



<for immediate release>

**LINMARK ANNOUNCES RESULTS
FOR THE NINE MONTHS ENDED 31 JANUARY 2006
NET PROFIT AFTER TAX UP 22.7% TO US\$13.1 MILLION (HK\$102.2 MILLION)**

(Hong Kong – 14 March 2006) One-stop global supply chain management and solutions provider **Linmark Group Limited** (“Linmark” or the “Group”) (stock code: 915) today announced its results for the nine months ended 31 January 2006.

For the first three quarters, the Group’s shipment value – the primary indicator of Linmark’s business performance – reported an approximately 26.0% increase to approximately US\$690.1 million (equivalent to HK\$5,382.8 million) as compared to the same period last year. Turnover grew by approximately 309.8% to approximately US\$209.5 million (equivalent to HK\$1,634.1 million). The significant increase was principally attributable to the newly acquired businesses. These new businesses operate on a trading model with turnover recorded on the basis of shipment value, which is different from Linmark’s traditional commission agency model.

The Group’s net profit after tax increased by approximately 22.7% to approximately US\$13.1 million (equivalent to HK\$102.2 million). The amount incorporated a one-time non-cash income of approximately US\$3.4 million (equivalent to HK\$26.5 million) from the acquisition of 60% interest in Dowry Peacock Group Limited (“Dowry Peacock”) and non-cash expenses of approximately US\$0.5 million (equivalent to HK\$3.9 million) for share option expenses and interest expenses on fair value gain. Excluding the above-mentioned non-cash items, the Group reported an approximately 4.7% decline in adjusted net profit after tax at approximately US\$10.2 million (equivalent to HK\$79.6 million).

Basic earnings per share were approximately 2.0 US cents (equivalent to 15.6 HK cents).

Mr. Wang Lu-Yen, Chairman of Linmark, said, “During the period under review, Linmark continued to grow especially in Europe and the southern hemisphere. It has always been our strategic goal to diversify our geographical reach to achieve a more balanced revenue base. We are pleased to see this goal being realized and on track.”

The Group achieved a more diversified geographic spread for its business as a result of the newly acquired businesses of Tamarind International Limited (“Tamarind”) and Dowry Peacock. Shipment value to Europe increased by approximately 196.9% to approximately US\$165.1 million (equivalent to HK\$1,287.8 million), accounting for approximately 23.9% of the Group’s total shipment value. Shipment value to the southern hemisphere increased from approximately US\$25.2 million (equivalent to HK\$196.6 million) to approximately US\$78.9 million (equivalent to HK\$615.4 million). North America remained as the Group’s largest market, contributing approximately 51.9% of the Group’s total shipment value, or approximately US\$358.4 million (equivalent to HK\$2,795.5 million).

On the other hand, the Group’s commission-based sourcing activities saw a decline in segment profit from approximately US\$8.7 million (equivalent to HK\$67.9 million) to approximately US\$5.9 million (equivalent to HK\$46.0 million) due to increased new business development costs and additional provisions made for certain trade receivables.

The Group’s financial position remains healthy with bank balances and cash of approximately US\$30.9 million (equivalent to HK\$241.0 million) as at 31 January 2006. The Group’s current ratio was 1.1 and gearing ratio was low at 0.08.

Two executive appointments were announced earlier by the Group. On 28 February 2006, Linmark announced the appointment of Mr. Peter Loris Solomon as the new chief executive officer of the Group. Mr. Solomon succeeded Mr. Steven Julien Feniger who resigned for personal reasons. Since April 1991, Mr. Solomon has been a director and the chief executive of Tamarind, the business of which was acquired by the Group in December 2004. Additionally, Mr. Dennis Wong was appointed the chief financial officer of the Group on 24 January 2006.

Prospects

Although the Group’s commission-based business has experienced some short-term set back, management remains optimistic about the overall long-term prospects of its business.

Mr. Peter Solomon, CEO of Linmark, said, “I am delighted in my new capacity to have the opportunity to help Linmark become a ‘full-service trading company’. The Group is reviewing its current business organisational structure and operating cost base with the aim of enhancing operational efficiencies. In particular, we are focusing on assessing the global infrastructure and improving the return on investment in business development.”

