LINMARK GROUP LIMITED

林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 915

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 APRIL 2011

FINAL RESULTS HIGHLIGHTS:

- Shipment value amounted to approximately US$280.2 million (equivalent to HK$2,185.6 million), a decrease of approximately 12.2% as compared to approximately US$319.0 million (equivalent to HK$2,488.2 million) for the last year.

- Revenue increased by approximately 2.5% to approximately US$95.8 million (equivalent to HK$747.2 million) as compared to approximately US$93.5 million (equivalent to HK$729.3 million) for the last year.

- Profit for the year amounted to approximately US$0.6 million (equivalent to HK$4.7 million) as compared to approximately US$5.9 million (equivalent to HK$46.0 million) for the last year.

- The Directors do not recommend the payment of a final dividend for the year ended 30 April 2011.

AUDITED FINAL RESULTS

The board ("**Board**") of directors ("**Directors**") of Linmark Group Limited ("**Company**") announces the audited condensed consolidated financial information of the Company and its subsidiaries (together, the "**Group**" or "**Linmark**") for the year ended 30 April 2011, together with comparative figures for the previous year, as follows:

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Income Statement

	Note	**2011**	2010
		US$'000	*US$'000*
Revenue	*3*	**95,763**	93,526
Cost of sales		**(72,791)**	(67,200)
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)
Profit before tax	*4*	**787**	6,057
Income tax expense	*5*	**(142)**	(138)
Profit for the year		**645**	5,919
Attributable to:			
Owners of the Company		**645**	5,919
Non-controlling interest		**–**	–
		645	5,919
Earnings per share attributable to ordinary equity holders of the Company (expressed in US cent)	*7*		
Basic		**0.1**	0.9
Diluted		**0.1**	0.9

Details of the dividends to shareholders of the Company are set out in Note 6.

Condensed Consolidated Statement of Financial Position

	Note	**2011** *US$'000*	2010 *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**360**	786
Intangible assets		**26,333**	26,333
Available-for-sale financial asset		**84**	84
Investment in a jointly-controlled entity		**13**	15
Deferred tax assets		**109**	94
Total non-current assets		**26,899**	27,312
CURRENT ASSETS			
Inventories		**25**	69
Trade receivables	*9*	**5,061**	5,324
Prepayments, deposits and other receivables		**2,774**	7,422
Cash and cash equivalents		**17,538**	20,953
Total current assets		**25,398**	33,768
CURRENT LIABILITIES			
Trade payables	*10*	**6,672**	5,371
Accruals and other payables		**6,313**	10,410
Balance of consideration payable for acquisitions of subsidiaries	*11*	**–**	1,149
Tax payable		**1,413**	1,771
Total current liabilities		**14,398**	18,701
NET CURRENT ASSETS		**11,000**	15,067
TOTAL ASSETS LESS CURRENT LIABILITIES		**37,899**	42,379
NON-CURRENT LIABILITY			
Post-employment benefits		**1,151**	1,254
Total non-current liability		**1,151**	1,254
NET ASSETS		**36,748**	41,125
EQUITY			
Issued capital		**13,661**	13,500
Reserves		**23,087**	27,625
Equity attributable to owners of the Company		**36,748**	41,125
Non-controlling interest		**–**	–
TOTAL EQUITY		**36,748**	41,125

Notes:

1. Basis of preparation

The condensed consolidated annual financial statements of the Group for the year ended 30 April 2011 have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and the disclosure requirements of The Rules ("**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). They have been prepared under the historical cost convention, except for an available-for-sale financial asset, which has been measured at fair value. These financial statements are presented in United States dollars ("**US$**").

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of the condensed consolidated financial statements of the Group are consistent with those followed in the preparation of the audited financial statements of the Group for the year ended 30 April 2010, except for the adoption of the following new and revised IFRSs, which comprise standards and interpretations approved by the International Accounting Standard Board, and International Accounting Standards ("**IASs**") and the new International Financial Reporting Interpretation Committee ("**IFRIC**") interpretations approved by the International Accounting Standards Committee that remain in effect.

IFRS 1 (Revised)	*First-time Adoption of International Financial Reporting Standards*
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business Combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
IFRIC-Int 17	*Distributions of Non-cash Assets to Owners*
IFRS 5 Amendments included in *Improvements to IFRSs* issued in May 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*
Improvements to IFRSs 2009	Amendments to a number of IFRSs issued in April 2009

Other than as further explained below regarding the impact of IFRS 3 (Revised), IAS 27 (Revised), amendments to IAS 7 and IAS 17 included in *Improvements to IFRSs 2009*, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised IFRSs are as follows:

(a) IFRS 3 (Revised) *Business Combinations* and IAS 27 (Revised) *Consolidated and Separate Financial Statements*

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 May 2010.

