses	(18,610)	(19,952)
Impairment loss on patents and trademarks	(10,137)	-
Finance costs	(42)	(181)
Share of loss of a jointly controlled entity	(2)	(21)
Loss before tax	(7,460)	(1,939)
Tax	(846)	283
Loss for the period	(8,306)	(1,656)
Attributable to:		
Equity holders of the Company	(4,565)	(809)
Minority interests	(3,741)	(847)
	(8,306)	(1,656)
Dividends	-	-
Loss per share for loss attributable		
to equity holders of the Company – US cent		
- Basic	(0.7)	(0.1)
- Diluted	N/A	(0.1)

Notes:

The calculation of basic loss per share for the period is based on the loss attributable to equity holders of the Company of US\$4,565,000 (six months ended 31 October 2007: US\$809,000), and 674,994,644 (six months ended 31 October 2007: weighted average number of 670,920,009) ordinary shares in issue during the period.

The calculation of diluted loss per share for the six months ended 31 October 2007 was based on the loss attributable to equity holders of the Company of US\$809,000. The weighted average number of ordinary shares used in the calculation was the 670,920,009 ordinary shares in issue during the period, as used in the basic loss per share calculation; and 761,000 ordinary shares were assumed to have been issued at nil consideration upon the deemed exercise of all outstanding share options.

Diluted loss per share for the six months ended 31 October 2008 has not been disclosed, as the outstanding share options during the period has anti-dilutive effect on the basic loss per share for the period.