Since the acquisition of Dowry Peacock, Linmark has established a new division – Linmark Electronics, comprising ISO International (Holdings) Limited and Dowry Peacock, to offer customers a one-stop supply chain management service. The Group expects this new division to bring synergistic benefits to Linmark’s business in the coming financial years. However, Dowry Peacock is currently behind schedule in achieving its profit target and is working towards making good any possible shortfall.

With a global presence and a strong customer base, Linmark will continue to seek acquisition opportunities to accelerate its growth and market and product diversification.

Based on current assessment, management remains optimistic about Linmark’s business performance in the next financial year. However, the short-term set back of the Group’s commission-based business may have an adverse impact on the Group’s business performance in the rest of the current financial year.

About Linmark Group Limited

Linmark, listed on The Stock Exchange of Hong Kong Limited in May 2002, is a one-stop global supply chain management and solutions provider. With presence in 34 cities in 22 countries and territories, the Group offers comprehensive and efficient sourcing solutions 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 and the southern hemisphere.

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LINMARK GROUP LIMITED FY2006 Third Quarterly Results

Condensed Consolidated Income Statement

	For the nine months ended 31 January	
	2006	2005
	(Unaudited)	(Unaudited)
	US\$'000	US\$'000
Turnover	209,469	51,120
Cost of sales	(167,086)	(17,550)
Gross profit	42,383	33,570
Other operating income	1,931	1,644
General and administrative expenses	(32,861)	(24,169)
Excess of interest in fair value of acquired subsidiaries' net assets over cost	3,414	-
Gain on dissolution of a subsidiary	-	14
Profit from operations	14,867	11,059
Finance costs	(293)	(6)
Share of loss of a joint venture	(41)	-
Profit before taxation	14,533	11,053
Income tax expense	(1,402)	(354)
Profit for the period	13,131	10,699
Attributable to:		
- Equity holders of the Company	12,941	10,699
- Minority interest	190	-
	13,131	10,699
Earnings per share [#] (US cents)		
- Basic	2.0	1.6
- Diluted	2.0	1.6

[#] The calculation of the basic earnings per share for the nine months ended 31 January 2006 was based on the profit attributable to equity holders of the Company of approximately US\$12,941,000 (2005: US\$10,699,000) and on the weighted average number of approximately 659,821,000 (2005: 654,446,000) shares in issue during the financial period.

The calculation of the diluted earnings per share for the nine months ended 31 January 2006 was based on the profit attributable to equity holders of the Company of approximately US\$12,941,000 (2005: US\$10,699,000) and on the weighted average number of approximately 664,237,000 (2005: 662,967,000) shares issued and issuable, comprising the weighted average number of approximately 659,821,000 (2005: 654,446,000) shares in issue during the financial period and the weighted average number of approximately 4,416,000 (2005: 8,521,000) shares, as adjusted for the dilutive effect of share options outstanding during the financial period.

LINMARK GROUP LIMITED FY2006 Third Quarterly Results

Condensed Consolidated Balance Sheet

	At 31 January 2006 (Unaudited) US\$'000	At 30 April 2005 (Audited) US\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	3,564	3,119
Goodwill	42,446	42,446
Patents and trademarks	65,792	-
Deferred expenditure	3,014	3,014
Other asset	83	83
Investment in a joint venture	129	170
	115,028	48,832
CURRENT ASSETS		
Inventories	9,500	55
Trade receivables	43,795	20,308
Prepayments, deposits and other receivables	5,536	3,709
Loan to a related company	1,427	-
Amounts due from related companies	225	-
Bank balances and cash	30,874	27,323
	91,357	51,395
CURRENT LIABILITIES		
Trade payables	45,773	9,144
Accruals and other payables	13,909	6,588
Short-term bank loan	8,850	2,300
Balance of consideration payable for acquisitions of subsidiaries/business and assets - due within one year	12,286	6,461
Current tax liabilities	1,718	1,454
	82,536	25,947
NET CURRENT ASSETS	8,821	25,448
TOTAL ASSETS LESS CURRENT LIABILITIES	123,849	74,280
NON-CURRENT LIABILITIES		
Balance of consideration payable for acquisitions of subsidiaries/business and assets - due after one year	16,947	7,192
Post-employment benefits	1,678	1,651
Deferred tax liabilities	123	118
	18,748	8,961
NET ASSETS	105,101	65,319
CAPITAL AND RESERVES		
Share capital	13,337	13,113
Reserves	62,792	52,206
	76,129	65,319
Minority interest	28,972	-
TOTAL EQUITY	105,101	65,319