



MIDLAND IC&I LIMITED

美聯工商舖有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8090)

**INTERIM RESULT
FOR THE SIX MONTHS ENDED 30TH JUNE 2008**

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This announcement, for which the directors of Midland IC&I Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to Midland IC&I Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* For identification purpose only

INTERIM RESULTS

The Board of Directors (the "Board" or the "Directors") of Midland IC&I Limited (the "Company") is pleased to present the interim financial information of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and six months ended 30th June 2008 (the "Interim Period") together with comparative figures for the corresponding periods ended 30th June 2007 as follows:

Condensed Consolidated Income Statements (Unaudited)

For the three months and six months ended 30th June 2008

	Note	Three months ended 30th June		Six months ended 30th June	
		2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Revenue	3	105,750	99,975	219,206	170,858
Other income	4	92	18	102	46
Staff costs		(59,163)	(49,694)	(116,319)	(83,014)
Rebate commissions		(7,131)	(7,457)	(14,738)	(13,484)
Advertising and promotion expenses		(5,249)	(3,805)	(9,746)	(7,002)
Operating lease charges in respect of office and shop premises		(3,666)	(3,454)	(7,248)	(6,874)
Impairment of trade receivable		(6,105)	(10,991)	(13,608)	(16,552)
Depreciation		(839)	(898)	(1,497)	(1,873)
Other operating costs		(12,825)	(14,069)	(22,117)	(19,850)
Operating profit	5	10,864	9,625	34,035	22,255
Finance income	6	563	1,889	1,528	3,182
Finance costs	6	(334)	(452)	(710)	(452)
Profit before taxation		11,093	11,062	34,853	24,985
Taxation	7	(2,167)	(1,695)	(6,712)	(3,828)
Profit for the periods		8,926	9,367	28,141	21,157
Attributable to:					
Equity holders		8,986	9,504	28,258	21,356
Minority interests		(60)	(137)	(117)	(199)
		8,926	9,367	28,141	21,157
Earnings per share	8	HK cent	HK cent	HK cent	HK cent
Basic		0.07	0.07	0.21	0.16
Diluted		0.07	0.07	0.21	0.16
Interim dividend	9	–	–	–	–

Condensed Consolidated Balance Sheet (Unaudited)
As at 30th June 2008

	Note	30th June 2008 HK\$'000	31st December 2007 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	5,839	4,780
Deferred taxation assets		2,723	4,635
		8,562	9,415
Current assets			
Trade and other receivable	11	206,451	227,444
Financial assets at fair value through profit or loss		2,690	2,550
Taxation recoverable		–	1,143
Cash and bank balances		186,848	143,291
		395,989	374,428
Total assets		404,551	383,843
EQUITY AND LIABILITIES			
Equity holders			
Share capital	12	83,000	83,000
Reserves		121,232	93,077
		204,232	176,077
Minority interests		136	253
Total equity		204,368	176,330
Non current liabilities			
Convertible notes		18,794	20,815
Deferred taxation liabilities		–	13
		18,794	20,828
Current liabilities			
Trade and other payable	13	163,880	172,847
Taxation payable		17,509	13,838
		181,389	186,685
Total liabilities		200,183	207,513
Total equity and liabilities		404,551	383,843
Net current assets		214,600	187,743
Total assets less current liabilities		223,162	197,158

Condensed Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30th June 2008

	2008 HK\$'000	2007 HK\$'000
Net cash from operating activities	48,024	145,098
Net cash used in investing activities	(1,767)	(100,224)
Net cash used in financing activities	(2,700)	(55,180)
Net increase/(decrease) in cash and cash equivalents	43,557	(10,306)
Cash and cash equivalents at beginning of the period	143,291	119,642
Cash and cash equivalents at end of the period	186,848	109,336

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30th June 2008

	Share capital HK\$'000	Other reserves HK\$'000	Equity holders HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st January 2008	83,000	93,077	176,077	253	176,330
Currency translation differences	–	(103)	(103)	–	(103)
Profit for the period	–	28,258	28,258	(117)	28,141
Total recognised income/(expense) for the period	–	28,155	28,155	(117)	28,038
At 30th June 2008	83,000	121,232	204,232	136	204,368
At 1st January 2007	83,000	137,264	220,264	718	220,982
Currency translation differences	–	31	31	–	31
Profit for the period	–	21,356	21,356	(199)	21,157
Total recognised income/(expense) for the period	–	21,387	21,387	(199)	21,188
Reserve arising from the acquisition (note 15(a)(vi))	–	(640,000)	(640,000)	–	(640,000)
Issue of convertible notes	–	517,352	517,352	–	517,352
	–	(101,261)	(101,261)	(199)	(101,460)
At 30th June 2007	83,000	36,003	119,003	519	119,522

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. General information

The Company is a limited liability company incorporated in the Cayman Islands and listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal office in Hong Kong is Room 1801A, 18th Floor, One Grand Tower, 639 Nathan Road, Mongkok, Kowloon, Hong Kong.