(b) *Improvements to IFRSs 2009* issued in April 2009 sets out amendments to a number of IFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- IAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- IAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in IAS 17.

3. Operating segment information

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) sales of merchandise including garments, labels and consumer electronic products; and

(b) provision of services including procurement service and value-added services relating to the procurement agency business.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax from continuing operations. The adjusted profit before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, gain on disposal of a yacht, gain on disposal and liquidation of subsidiaries, loss on deregistration of branches, restructuring costs, share of loss of a jointly-controlled entity as well as head office and corporate expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 30 April 2011	**Sales of merchandise** *US$'000*	**Provision of services** *US$'000*	**Total** *US$'000*
SEGMENT REVENUE			
Revenue from external customers	**80,577**	**15,186**	**95,763**
SEGMENT RESULTS	**1,023**	**1,452**	**2,475**
Interest income			**5**
Gain on disposal of a subsidiary			**13**
Gain on disposal of a yacht			**192**
Restructuring costs			**(1,556)**
Share of loss of a jointly-controlled entity			**(2)**
Corporate and other unallocated expenses			**(340)**
Profit before tax			**787**
Income tax expense			**(142)**
Profit for the year			**645**
Other segment information:			
Depreciation	**189**	**214**	**403**
Capital expenditures	**53**	**91**	**144**
Impairment of trade receivables	**50**	**308**	**358**

Year ended 30 April 2010	Sales of merchandise *US$'000*	Provision of services *US$'000*	Total *US$'000*
SEGMENT REVENUE			
Revenue from external customers	75,968	17,558	93,526
SEGMENT RESULTS	2,900	817	3,717
Interest income			53
Gain on liquidation of a subsidiary			5,255
Loss on deregistration of branches			(1,036)
Restructuring costs			(1,362)
Share of loss of a jointly-controlled entity			(4)
Corporate and other unallocated expenses			(566)
Profit before tax			6,057
Income tax expense			(138)
Profit for the year			5,919
Other segment information:			
Depreciation	340	427	767
Amortisation of intangible assets	30	84	114
Capital expenditures	206	201	407
Impairment of trade receivables	31	355	386
Product warranty provision	77	–	77

Geographical information

(a) ***Revenue from external customers***

	2011	2010
	US$'000	*US$'000*
Australia	**32,128**	26,828
Africa	**21,072**	19,275
Europe	**18,816**	20,328
North America	**9,509**	11,590
Hong Kong	**1,100**	2,085
Others	**13,138**	13,420
	95,763	93,526

The revenue information above is based on the location of the customers.

(b) ***Non-current assets***

	2011	2010
	US$'000	*US$'000*
Hong Kong	**26,407**	26,827
Others	**299**	307
	26,706	27,134

The non-current assets information above is based on the location of assets and excludes an available-for-sale financial asset and deferred tax assets.

Information about major customers

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue is set out below:

	Operating segment	2011	2010
		US$'000	*US$'000*
Customer A	Sales of merchandise	**23,290**	19,008
Customer B	Sales of merchandise	**21,098**	19,217
Customer C	Sales of merchandise	**9,411**	12,834
		53,799	51,059

4. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	2011 US$'000	2010 US$'000
Depreciation	**403**	767
Amortisation of intangible assets	**–**	114
Loss/(gain) on disposal of items of property, plant and equipment	**(191)**	23
Gain on liquidation of a subsidiary	**–**	(5,255)
Gain on disposal of a subsidiary	**(13)**	–
Loss on deregistration of branches	**–**	1,036

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2011 US$'000	2010 US$'000
Current		
– Hong Kong	**123**	197
– Outside Hong Kong	**74**	126
Overprovision in prior years	**(40)**	(177)
Deferred	**(15)**	(8)
	142	138

6. Dividends

	2011 US$'000	2010 US$'000
Interim, paid of 0.31 HK cent (2010: 0.75 HK cent) per ordinary share	**272**	651
Final, proposed, of nil (2010: 0.75 HK cent per ordinary share)	**–**	655
Special, proposed, of nil (2010: 6 HK cents per ordinary share)	**–**	5,242
	272	6,548

On 8 September 2010, a final dividend of 0.75 HK cent per ordinary share and a special dividend of 6 HK cents per ordinary share in respect of the year ended 30 April 2010 were paid to shareholders of the Company.

On 14 January 2011, a dividend of 0.31 HK cent per ordinary share was paid to shareholders of the Company as the interim dividend in respect of the six months ended 31 October 2010.

