LINMARK GROUP LIMITED
林麥集團有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 915

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2008

INTERIM RESULTS HIGHLIGHTS:

- Shipment value amounted to approximately US$304.7 million (equivalent to HK$2,376.7 million), a decrease of 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 dropped by approximately 19.2% to approximately US$119.9 million (equivalent to HK$935.2 million) as compared to approximately US$148.3 million (equivalent to HK$1,156.7 million) for the corresponding period last year.
- Loss for the period amounted to approximately US$8.3 million (equivalent to HK$64.7 million) as compared to approximately US$1.7 million (equivalent to HK$13.3 million) for the corresponding period last year.
- The Directors do not recommend the payment of an interim dividend for the six months ended 31 October 2008.

UNAUDITED INTERIM RESULTS

The board ("Board") of directors ("Directors") of Linmark Group Limited ("Company" or "Linmark") announces the unaudited condensed consolidated interim financial information of Company and its subsidiaries (together, the "Group") for the six months ended 31 October 2008, together with comparative figures for the previous corresponding period, as follows:

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
Condensed Consolidated Interim Income Statement

	Note	For the six months ended 31 October 2008 (Unaudited) US$'000	2007 (Unaudited) US$'000
Revenue	3	**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	4	**(7,460)**	(1,939)
Tax	5	**(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	6	**–**	–
Loss per share for loss attributable to equity holders of the Company – US cent	7		
– Basic		**(0.7)**	(0.1)
– Diluted		**N/A**	(0.1)

Condensed Consolidated Interim Balance Sheet

	Note	**31 October 2008 (Unaudited)** *US$'000*	30 April 2008 (Audited) *US$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**1,986**	2,758
Intangible assets		**30,062**	43,223
Available-for-sale financial asset		**84**	84
Investment in a jointly controlled entity		**21**	23
Deferred tax assets		**735**	1,221
Total non-current assets		**32,888**	47,309
CURRENT ASSETS			
Inventories		**7,538**	13,030
Trade receivables	*9*	**22,939**	21,428
Prepayments, deposits and other receivables		**11,112**	5,105
Amount due from a related company	*11(b)*	**46**	5
Cash and cash equivalents		**18,619**	16,752
Total current assets		**60,254**	56,320
CURRENT LIABILITIES			
Trade payables	*10*	**25,864**	24,543
Accruals and other payables		**15,708**	10,765
Warranty provision		**3,537**	9,365
Interest-bearing bank borrowings		**916**	1,284
Balance of consideration payable for acquisitions of subsidiaries		**1,149**	1,149
Dividend payable to a minority shareholder of a subsidiary		**832**	1,030
Tax payable		**1,577**	1,786
Total current liabilities		**49,583**	49,922
NET CURRENT ASSETS		**10,671**	6,398
TOTAL ASSETS LESS CURRENT LIABILITIES		**43,559**	53,707
NON-CURRENT LIABILITY			
Post employment benefits		**1,094**	1,189
NET ASSETS		**42,465**	52,518

	Note	31 October 2008 (Unaudited) US$'000	30 April 2008 (Audited) US$'000
EQUITY			
Share capital		**13,500**	13,500
Reserves		**28,965**	34,501
Equity attributable to equity holders of the Company		**42,465**	48,001
Minority interests		**–**	4,517
TOTAL EQUITY		**42,465**	52,518

Notes:

1. Basis of preparation

The condensed consolidated interim financial statements of the Group for the six months ended 31 October 2008 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the Group's annual financial statements for the year ended 30 April 2008.

2. Accounting policies

The principal accounting policies adopted in the preparation of the condensed consolidated interim financial statements of the Group are consistent with those following in the preparation of the audited annual financial statements of the Group for the year ended 30 April 2008, except for the adoption of the following new International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standard Board, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect.

IFRIC-Int 12	Service Concession Arrangements
IFRIC-Int 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IAS 39 and IFRS 7 Amendments	Reclassification of Financial Assets

The adoption of these standards and interpretations did not have any effect on the financial position or the performance of the Group.