The principal activities of the Group are provision of property agency services in respect of commercial and industrial properties and shops in Hong Kong.

2. Basis of preparation and principal accounting policies

The interim financial information has been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value, and also presented in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies and methods of computation adopted for the preparation of the interim financial information are consistent with those used in the preparation of the Group's financial statements for the year ended 31st December 2007.

The following new standard and amendments to existing standards have been published and are not mandatory for the Group's accounting periods beginning on or after 1st January 2009 or later periods, but relevant to the Group and have not been early adopted:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowings Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 2 (Revised)	Share-based Payment Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combination
HKFRS 8	Operating Segments

The Group will apply these standard and amendments for its financial periods commencing on or after 1st January 2009, but they are not expected to have any significant impact on the financial position of the Group.

3. Revenue and segment information

	Three months ended		Six months ended	
	30th June		30th June	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Agency fee	101,531	95,176	209,813	161,176
Internet education and related services	4,219	4,799	9,393	9,682
	105,750	99,975	219,206	170,858

Six months ended and as at 30th June 2008

Property agency

	Commercial HK\$'000	Industrial HK\$'000	Shops HK\$'000	Others HK\$'000	Total HK\$'000
Revenue	105,374	39,145	65,294	9,393	219,206
Segment results	29,924	2,923	9,934	(364)	42,417
Unallocated costs					(8,382)
Operating profit					34,035
Finance income, net					818
Profit before taxation					34,853
Taxation					(6,712)
Profit for the period					28,141
Segment assets	122,197	44,251	51,438	13,295	231,181
Unallocated assets					173,370
Total assets					404,551
Segment liabilities	85,927	40,199	32,481	5,273	163,880
Unallocated liabilities					36,303
Total liabilities					200,183
Capital expenditure	153	1,514	119	897	2,683
Depreciation	276	433	310	478	1,497
Impairment of trade receivable	4,906	4,204	4,498	–	13,608

Six months ended 30th June 2007 and as at 31st December 2007

	Property agency				Total HK\$'000
	Commercial HK\$'000	Industrial HK\$'000	Shops HK\$'000	Others HK\$'000	
Revenue	78,266	39,192	43,718	9,682	170,858
Segment results	16,043	7,264	3,769	(1,125)	25,951
Unallocated costs					(3,696)
Operating profit					22,255
Finance income, net					2,730
Profit before taxation					24,985
Taxation					(3,828)
Profit for the period					21,157
Segment assets	133,933	45,072	50,726	8,993	238,724
Unallocated assets					145,119
Total assets					383,843
Segment liabilities	95,439	38,711	33,097	5,621	172,868
Unallocated liabilities					34,645
Total liabilities					207,513
Capital expenditure	93	41	22	68	224
Depreciation	548	437	501	387	1,873
Impairment of trade receivable	7,831	4,429	4,298	(6)	16,552

The Group is organised into three main business segments including property agency businesses for commercial and industrial properties and shops and other business mainly includes the provision of internet education and related services.

No analysis of the segment information by geographical segments is presented as no activities and operations of an internally reported geographical segment attributable to markets outside Hong Kong is more than 10% of the activities and operations of the Group.

Unallocated costs represent corporate expenses. Segment assets consist primarily of property, plant and equipment, trade and other receivable and operating cash and mainly exclude taxation recoverable. Segment liabilities comprise operating liabilities and mainly exclude taxation payable.

4. Other income

	Three months ended 30th June		Six months ended 30th June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Dividend income	80	—	80	—
Sundries	12	18	22	46
	92	18	102	46

5. Operating profit

Operating profit is arrived at after charging:

	Three months ended 30th June		Six months ended 30th June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Loss on disposal of property, plant and equipment	94	112	127	146
Net realised and unrealised loss on financial assets at fair value through profit or loss	551	1	551	13

6. Finance income and costs

	Three months ended 30th June		Six months ended 30th June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Finance income				
Bank interest income	563	1,889	1,528	3,182
Finance costs				
Finance cost of convertible notes	(334)	(450)	(679)	(450)
Interest on bank overdrafts	–	(2)	–	(2)
Interest on securities margin financing	–	–	(31)	–
	(334)	(452)	(710)	(452)
Finance income, net	229	1,437	818	2,730

7. Taxation

	Three months ended 30th June		Six months ended 30th June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Current				
Hong Kong profits tax	1,321	2,072	4,800	4,680
Deferred	846	(377)	1,912	(852)
	2,167	1,695	6,712	3,828

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the Interim Period. Taxation on overseas profits has been calculated on the estimated profit for the Interim Period at the rates of taxation prevailing in the countries in which the Group operates.