The Directors do not recommend the payment of a final dividend in respect of the year ended 30 April 2011.

7. **Earnings per share**

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.

The calculation of the basic and diluted earnings per share is based on:

	2011	2010
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation *(US$'000)*	**645**	5,919
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation *('000)*	**680,568**	674,995
Effect of dilution – weighted average number of ordinary shares:		
Share options	**8,830**	12,881
	689,398	687,876

8. **Additions in property, plant and equipment**

During the year ended 30 April 2011, the Group spent approximately US$144,000 (2010: US$407,000) on acquisition of property, plant and equipment.

9. **Trade receivables**

The credit period granted to customers is generally 60 to 90 days. An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2011	2010
	US$'000	*US$'000*
Within 30 days	**3,392**	3,535
31 to 60 days	**1,020**	1,132
61 to 90 days	**373**	474
91 to 365 days	**559**	440
Over 1 year	**532**	994
	5,876	6,575
Impairment	**(815)**	(1,251)
	5,061	5,324

Note:

The trade receivables aged over 90 days are being carefully monitored by the management. Approximately US$0.8 million of these balances was covered by the impairment.

10. Trade payables

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2011	2010
	US$'000	*US$'000*
Within 30 days	**3,518**	3,170
31 to 60 days	**2,455**	1,496
61 to 90 days	**268**	350
91 to 365 days	**139**	74
Over 1 year	**292**	281
	6,672	5,371

11. Balance of consideration payable for acquisitions of subsidiaries

As at 30 April 2010, the balance of consideration payable of approximately US$1,149,000 represented the estimated amounts payable for the acquisition of 60% equity interest in Dowry Peacock Group Limited and its subsidiaries.

On 14 May 2010, 4,074,635 ordinary shares of US$0.02 each of the Company were issued at a price of HK$2.284 (equivalent to US$0.29) per share to settle the balance consideration payable. As at 30 April 2010, the carrying amount of balance of consideration payable for acquisition of subsidiaries approximated to its fair value.

12. Related party transactions

(a) During the years ended 30 April 2010 and 2011, the Group had the following related party transactions:

		2011	2010
	Note	***US$'000***	*US$'000*
Rental expenses paid to related companies	*(i)*	**128**	189
Commission income received from a related company	*(ii)*	**22**	–
Sampling charges paid to a related company	*(iii)*	**18**	–

Notes:

(i) Rental expenses were determined based on the market rate and floor area.

(ii) Commission income was received based on the commission rate agreed by the parties.

(iii) Sampling charges were determined based on the amount agreed by both parties.

(b) Compensation of key management personnel of the Group

	2011	2010
	US$'000	*US$'000*
Short term employee benefits	**1,844**	1,160
Post-employment benefits – defined contribution plans	**66**	63
Share-based payments	**21**	46
Total compensation paid to key management personnel	**1,931**	1,269

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

For the year ended 30 April 2011, 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), which is down by approximately 12.2% 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 that adversely affected Linmark's top and bottom line. 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 the year ended 30 April 2011. 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 ("**LEL**") 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 for the year ended 30 April 2011 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.

Segmental Analysis

The table below shows the shipment value to different markets during the year under review as compared to amounts in the previous year:

	Shipment value For the year ended 30 April	
	2011	2010
	US$' million	*US$' million*
North America	**133.7**	177.9
Europe	**71.1**	67.9
Others	**75.4**	73.2
Total	**280.2**	319.0

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). North America is at present the largest market of the Group, 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). Europe now accounts for approximately 25.4% of the Group's total shipment value.

Shipment grouped under "Others", comprising mainly shipments to the southern hemisphere, amounted to approximately US$75.4 million (equivalent to HK$588.1 million), representing approximately 26.9% of the Group's total shipment value.

Update on the Indian Tax Case

In November 2010, the Income Tax Appellate Tribunal ("**ITAT**") in India issued an order ("**Order**") regarding the tax appeals lodged by the Group. The Order held that only 50% of commission income was attributed to the India operations of Linmark International (Hong Kong) Limited ("**Linmark HK**"), a subsidiary of the Company. Consequently, Linmark HK was not liable to pay tax and related interest in respect of its India operations for the years 1999/2000 to 2005/2006.

In February and May 2011, Linmark HK received income tax refund from the tax authority of India totalling approximately INR19,031,000 (equivalent to approximately HK$3,300,000 or US$429,000).

Notwithstanding the receipt of the tax refund, according to the advice of the Group's tax adviser, the Order of ITAT may be subject to further appeal by the tax authority in India against the issues decided in favour of Linmark HK. In view of this uncertainty, the Group will not recognise a tax credit in the profit and loss accounts until the refund of tax previously paid is certain.