2.1 Impact of issued but not yet effective international financial reporting standards

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

IFRS 2 Amendments	Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (i)
IFRS 3 (Revised)	Business Combinations (iii)
IFRS 8	Operating Segments (i)
IFRS 1 and IAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (i)
IAS 1 (Revised)	Presentation of Financial Statements (i)
IAS 23 (Revised)	Borrowing Costs (i)
IAS 27 (Revised)	Consolidated and Separate Financial Statements (iii)
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 (i)
IAS 39 Amendments	Eligible Hedged Items (iii)
IFRIC-Int 13	Customer Loyalty Programmes (ii)
IFRIC-Int 15	Agreements for the Construction of Real Estate (i)
IFRIC-Int 16	Hedges of a Net Investment in a Foreign Operation (iv)
IFRIC-Int 17	Distributions of Non-cash Assets to Owners (iii)
Improvements to IFRSs (v)	

(i) Effective for annual periods beginning on or after 1 January 2009

(ii) Effective for annual periods beginning on or after 1 July 2008

(iii) Effective for annual periods beginning on or after 1 July 2009

(iv) Effective for annual periods beginning on or after 1 October 2008

(v) The International Accounting Standards Board has issued Improvements to IFRSs which sets out 35 amendments to 20 IFRSs resulting from its annual improvements project. Except for the amendment to IFRS 5 Non-current Assets Held for Sale and Discontinued Operation which is effective for the annual periods beginning on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009.

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

3. Segmental information

An analysis of the Group's segmental information for the six months ended 31 October 2008 and the previous corresponding period by business and geographical segments is as follows:

Primary reporting format – business segments

At 31 October 2008, the Group was organised on a worldwide basis into two main business segments: (i) sales of merchandise (garment, labels and consumer electronic products); and (ii) provision of services (procurement service and value-added services relating to the procurement agency business).

The segment information for the six months ended 31 October 2008 is as follows:

	Unaudited For the six months ended 31 October 2008		
	Sales of merchandise	**Provision of services**	**Total**
	US$'000	***US$'000***	***US$'000***
SEGMENT REVENUE			
External revenue	**108,460**	**11,433**	**119,893**
SEGMENT RESULTS	**844**	**2,006**	**2,850**
Impairment loss on patents and trademarks	**(10,137)**	**–**	**(10,137)**
Interest income			**130**
Finance costs			**(42)**
Share of loss of a jointly controlled entity			**(2)**
Unallocated corporate expenses			**(259)**
Loss before tax			**(7,460)**
Tax			**(846)**
Loss for the period			**(8,306)**

The segment information for the six months ended 31 October 2007 is as follows:

	Unaudited For the six months ended 31 October 2007		
	Sales of merchandise	Provision of services	Total
	US$'000	*US$'000*	*US$'000*
SEGMENT REVENUE			
External revenue	139,296	9,011	148,307
SEGMENT RESULTS	(2,130)	452	(1,678)
Interest income			321
Finance costs			(181)
Share of loss of a jointly controlled entity			(21)
Unallocated corporate expenses			(380)
Loss before tax			(1,939)
Tax			283
Loss for the period			(1,656)

Secondary reporting format – geographical segments

The Group's two business segments operate primarily in five main geographical locations. The following table provides an analysis of the Group's revenue by geographical locations.

	For the six months ended 31 October	
	2008	2007
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Europe	**63,099**	97,359
Australia	**22,216**	19,182
North America	**10,413**	9,948
Africa	**11,418**	9,901
Hong Kong	**2,391**	2,838
Others	**10,356**	9,079
	119,893	148,307

Revenue is allocated based on the location of customers.

4. Loss before tax

Loss before tax has been arrived at after (crediting)/charging:

	For the six months ended 31 October	
	2008	2007
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Reimbursement income from customers	**(40)**	(186)
Depreciation of property, plant and equipment	**727**	843
Amortisation of intangible assets	**573**	567
(Gain)/loss on disposal of property, plant and equipment	**(8)**	3

5. Tax

	For the six months ended 31 October	
	2008	2007
	(Unaudited)	(Unaudited)
	US$'000	*US$'000*
Current		
– Hong Kong	**454**	355
– Overseas	**98**	(223)
Deferred	**294**	(415)
	846	(283)

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the period.