8. Earnings per share

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

	Three months ended 30th June		Six months ended 30th June	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Profit attributable to equity holders	8,986	9,504	28,258	21,356
Effect on interest expense on convertible notes, net of tax	280	450	567	450
Profit for calculation of basic and diluted earnings per share	9,266	9,954	28,825	21,806
Weighted average number of shares in issue (thousands)	8,300,000	8,300,000	8,300,000	8,300,000
Effect on conversion of convertible notes (thousands)	5,400,000	5,400,000	5,400,000	5,400,000
Weighted average number of shares for calculation of basic earnings per share (thousands)	13,700,000	13,700,000	13,700,000	13,700,000
Effect on conversion of share options (thousands)	13,485	60,311	20,424	53,625
Weighted average number of shares for calculation of diluted earnings per share (thousands)	13,713,485	13,760,311	13,720,424	13,753,625
Basic earnings per share (HK cents)	0.07	0.07	0.21	0.16
Diluted earnings per share (HK cents)	0.07	0.07	0.21	0.16

Basic earnings per share is calculated by adjusting the weighted average number of shares to take effect of the convertible notes since the convertible notes are mandatory convertible. The convertible notes are assumed to have been converted into shares from the date when the combining entities first came under the control of the controlling party, and the net profit is adjusted to eliminate the interest expense less the tax effect.

In calculating the diluted earnings per share the weighted average number of shares is further adjusted to assume conversion of all dilutive potential shares from share options. Adjustment has been made to determine the number of shares that could have been acquired at fair value (according to the average annual market share price of the shares of the Company) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated above is compared with the number of shares that would have issued assuming the exercise of the share options.

9. Interim dividend

The Board does not recommend the payment of an interim dividend for the Interim Period (2007: Nil).

10. Capital expenditure

	Property, plant and equipment HK\$'000
Opening net book amount as at 1st January 2008	4,780
Additions	2,683
Disposals	(127)
Depreciation	(1,497)
Closing net book amount as at 30th June 2008	5,839
Opening net book amount as at 1st January 2007	5,909
Additions	224
Disposals	(146)
Depreciation	(1,873)
Exchange differences	(6)
Closing net book amount as at 30th June 2007	4,108
Additions	2,547
Disposals	(198)
Depreciation	(1,672)
Exchange differences	(5)
Closing net book amount as at 31st December 2007	4,780

11. Trade and other receivable

	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Trade receivable	190,980	215,019
Other receivable, prepayments and deposits	15,471	12,425
	206,451	227,444

The trade receivable mainly represents agency fee receivable from customers whereby no general credit facilities is available. The customers are obliged to settle the amounts upon the completion of the relevant agreements. The ageing analysis of the trade receivable is as follows:

	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Not yet due	149,341	188,751
Within 30 days	19,472	10,879
31 to 60 days	10,967	4,887
61 to 90 days	3,544	1,283
Over 90 days	7,656	9,219
	190,980	215,019

12. Share capital

(a) Share capital

	Number of shares (HK\$0.01 each)	Nominal value HK\$'000
Authorised:		
At 30th June 2008 and 31st December 2007	50,000,000,000	500,000
Issued and fully paid:		
At 30th June 2008 and 31st December 2007	8,300,000,000	83,000

(b) **Share options**

On 6th June 2005, the Company adopted a share option scheme (the "Scheme") pursuant to an ordinary resolution. Under the Scheme, the Company may grant options to any employees, senior executives or officers, managers, directors (including executive, non-executive and independent non-executive directors) or consultants of the Company and its subsidiaries, or any other eligible persons, who, as determined by the directors of the Company, have contributed or will contribute to the growth and development of the Group to subscribe for shares of the Company, subject to a maximum of 10% of the nominal value of the issued share capital of the Company at the adoption time, excluding for this purpose shares issued on the exercise of options. The subscription price will be determined by the Directors of the Company, and will not be less than the higher of: (i) the nominal value of the shares of the Company; (ii) the average of the closing price of the shares of the Company quoted on the GEM of the Stock Exchange on the five trading days immediately preceding the date of offer of the options; or (iii) the closing price of the shares quoted on the GEM of the Stock Exchange on the date of offer of the options, which must be a business day as defined in GEM Listing Rules. The Scheme will remain in force for a period of ten years commencing from 6th June 2005.

