[For Immediate Release]

Linmark Returns to Profit in FY2010 Annual Results

(HONG KONG, 15 July 2010) – Supply chain management and solutions provider **Linmark Group Limited** ("Linmark" or the "Group"; stock code: 915) has returned to profitability for the year ended 30 April 2010 ("FY 2010") after two consecutive years of substantial losses.

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 losses arose from deregistration of overseas branches.

Basic earnings per share were approximately 0.9 US cent (equivalent to 7.02 HK cents). The Board of Directors recommended 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 financial year (FY2009: 2.2 HK cents). Together with the interim dividend of 0.75 HK cent per share paid, the total dividend for FY2010 amounted to 7.5 HK cents per share.

Mr. Wang Lu-yen, Chairman of Linmark, said, "I am happy to report that the Group has returned to profitability. We have finally come to terms with our consumer electronics division in the UK, eliminating the non-profitable part of the organization. Despite order volumes dropping in FY2010, we are seeing positive signs of recovery and growing order bookings for the months to come. Our efforts in the past years have cemented our foundation for future growth and profitability."

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).

The loss-making electronics division LEL filed a notice of appointment of administrators in the UK in July 2009. Since then, the financial results of LEL have ceased to be consolidated within those of the Group. LEL moved from administration to creditors' voluntary liquidation in January 2010. 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.

The Group's financial position remained healthy with cash and cash equivalents of approximately US$21.0 million (equivalent to HK$163.8 million) as at 30 April 2010. Its current ratio was 1.8 and gearing ratio was zero.

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.

Mr. Michel Bourlon, CEO of Linmark, said, "We have refocused our teams and activities on our core competencies, we have returned to profitability and our cash position remains solid. It is also very encouraging to note that there are several additional opportunities with new customers already at an advanced stage of negotiation. While we understand that it may take time to get the full benefits of such new alliances in the first year, it is certainly a strong factor of top and bottom line growth in the mid to long term."

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, Linmark'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.

"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," **Mr. Bourlon** concluded.

About Linmark Group Limited

Linmark is a one-stop supply chain management solutions and premium brands partner. With a global presence in 12 countries/territories and a sourcing network throughout Asia, the Group offers comprehensive and efficient sourcing solutions and value-added services to its customers, the majority of whom are leading retail chain operators, well-known brands and licensors, wholesalers, mail order houses and department stores in North America, Europe, Asia, Australia and South Africa.

Our web site: www.linmark.com

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Linmark Group Limited
FY2010 Annual Results Announcement

Condensed Consolidated Income Statement	**For the year ended 30 April**	
	2010	2009
	US$'000	*US$'000*
Revenue	**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	**-**	(3,000)
Impairment loss on patents and trademarks	**-**	(10,137)
Finance costs	**-**	(52)
Share of loss of a jointly-controlled entity	**(4)**	(4)
Profit/ (loss) before tax	**6,057**	(10,185)
Income tax expense	**(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)		
- Basic	**0.9**	(1.2)
- Diluted	**0.9**	N/A

Notes:

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 687,876,000 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.

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

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