LINMARK GROUP LTD : WHAT'S GOOD FOR SINGAPORE MAY NOT BE GOOD FOR THIS COMPANY

Prudent business practices demand that a service company should never be reliant, to any great extent, on a single corporate entity for its proverbial bread and butter.

But, for a service company, which has a 38-year history of successes and which, historically, does rely on its proverbial bread and butter on just a handful of corporate customers, how can anyone complain about the jingle of the guinea.

Such a company is Linmark Group Ltd, a sourcing company, which went to the Main Board of The Stock Exchange of Hongkong Ltd on the last day of April, this year.

Linmark's largest single customer is Hudson's Bay Company, one of the oldest – if not the oldest – retailers in North America, with concentration of its businesses in Canada.

In the 42 months to October 31, 2001, Hudson's Bay Company accounted for close enough to 50 percent of Linmark's entire trading activities.

It was not all that long ago that Eaton's Departmental Stores, also of Canada, went belly up.

At the time of that group's insolvency, it had something in the neighbourhood of 25 huge stores throughout Canada, and it employed some 25,000 people.

It was taken over for pennies by Sears, about 3 years ago, following one year after another of losses: It was proved that the descendents of the founding family, specifically Mr George Eaton, were not up to the task of managing such a sprawling retailer.

Suppliers of the old Eaton's lost their shirts when Mr George Eaton's shops had to close their doors, or were forced to kowtow to the requirements of creditors' demands.

Getting back to Linmark, however, this Company, now known as Stock Code Number 915, is a sourcing company, through and through, and it has been such since 1964 when it was founded by Mr Denis Jen Chiu Kao and his wife.

Since July 1989, according to the Public Offer and Placing Prospectus, it has been merchandising for departmental stores, operated by Hudson's Bay Company in Canada on an exclusive basis.

Then, Hudson's Bay bought into Linmark via a couple of its subsidiaries.

Thus, bonded the pair's futures.

Today, Linmark is looking at an unbroken history of profits, at least for the past 42 months.

The following table is taken from Page 128 of the Prospectus:

	Financial Year ended April 30	Six Months to October 31

	1999	2000	2001	2001
	All Figures are Denominated in $US'000			
Turnover	19,576	27,192	32,491	15,973
Cost of Sales	Nil	(460)	(1,352)	(353)
Gross Profit	19,576	26,732	31,139	15,620
Other Revenue	560	512	1,349	500
Administrative Expenses	(16,798)	(17,740)	(20,042)	(10,265)
Profit from Operations	3,338	9,504	12,446	5,855
Gain on Disposal/Dissolution of a Subsidiary	Nil	Nil	911	37
Profit before Taxation	3,388	9,504	13,357	5,892
Taxation	(220)	(451)	(490)	(175)
Net Profit Attributable to Shareholders	3,118	9,053	12,867	5,717

For the Financial Year, ended April 30, 2002, this Company is forecasting a Net Profit Attributable to Shareholders of not less than $US8 million.

The Bottom Line for 2002, therefore, is a financial setback for Linmark of about 38 percent, Year-on-Year.

The calculation of the Adjusted Net Tangible Assets, found at Page 82 of the Prospectus, indicates that, for the 4 months to ... CLICK TO ORDER FULL ARTICLE

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.