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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 2010

FINAL RESULTS HIGHLIGHTS:

- Shipment value amounted to approximately US$319.0 million (equivalent to HK$2,488.2 million), a decrease of approximately 35.8% as compared to approximately US$496.9 million (equivalent to HK$3,875.8 million) for the last year.

- Revenue dropped by approximately 52.2% to approximately US$93.5 million (equivalent to HK$729.3 million) as compared to approximately US$195.8 million (equivalent to HK$1,527.2 million) for the last year.

- Profit for the year amounted to approximately US$5.9 million (equivalent to HK$46.0 million) as compared to a loss of approximately US$12.3 million (equivalent to HK$95.9 million) for the last year.

- The Directors recommend the payment of a final dividend of 0.75 HK cent per share and a special dividend of 6 HK cents per share for the year ended 30 April 2010.

AUDITED FINAL RESULTS

The board ("Board") of directors ("Directors") of Linmark Group Limited ("Company" or "Linmark") announces the audited condensed consolidated financial information of Company and its subsidiaries (together, the "Group") for the year ended 30 April 2010, together with comparative figures for the previous year, as follows:

CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Condensed Consolidated Income Statement

	Note	**2010**	2009
		US$'000	*US$'000*
Revenue	*3*	**93,526**	195,762
Cost of sales		**(67,200)**	(159,823)
Gross profit		**26,326**	35,939
Other income		**2,525**	1,995
General and administrative expenses		**(25,647)**	(33,207)
Gain on liquidation of a subsidiary		**5,255**	–
Loss on deregistration of branches		**(1,036)**	–
Restructuring costs		**(1,362)**	(1,719)
Impairment loss on goodwill	*4*	**–**	(3,000)
Impairment loss on patents and trademarks	*4*	**–**	(10,137)
Finance costs		**–**	(52)
Share of loss of a jointly-controlled entity		**(4)**	(4)
Profit/(loss) before tax	*5*	**6,057**	(10,185)
Income tax expense	*6*	**(138)**	(2,069)
Profit/(loss) for the year		**5,919**	(12,254)
Attributable to:			
Owners of the Company		**5,919**	(8,350)
Non-controlling interest		**–**	(3,904)
		5,919	(12,254)
Earnings/(loss) per share attributable to ordinary equity holders of the Company (expressed in US cent)	*8*		
Basic		**0.9**	(1.2)
Diluted		**0.9**	N/A

Details of the dividends to shareholders of the Company are set out in Note 7.

Condensed Consolidated Statement of Financial Position

	Note	**2010**	2009
		US$'000	*US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**786**	1,364
Intangible assets		**26,333**	26,489
Available-for-sale financial asset		**84**	84
Investment in a jointly-controlled entity		**15**	19
Deferred tax assets		**94**	86
Total non-current assets		**27,312**	28,042
CURRENT ASSETS			
Inventories		**69**	2,440
Trade receivables	*10*	**5,324**	18,239
Prepayments, deposits and other receivables		**7,422**	7,309
Cash and cash equivalents		**20,953**	23,674
Total current assets		**33,768**	51,662
CURRENT LIABILITIES			
Trade payables	*11*	**5,371**	22,282
Accruals and other payables		**10,410**	12,040
Warranty provision		**–**	1,154
Balance of consideration payable for acquisitions of subsidiaries	*13*	**1,149**	1,149
Dividend payable to a minority shareholder of a subsidiary		**–**	742
Tax payable		**1,771**	2,143
Total current liabilities		**18,701**	39,510
NET CURRENT ASSETS		**15,067**	12,152
TOTAL ASSETS LESS CURRENT LIABILITIES		**42,379**	40,194
NON-CURRENT LIABILITIES			
Post-employment benefits		**1,254**	1,192
Total non-current liabilities		**1,254**	1,192
NET ASSETS		**41,125**	39,002
EQUITY			
Issued capital		**13,500**	13,500
Reserves		**27,625**	25,502
Equity attributable to owners of the Company		**41,125**	39,002
Non-controlling interest		**–**	–
TOTAL EQUITY		**41,125**	39,002