Taxation on overseas (other than Hong Kong) profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

6. **Dividends**

No interim dividend or final dividend in respect of the year ended 30 April 2008 was proposed and paid.

The Directors do not recommend the payment of an interim dividend for the six months ended 31 October 2008.

7. **Loss per share**

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 the 761,000 ordinary shares 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 share options outstanding during the period has anti-dilutive effect on the basic loss per share for the period.

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

During the six months ended 31 October 2008, the Group spent approximately US$81,000 (2007: US$809,000) on acquisition of property, plant and equipment.

9. **Trade receivables**

The general credit terms granted to customers range from 60 days to 90 days. The ageing analysis of trade receivables as at balance sheet date, based on invoice date, is as follows:

	31 October 2008 (Unaudited) ***US$'000***	30 April 2008 (Audited) *US$'000*
Within 30 days	**12,431**	12,338
31 to 60 days	**7,032**	3,333
61 to 90 days	**2,303**	3,831
91 to 365 days	**1,560**	2,036
Over 1 year	**5,893**	6,125
	29,219	27,663
Impairment of trade receivables	**(6,280)**	(6,235)
	22,939	21,428

Note:

As of the date of this announcement, approximately US$11.4 million of these balances has subsequently been settled since 31 October 2008.

10. Trade payables

The ageing analysis of trade payables as at the balance sheet date, based on invoice date, is as follows:

	31 October 2008 (Unaudited) *US$'000*	30 April 2008 (Audited) *US$'000*
Within 30 days	**9,857**	19,293
31 to 60 days	**11,340**	2,169
61 to 90 days	**484**	1,329
91 to 365 days	**3,159**	468
Over 1 year	**1,024**	1,284
	25,864	24,543

11. Related party transactions

(a) During the six months ended 31 October 2008, the Group had the following material related party transactions:

		For the six months ended 31 October	
	Note	**2008 (Unaudited) *US$'000***	2007 (Unaudited) *US$'000*
Rental expenses	*(i)*	**190**	151
Royalty income	*(ii)*	**39**	29
Inspection income	*(iii)*	**34**	20

Notes:

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

(b) Amount due from a related company

The amount due from a related company is unsecured, interest-free and repayable within one year. The carrying amount of the amount due from a related company approximates its fair value.

(c) Key management compensation:

	For the six months ended 31 October	
	2008 (Unaudited) *US$'000*	2007 (Unaudited) *US$'000*
Salaries, bonuses and allowances	**216**	595
Pension scheme contributions – defined contribution plans	**7**	39
Share-based payments	**12**	26
	235	660

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Overview

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") in the United Kingdom ("UK").

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 a loss of approximately US$1.7 million (equivalent to HK$13.3 million) for the corresponding period last year. The loss for the period under review 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 as compared to no impairment loss during the same period last year.

Operating expenses excluding finance costs for the six months ended 31 October 2008 decreased by approximately 6.7% to approximately US$18.6 million (equivalent to HK$145.1 million), as compared to that for the corresponding period last year.

Segmental analysis

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

	Shipment value For the six months ended 31 October	
	2008	2007
	(Unaudited)	(Unaudited)
	US$' million	*US$' million*
North America	**160.3**	114.2
Europe	**85.0**	111.7
Others	**59.4**	83.4
Total	**304.7**	309.3

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. 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 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 drop was mainly due to a decrease in inspection business.

Dowry Peacock’s operations and finances during the period under review have suffered further from the recent deterioration of macroeconomic conditions in the UK compounded by the significant weakening of the Sterling against the US dollar and higher provision for stock. 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. For the six months ended 31 October 2008, Dowry Peacock reported a loss after tax (including patents and trademarks impairment charges) of approximately US$11.9 million (equivalent to HK$92.8 million).

Financial Review

The Group remains in a healthy financial position. It had cash and cash equivalents of approximately US$18.6 million (equivalent to HK$145.1 million) and total banking facilities of approximately US$40.1 million (equivalent to HK$312.8 million) including borrowing facilities of approximately US$3.6 million (equivalent to HK$28.1 million) as at 31 October 2008.