In addition, concerning the penalty demand raised by India's tax authority in March 2010, the Group maintains the view that there are sufficient grounds for pursuing appeals and therefore no provision has been made in the financial statements as at 30 April 2011.

Hong Kong Tax Case

In response to enquiries previously received from the Inland Revenue Department in Hong Kong ("**IRD**") on the modus operandi of the Group and the chargeability of the profits thereof, an independent tax adviser has been engaged to handle this case and relevant information has been furnished to the IRD. Consequent to such enquiries, the Group purchased a Tax Reserve Certificate from the IRD during the year for HK$700,000 regarding the holdover of tax demanded under the protective assessment for 2003/2004 on Linmark (HK) Limited, a subsidiary of the Company in Hong Kong.

In March 2011, the Group received certain protective assessments from the IRD for 2004/2005 on the tax cases under review. Subsequent to the year ended 30 April 2011, another Tax Reserve Certificate of HK$950,000 has been purchased by Linmark (HK) Limited in pursuit of the holdover of tax demanded under the protective assessments for 2004/2005.

Taking into account the advice given by the independent tax adviser, the Group is of the view that there are sufficient grounds to support the tax filings for the years of assessment in question.

Financial Review

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. In addition, the Group has total banking facilities of approximately US$32.9 million (equivalent to HK$256.6 million) including borrowing facilities of approximately US$0.4 million (equivalent to HK$3.1 million) as at 30 April 2011.

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$36.7 million (equivalent to HK$286.3 million) as at 30 April 2011. There has not been any material change in the Group's borrowings since 30 April 2011.

Trade receivables decreased from approximately US$5.3 million (equivalent to HK$41.3 million) as at 30 April 2010 to approximately US$5.1 million (equivalent to HK$39.8 million) as at 30 April 2011. Trade receivables that are over 90 days, which amounted to approximately US$1.1 million (equivalent to HK$8.6 million), are being carefully monitored by the management. Approximately US$0.8 million (equivalent to HK$6.2 million) of these balances was covered by the impairment.

The Group's net asset value as at 30 April 2011 was approximately US$36.7 million (equivalent to HK$286.3 million).

The Group had no material contingent liability as at 30 April 2011 and there has been no material change since then.

The majority of the Group's transactions during the year under review were denominated in US dollars and Hong Kong dollars. To minimise exchange risks, sales and purchases are generally transacted in the same currency.

Remuneration Policy and Staff Development Scheme

As at 30 April 2011, the Group had 435 staff. The total staff costs for the year under review amounted to approximately US$15.7 million (equivalent to HK$122.5 million) (2010: US$17.8 million (equivalent to HK$138.8 million)). The Group offers competitive remuneration schemes to its employees based on industry practices, individual and the Group's performance. In addition, share options and discretionary bonuses are also granted to eligible staff based on both the Group's as well as individual performance.

Creditors' Voluntary Liquidation of LEL

On 28 July 2009, LEL, a company incorporated in the United Kingdom ("**UK**") and a 60% subsidiary of the Company, filed a notice of appointment of administrators in the UK ("**Administration**"), pursuant to which joint administrators ("**Administrators**") of LEL were appointed ("**Appointment**") pursuant to paragraph 22 of Schedule B1 to the Insolvency Act 1986 of the UK. Upon the Appointment, the legal control of business of LEL was transferred from the directors of LEL to the Administrators. Since then, the Company has lost control over the financial and operating policies of LEL and therefore, the financial results of LEL have ceased to be consolidated with those of the Group upon the Appointment.

As stated in the announcement of the Company dated 27 January 2010, according to the Administrators, on 25 January 2010 (UK time), LEL moved from Administration to creditors' voluntary liquidation ("**Liquidation**") and the Administrators were appointed the liquidators ("**Liquidators**") pursuant to paragraph 83 of Schedule B1 to the Insolvency Act 1986 of the UK and as approved by the creditors of LEL.

The Liquidators will adjudicate creditor claims, following which they anticipate paying a dividend to creditors of LEL. The level of dividend will not be known until all creditor claims have been agreed, asset realisations finalised and the costs of the Liquidation provided for. Following this process, the Liquidators will take steps to dissolve LEL.