Notes:

1. Basis of preparation

The condensed consolidated annual financial statements of the Group for the year ended 30 April 2010 have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and the disclosure requirements of The 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 the 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 judgement 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 2009, except for the adoption of the following new and revised IFRSs, which comprise standards and interpretations approved by the International Accounting Standard Board ("IASB"), and International Accounting Standards ("IAS") and the new International Financial Reporting Interpretation Committee ("IFRIC") interpretations approved by the International Accounting Standards Committee that remain in effect.

IFRS 1 and IAS 27 Amendments	Amendments to IFRS 1 *First-time Adoption of IFRSs* and IAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
IFRS 8	*Operating Segments*
IFRS 8 Amendment*	Amendment to IFRS 8 *Operating Segments – Disclosure of information about segment assets* (early adopted)
IAS 1 (Revised)	*Presentation of Financial Statements*
IAS 18 Amendment*	Amendment to Appendix to IAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
IAS 23 (Revised)	*Borrowing Costs*
IAS 32 and IAS 1 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
IFRIC 9 and IAS 39 Amendments	Amendments to IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
IFRIC 13	*Customer Loyalty Programmes*
IFRIC 15	*Agreements for the Construction of Real Estate*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*
IFRIC 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to IFRSs (May 2008)**	Amendments to a number of IFRSs

* Included in *Improvements to IFRSs 2009* (as issued in April 2009).

** The Group adopted all the improvements to IFRSs issued in May 2008 except for the amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*, which is effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of IFRS 7 Amendments, IFRS 8 and IAS 1 (Revised), the adoption of these new and revised IFRSs and interpretations has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

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

(a) Amendments to IFRS 7 ***Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments***

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balances for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

(b) IFRS 8 ***Operating Segments***

IFRS 8 replaced IAS 14 *Segment Reporting* upon its effective date. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14.

(c) IAS 1 (Revised) ***Presentation of Financial Statements***

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(d) ***Improvements to IFRSs***

In May 2008, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures:* Removes the reference to "total interest income" as a component of finance costs.

- IAS 1 *Presentation of Financial Statements:* Clarifies that assets and liabilities which are classified as held for trading in accordance with IAS 39 are not automatically classified as current in the statement of financial position.

- IAS 16 *Property, Plant and Equipment:* Replaces the term "net selling price" with "fair value less costs to sell" and the recoverable amount of property, plant and equipment is the higher of an asset's fair value less costs to sell and its value in use.

  In addition, items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental are transferred to inventories when rental ceases and they are held for sale.

- IAS 27 *Consolidated and Separate Financial Statements:* Requires that when a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

- IAS 36 *Impairment of Assets:* When discounted cash flows are used to estimate "fair value less costs to sell", additional disclosures (e.g., discount rate and growth rate used) are required which are consistent with the disclosures required when the discounted cash flows are used to estimate "value in use".

- IAS 38 *Intangible Assets:* Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service.

  The reference to there being rarely, if ever, persuasive evidence to support an amortisation method for intangible assets other than the straight-line method has been removed. The Group has reassessed the useful lives of its intangible assets and concluded that the straight-line method is still appropriate.

- IAS 39 *Financial Instruments: Recognition and Measurement:* (i) sets out a number of changes in circumstances relating to derivatives that are not considered to result in reclassification into or out of the fair value through profit or loss category; (ii) removes the reference to the designation of hedging instrument at the segment level; and (iii) requires that the revised effective interest rate (rather than the original effective interest rate) calculated on cessation of fair value hedge accounting should be used for the remeasurement of the hedged item when paragraph AG8 of IAS 39 is applicable.

2.1 Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRSs and new IFRIC interpretations, that have been issued but are not yet effective, in these financial statements.