The Group has a current ratio of 1.2 and a low gearing ratio of 0.02, based on interest-bearing bank borrowings of approximately US$0.9 million (equivalent to HK$7.0 million) and total equity of approximately US$42.5 million (equivalent to HK$331.5 million) as at 31 October 2008. There has not been any material change in the Group’s borrowings since 31 October 2008.

Trade receivables as at 31 October 2008 increased to approximately US$22.9 million (equivalent to HK$178.6 million) from approximately US$21.4 million (equivalent to HK$166.9 million) as at 30 April 2008. Trade receivables aged over 90 days, which amounted to approximately US$7.5 million (equivalent to HK$58.5 million), are being carefully monitored by management.

The Group’s net asset value as at 31 October 2008 was approximately US$42.5 million (equivalent to HK$331.5 million), with a fixed and floating debenture over the assets of Dowry Peacock to cover banking facilities granted to its subsidiary in the ordinary course of business.

The Group had no material contingent liability as at 31 October 2008 and there has been no material change since then.

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

Prospects

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. However, management will explore ways to maximise profits including reviewing the Group’s cost structure and finding ways to increase revenue from existing and new customers.

Dowry Peacock is expected to face mounting difficulties and uncertainty amid tough market conditions. In response, Dowry Peacock’s management team will actively explore a broad range of strategic options to contain any further erosion to shareholders’ value.

In November 2008, the Company 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. The Board is confident that Mr. Bourlon, with his extensive experience in global trading, will be capable of driving growth and creating value for the Group in Asia, North America and Europe and taking the business of the Group forward.

Management will continue to exercise prudence in operating the Group's businesses heeding conditions in the economic slowdown during the rest of the current financial year. While unprofitable division and business will be rationalised, management will keep up sales promotion efforts, seize cross-selling opportunities among different business arms and strive to improve operational efficiency. Management is optimistic about its medium-term prospects and believes that the Group has the ability to weather the tough times ahead and achieve success in the long run.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 31 October 2008.

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 period under review.

CHANGE OF AUDITOR

PricewaterhouseCoopers resigned as the auditor of the Company with effect from 17 November 2008. Thereafter, Ernst & Young was appointed as the new auditor of the Company for the financial year commencing on 1 May 2008 and to hold office until the conclusion of the next annual general meeting of the Company.

REVIEW OF RESULTS

The unaudited condensed consolidated interim financial information of the Group for the six months ended 31 October 2008 has been reviewed by Ernst & Young, the external auditor of the Company, in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. The audit committee, comprising the three independent non-executive directors referred to below, has reviewed with management and the Company's external auditor 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 auditor to the audit committee in respect of the review of the Group's unaudited condensed consolidated interim financial information for the six months ended 31 October 2008.

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

CORPORATE GOVERNANCE

A corporate governance report has been published and included in the annual report of the Company for the year ended 30 April 2008, in which the Company reported the adoption of most of the Code Provisions as stated in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange as the Code on Corporate Governance Practices ("Code") of the Company, save for the deviation from Code Provision B.1.3. For the period under review, the Company has fully complied with the Code Provisions of the Code, save for 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 modifications have been made to Code Provision B.1.3(a) 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 and Code Provision B.1.3(b) has been deleted. In addition, the remuneration committee is also delegated 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 of reference of the remuneration committee set out above ("Modified Terms") 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.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises two executive directors, being Mr. WANG Lu Yen (Chairman and Acting Chief Executive Officer) and Mr. KHOO Kim Cheng, two non-executive directors, being Mr. WONG Wai Ming and Mr. Mark HSU and three independent non-executive directors, being Mr. WANG Arthur Minshiang, Mr. TSE Hau Yin, Aloysius and Mr. Jakob Jacobus Koert TULLENERS. Mr. Michel BOURLON has been appointed as an executive director and the chief executive officer of the Company with effect from 19 January 2009 or an earlier date as may be agreed by Mr. Bourlon and the Company.

PUBLICATION OF THE RESULTS AND INTERIM 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 2009 interim report will be despatched to the shareholders and available on the same websites on or about 19 December 2008.

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

Hong Kong, 12 December 2008

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* *For identification purpose only*