As disclosed in the interim report of the Company for the six months ended 31 October 2009, the unaudited total net liabilities of LEL included in the consolidated statement of financial position of the Group amounted to approximately US$5.3 million (equivalent to HK$41.3 million). Upon the commencement of the Liquidation, a non-cash profit of approximately US$5.3 million (equivalent to HK$41.3 million) was recognised in the consolidated income statement for the year ended 30 April 2010 of the Group as a gain on liquidation of a subsidiary. Save for the gain on liquidation of a subsidiary as mentioned above and the dividend payment from LEL (the quantum of which, if any, is uncertain), at present, the Board does not expect the Liquidation to have any other material impact on the Group.

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 the aforesaid 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.

In addition, 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.

DIVIDEND

An interim dividend of 0.31 HK cent per ordinary share was declared and paid during the year under review.

The Directors do not recommend the payment of a final dividend in respect of the year ended 30 April 2011.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

For the purpose of ascertaining the shareholders' rights of attending and voting at the forthcoming annual general meeting, the register of members of the Company will be closed from Thursday, 25 August 2011 to Monday, 29 August 2011, both days inclusive. In order to be entitled to attend the annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4.30 p.m. on Wednesday, 24 August 2011.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 30 April 2011.

REVIEW OF RESULTS

The audit committee, comprising the three independent non-executive Directors referred to below, has reviewed with the management and the Company's external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the report prepared by the external auditors to the audit committee in respect of the audit of the financial statements of the Group for the year ended 30 April 2011.

The audit committee has also reviewed the terms and conditions of the connected transactions of the Company that took place during the year under review.

CORPORATE GOVERNANCE

For the year under review, save for the deviation from Code Provision A.2.1 and the modifications made to Code Provision B.1.3 as explained below, the Company has fully complied with the Code Provisions ("**Code Provisions**") of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

Code Provision A.2.1

Following the resignation of Mr. Michel BOURLON as executive Director and chief executive officer of the Company with effect from 8 October 2010, Mr. WANG Lu Yen, the chairman of the Company, has also taken up the post of chief executive officer of the Company. Such practice deviates from Code Provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

In view of Mr. WANG Lu Yen's extensive experience in the industry and in-depth knowledge of the Group's operation and business, the Board believes that Mr. Wang is instrumental in formulating and implementing the Group's strategies. The Board expects that the Group will benefit from a unified chairman and chief executive officer position that provides clarity of leadership and allows efficient decision-making in strategic matters as well as the Group's day-to-day business. However, as the corporate needs of the Group may change from time to time, the Board will review regularly the board composition and division of responsibilities to ensure balance of power and corporate governance practices appropriate for the size and structure of the Group's business.

Code Provision B.1.3

The terms of reference of the remuneration committee were in compliance with the Code Provisions except that Code Provisions B.1.3(a) and B.1.3(b) have been combined and modified such that the remuneration committee has the power to do such things and to approve all matters in relation to compensation regarding all the directors and senior management of the Group in accordance with the terms and conditions of their respective agreement/contract with the Company, or as the case may be, the relevant subsidiary of the Company. In addition, the remuneration committee is also delegated with the authority to exercise all the powers of the Board in relation to the share option scheme of the Company.

Management considers that the remuneration committee can better serve its functions under the modified terms ("**Modified Terms**") of reference of the remuneration committee set out above as its duties under the Modified Terms are more extensive and onerous than those prescribed in the Code Provisions. The Company therefore proposes that the remuneration committee shall continue to abide by the provisions of the Modified Terms in the future. The Board will review the terms regularly and make appropriate changes if necessary.

A corporate governance report of the Company will be set out in the Company's 2011 annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as its model code for securities transactions by the Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code during the year under review and up to the date of this announcement.

The Company has also established written guidelines on no less exacting terms than the Model Code ("**Employees Written Guidelines**") for securities transactions by relevant employees who are likely to be in possession of unpublished price-sensitive information in relation to the Company and its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises two executive Directors, being Mr. WANG Lu Yen (Chairman and Chief Executive Officer) and Mr. WONG Hing Lin, Dennis (Chief Financial Officer), one non-executive Director, being Mr. WONG Wai Ming and three independent non-executive Directors, being Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. Jakob Jacobus Koert TULLENERS.

PUBLICATION OF THE RESULTS AND ANNUAL REPORT

The results announcement is published on the designated website of the Stock Exchange for news dissemination at www.hkexnews.hk and on the Company's website at www.linmark.com. The 2011 annual report will be despatched to the shareholders and available on the same websites on or about 28 July 2011.

By Order of the Board
WANG Lu Yen
Chairman & Chief Executive Officer

Hong Kong, 15 July 2011

Head Office and Principal Place of Business in Hong Kong:
1123, Kowloonbay International Trade & Exhibition Centre
1 Trademart Drive
Kowloon Bay, Kowloon
Hong Kong

* *For identification purpose only*