IFRS 1 (Revised)	*First-time Adoption of International Financial Reporting Standards*[1]
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters*[2]
IFRS 1 Amendment	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*[4]
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*[2]
IFRS 3 (Revised)	*Business Combinations*[1]
IFRS 9	*Financial Instruments*[6]
IAS 24 (Revised)	*Related Party Disclosures*[5]
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*[3]
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*[1]
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*[5]
IFRIC 17	*Distributions of Non-cash Assets to Owners*[1]
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to IFRS 5 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*[1]

Apart from the above, the IASB has issued *Improvements to IFRSs 2009* and *Improvements to IFRSs 2010* which set out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. Under the *Improvements to IFRSs 2009*, the amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation. Under the *Improvements to IFRSs 2010*, the amendments to IFRS 3 and IAS 27 are effective for annual periods beginning on or after 1 July 2010 while the amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that interest income, finance costs, restructuring costs, impairment losses, gain on liquidation and disposal of investments, loss on deregistration of branches, 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 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**

Year ended 30 April 2009	Sales of merchandise US$'000	Provision of services US$'000	Total US$'000
SEGMENT REVENUE			
Revenue from external customers	175,204	20,558	195,762
SEGMENT RESULTS	3,184	1,842	5,026
Interest income			149
Restructuring costs			(1,719)
Impairment loss on goodwill	–	(3,000)	(3,000)
Impairment loss on patents and trademarks	(10,137)	–	(10,137)
Finance costs			(52)
Share of loss of a jointly-controlled entity			(4)
Gain on disposal of a subsidiary			102
Corporate and other unallocated expenses			(550)
Loss before tax			(10,185)
Income tax expense			(2,069)
Loss for the year			(12,254)
Other segment information:			
Depreciation	868	592	1,460
Amortisation of intangible assets	127	1,005	1,132
Capital expenditures	63	212	275
Impairment of trade receivables	545	419	964
Product warranty provision	3,903	–	3,903

Geographical information

(a) Revenue from external customers

	2010 ***US$'000***	2009 *US$'000*
Australia	**26,828**	37,140
Europe	**20,328**	98,954
Africa	**19,275**	22,001
North America	**11,590**	16,232
Hong Kong	**2,085**	2,753
Others	**13,420**	18,682
	93,526	195,762

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

(b) Non-current assets

	2010 ***US$'000***	2009 *US$'000*
Hong Kong	**26,827**	27,338
Europe	**–**	265
Others	**307**	269
	27,134	27,872

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	**2010** *US$'000*	2009 *US$'000*
Customer A	Sales of merchandise	**19,217**	21,983
Customer B	Sales of merchandise	**19,008**	25,168
Customer C	Sales of merchandise	**12,834**	17,443
Customer D	Sales of merchandise	**–**	43,142
		51,059	107,736

4. Impairment losses on patents and trademarks and goodwill

In the prior year, the Group recognised an impairment charge of US$10,137,000 in connection with patents and trademarks of Dowry Peacock Group Limited ("Dowry Peacock"), a 60% owned subsidiary of the Company, and an impairment charge of US$3,000,000 on goodwill of ISO International (Holdings) Limited, a 100% owned subsidiary of the Company. The charges were made based on the results of impairment tests for the patents and trademarks and goodwill using their value in use in accordance with IAS 36.

5. Profit/(loss) before tax

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

	2010 *US$'000*	2009 *US$'000*
Depreciation	**767**	1,460
Amortisation of intangible assets	**114**	1,132
Loss on disposal of items of property, plant and equipment	**23**	49
Gain on disposal of a subsidiary	**–**	(102)
Gain on liquidation of a subsidiary	**(5,255)**	–
Loss on deregistration of branches	**1,036**	–

6. Income tax expense

Group

	2010 *US$'000*	2009 *US$'000*
Current – Hong Kong		
Charge for the year	**197**	1,008
Current – Outside Hong Kong	**126**	72
(Overprovision)/underprovision in prior years	**(177)**	38
Deferred	**(8)**	951
	138	2,069

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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.

7. Dividends

	2010	2009
	US$'000	*US$'000*
Interim, paid of 0.75 HK cent (2009: Nil) per ordinary share	**651**	–
Final, proposed, of 0.75 HK cent (2009: 2.2 HK cents) per ordinary share	**655**	1,891
Special, proposed, of 6 HK cents (2009: Nil) per ordinary share	**5,237**	–
	6,543	1,891

On 17 September 2009, a dividend of 2.2 HK cents per share was paid to shareholders of the Company as the final dividend in respect of the year ended 30 April 2009.

The Directors have declared an interim dividend of 0.75 HK cent per share in respect of the six months ended 31 October 2009, which has been paid to shareholders of the Company on 14 January 2010.

The Directors recommend the payment of a final dividend of 0.75 HK cent per share and a special dividend of 6 HK cents per share in respect of the year ended 30 April 2010. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the final and special dividends will be paid in cash on or about 8 September 2010 to shareholders whose names appear on the register of members of the Company on 27 August 2010.

8. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit/(loss) 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 amounts 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.

No adjustment has been made to the basic loss per share amount presented for the year ended 30 April 2009 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

The calculation of the basic and diluted earnings/(loss) per share is based on:

	2010	2009
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation (US$'000)	**5,919**	(8,350)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation ('000)	**674,995**	674,995
Effect of dilution – weighted average number of ordinary shares:		
Share options	**12,881**	–
	687,876	674,995

9. Additions in property, plant and equipment

During the year ended 30 April 2010, the Group spent approximately US$407,000 (2009: US$275,000) on acquisition of property, plant and equipment.

10. Trade receivables

The general credit terms granted to customers range from 60 days 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:

	2010	2009
	US$'000	*US$'000*
Within 30 days	**3,535**	6,256
31 to 60 days	**1,132**	3,607
61 to 90 days	**474**	1,624
91 to 365 days	**440**	7,146
Over 1 year	**994**	5,903
	6,575	24,536
Impairment	**(1,251)**	(6,297)
	5,324	18,239

Note:

The trade receivables aged over 90 days are being carefully monitored by the management. Approximately US$1.2 million of these balances was covered by the impairment.

11. 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:

	2010	2009
	US$'000	*US$'000*
Within 30 days	**3,170**	4,322
31 to 60 days	**1,496**	2,303
61 to 90 days	**350**	1,290
91 to 365 days	**74**	10,598
Over 1 year	**281**	3,769
	5,371	22,282

12. Related party transactions

(a) During the years ended 30 April 2009 and 2010, the Group had the following material related party transactions:

	Note	**2010**	2009
		US$'000	*US$'000*
Rental expenses	*(i)*	**189**	375
Royalty income	*(ii)*	**–**	62
Inspection income	*(iii)*	**–**	54
Commission income	*(iv)*	**–**	43

Notes:

(i) Rental expenses were determined based on the market rate and floor area.
(ii) Royalty income was received in accordance with the terms of agreement made between the parties.
(iii) Inspection income was determined based on the rate agreed by both parties.
(iv) Commission income was received based on the terms of agreement made between the parties.

(b) Compensation of key management personnel of the Group:

	2010	2009
	US$'000	*US$'000*
Short term employee benefits	**1,160**	1,388
Post-employment benefits – defined contribution plans	**63**	51
Share-based payments	**46**	76
Total compensation paid to key management personnel	**1,269**	1,515

13. Event after the reporting period

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 for the acquisition of 60% equity interest in Dowry Peacock.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

For the year ended 30 April 2010, shipment value amounted to approximately US$319.0 million (equivalent to HK$2,488.2 million), down by approximately 35.8% compared to approximately US$496.9 million (equivalent to HK$3,875.8 million) last year. Revenue decreased by approximately 52.2% to approximately US$93.5 million (equivalent to HK$729.3 million). The drop in both shipment volume and revenue were mainly affected by the global economic slowdown and the drastic decline of business of the Group's UK electronics division, Linmark Electronics Limited ("LEL"). LEL was put in administration on 28 July 2009 and moved to creditors' voluntary liquidation on 25 January 2010.

The Group reported a profit after tax of approximately US$5.9 million (equivalent to HK$46.0 million) for the year ended 30 April 2010, against a loss of approximately US$12.3 million (equivalent to HK$95.9 million) last year. The profit for the year under review included non-cash items of approximately US$5.3 million (equivalent to HK$41.3 million) gain on liquidation of LEL and approximately US$1.0 million (equivalent to HK$7.8 million) exchange loss arose from deregistration of overseas branches. The loss for last year was mainly attributable to non-cash items of approximately US$13.1 million (equivalent to HK$102.2 million), representing the impairment losses on goodwill, patents and trademarks as compared to no impairment this year.

General and administrative expenses for the year ended 30 April 2010 fell by approximately 22.8% to approximately US$25.6 million (equivalent to HK$199.7 million) as compared with last year.

Although signs of economic recovery have appeared towards the end of the year, the financial year under review was still preponderantly dominated by a difficult retail climate that constrained the majority of the Group's core customers to keep low levels of inventory and maintain high pressure on keeping prices low. Both initiatives had a negative impact on shipment volume and revenue, aggravated by the separation of LEL early in the financial year.

Management's focus remained clearly on reducing operating expenses to compensate for the loss in volume, while ensuring a high level of service that is essential to the Group's customers. As announced mid-year, the decision of a key customer in North America to not renew their agency agreement with the Group did not have a serious impact on shipment volume during the year under review, but the necessary restructuring and retrenchment efforts had an adverse impact on our cost and profitability.

On a positive note, many customers that recognised the Group's efforts and support in keeping them competitive increased their business volume with the Group. This was particularly true with our mail order customers and some of our brand partners in the US. The order booking of many core customers started to show signs of improvement towards the end of the year under review and its effects will be felt in the year ending 30 April 2011.

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	
	2010	2009
	US$' million	*US$' million*
North America	**177.9**	256.6
Europe	**67.9**	139.5
Others	**73.2**	100.8
Total	**319.0**	496.9

During the year under review, shipment to North America decreased by approximately 30.7% to approximately US$177.9 million (equivalent to HK$1,387.6 million). North America is at present the largest market of the Group, contributing approximately 55.8% of the Group's total shipment value.

Shipment to Europe decreased by 51.3% to approximately US$67.9 million (equivalent to HK$529.6 million) which was largely due to the drop in sales of the electronics division in the UK. Shipment to Europe now accounts for approximately 21.3% of the Group's total shipment value.

Shipment grouped under "Others", comprising mainly shipments to the southern hemisphere, amounted to approximately US$73.2 million (equivalent to HK$571.0 million).

Indian Tax Case

Following the announcement of the Company dated 22 February 2007 relating to an Indian tax case, in March 2008, the Commissioner of Income Tax (Appeals) ("CITA") of India issued an order that the India Liaison Office of a subsidiary of the Company is liable to tax in India. Total tax payment demanded by the Director of Income Tax of India in respect of tax assessment years 1999/2000 to 2005/2006 amounted to approximately US$835,000 (equivalent to HK$6,513,000) which has already been paid in prior years. The Group has since lodged appeals to the relevant tax authorities in India to object to the assessments that the India Liaison Office has a taxable presence in India.

In March 2010, Assessing Office of Indian Tax Authority issued a penalty order of approximately US$473,000 (equivalent to HK$3,689,000) to the Group. An appeal has been filed before CITA and Income Tax Appellate Tribunal respectively and both are now pending for hearing. Under the advice of the Group's tax adviser, the Group is of the view that there are sufficient grounds for pursuing the appeals and therefore, no provision has been made in the financial statements as at 30 April 2010 in this respect.

Financial Review

The Group's financial position remains healthy with cash and cash equivalents of approximately US$21.0 million (equivalent to HK$163.8 million) as at 30 April 2010. 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$0.3 million (equivalent to HK$2.3 million) as at 30 April 2010.

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$41.1 million (equivalent to HK$320.6 million) as at 30 April 2010. There has not been any material change in the Group's borrowings since 30 April 2010.

Trade receivables decreased from approximately US$18.2 million (equivalent to HK$142.0 million) as at 30 April 2009 to approximately US$5.3 million (equivalent to HK$41.3 million) as at 30 April 2010. Trade receivables aged over 90 days, which amounted to approximately US$1.4 million (equivalent to HK$10.9 million), are being carefully monitored by management. Approximately US$1.2 million (equivalent to HK$9.4 million) of these balances was covered by the impairment.

The Group's net asset value as at 30 April 2010 was approximately US$41.1 million (equivalent to HK$320.6 million).

The Group had no material contingent liability as at 30 April 2010 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 2010, the Group had 510 staff. The total staff costs for the year under review amounted to approximately US$17.8 million (equivalent to HK$138.8 million) (2009: US$21.3 million (equivalent to HK$166.1 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 UK and a 60% subsidiary of the Company, filed a notice of appointment of administrators in the UK, pursuant to which joint administrators ("Administrators") of LEL ("Appointment") were appointed pursuant to paragraph 22 of Schedule B1 to the Insolvency Act 1986 of the UK. The Appointment brings into effect a statutory moratorium which prevents any legal action by the creditors of LEL, so that the Administrators can effect the reorganisation of LEL and/or the orderly realisation of its assets for the benefit of creditors. 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 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 initiative to acquire new customers that management launched in the second half of the year under review started to bear fruit and several sourcing partnership agreements with US and European retailers, brands and distributors were concluded prior to the year end. Several other opportunities are still in the pipeline and management remains optimistic that the additional business generated, combined with expected organic growth of existing customers will enable the Group to not only make up for the lost volume from the key North American customer that left but will also help regain market share.

The first half of the next fiscal year will remain challenging with a cocktail of unfavorable economic indicators rocking the sourcing world: soaring cotton prices, labour shortage and labour wage increases in China, weaker European currencies and a foreseeable appreciation of the RMB. However, the Group's network of offices in Asia and its renowned ability to react quickly to changing market conditions are assets that management will put at the disposal of its newly extended customer base to secure a healthy development. The Group's cash position remains strong and will support the growing portfolio of customers.

Based on the current assessment, management maintains an overall positive view on the Group's performance for the next fiscal year and is optimistic about the Group's long term prospects.

DIVIDENDS

An interim dividend of 0.75 HK cent per share was declared and paid during the year under review.

The Directors recommend the payment of a final dividend of 0.75 HK cent per share and a special dividend of 6 HK cents per share in respect of the year ended 30 April 2010. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the final and special dividends will be paid in cash on or about 8 September 2010 to shareholders whose names appear on the register of members of the Company on 27 August 2010.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to the final and special dividends for the year ended 30 April 2010, the register of members of the Company will be closed from Wednesday, 25 August 2010 to Friday, 27 August 2010, both days inclusive. In order to qualify for the proposed final and special dividends, 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 Tuesday, 24 August 2010.

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 2010.

REVIEW OF RESULTS

The audit committee, comprising the three independent non-executive directors referred to below, has reviewed with 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 2010.

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, the Company has fully complied with the Code Provisions ("Code Provisions") of the Code on Corporate Governance Practices of the Company, save for modifications made to Code Provision B.1.3.

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 the 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. Management 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 2010 annual report.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises three executive directors, being Mr. WANG Lu Yen (chairman), Mr. Michel BOURLON (chief executive officer) and Mr. KHOO Kim Cheng, 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 2010 annual report will be despatched to the shareholders and available on the same websites on or about 28 July 2010.

By Order of the Board
WANG Lu Yen
Chairman

Hong Kong, 15 July 2010

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* *For identification purpose only*