13. Trade and other payable

	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Trade payable	135,608	149,184
Other payable and accruals	28,272	23,663
	163,880	172,847

The trade payable represents principally the commission payable to property consultants, cooperative estate agents and fellow subsidiaries. The trade payable is due for payment only upon the receipt of corresponding agency fees from customers. The trade payable includes commission payable of HK\$18,735,000 (31st December 2007: HK\$15,368,000) which is due for payment within 30 days, and all the remaining trade payables is not yet due.

14. Capital Commitments

	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Property, plant and equipment		
Contracted but not provided for	27,858	29,688

15. Related party transactions

The Group had the following material transactions with related parties during the period and balances with related parties at the end of the period:

(a) Transactions with related parties

		Six months ended 30th June	
	Note	2008 HK\$'000	2007 HK\$'000
Agency fee income from fellow subsidiaries	(i)	18,503	7,524
Agency fee income from related companies	(ii)	521	742
Rebate commission expense to fellow subsidiaries	(iii)	14,171	11,766
Operating lease rental expense in respect of office and shop premises to related companies	(iv)	1,560	1,284
Management fee expense to ultimate holding company	(v)	–	3,651

(i) Agency fee income from fellow subsidiaries represents agency fee income for property brokerage transactions referred to fellow subsidiaries on terms mutually agreed by both parties.

(ii) Agency fee income from related companies represents agency fee income for property brokerage transactions referred to certain companies, in which a director of the ultimate holding company has beneficial interests, on terms mutually agreed by both parties.

(iii) Commission expense to fellow subsidiaries represents commission for property brokerage transactions referred by fellow subsidiaries on terms mutually agreed by both parties.

(iv) The Group entered into certain lease agreements with certain related companies, in which a director of the ultimate holding company has beneficial interests, on terms mutually agreed by both parties.

- (v) Management fee expense to a fellow subsidiary for the provision of general administration services is determined by predetermined rate according to the net agency fee income of the Group with a mark up of 5% of the actual administration cost.
- (vi) In June 2007, the Company acquired the entire interest of Ketanfall Group Limited from an indirect wholly-owned subsidiary of Midland Holdings Limited ("Midland") for a consideration of HK\$640 million.
- (b) The balances arising from receipt and provision of services included in trade receivable and trade payable are as follows:

	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Amounts due from fellow subsidiaries	22,239	10,580
Amounts due to fellow subsidiaries	19,584	20,086

- (c) Key management compensation

	Six months ended 30th June 2008 HK\$'000	2007 HK\$'000
Salaries and allowances	4,710	2,334
Retirement benefit costs	6	6

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's business performance reached a new high in the first half of this year. For the six months ended 30th June 2008, profit attributable to equity holders amounted to HK\$28,258,000, up 32% over the same period of last year. The commercial and industrial properties and shops agency operations turned in strong results, led by contributions from the commercial and shops divisions.

Strong commercial and shops performance

With the booming property market in 2007, the commercial division recorded a further business growth during the six months under review. Revenues from the commercial operation increased by 35% for the reporting period, compared to the first half of last year. In particular, the Group realised respectable income from office transactions in major buildings such as Lippo Centre in Admiralty, Concordia Plaza and New Mandarin Plaza in Tsim Sha Tsui. The office leasing activity was strong and recorded in large leasing deals, reflecting the commercial division's broadened customer and income sources.

The shops division saw an exceptional performance with a growth of 49% in turnover during the first half of this year. The dramatic stock market correction in the first six months resulted in a decline in residential property transactions but the local consumption market remained solid. Government statistics showed an 15.94% increase year on year in total retail sales during the period, which were also higher than the sales amount in the second half of last year. The Group capitalised on the strong retail market to achieve outstanding results.

Gaining strength in major transactions

The Group strengthened its presence in large-sized property sector and successfully struck more major transactions in the first half of this year. During the period, 18 deals with properties worth over HK\$100 million each were brokered, which were up 260% over the same period of last year and reaffirmed the Group's leading position in the market.

Foreign investors have demonstrated keen interest in Hong Kong's commercial properties. Since last year, the Group has stepped up efforts to reinforce its professionalism and quality of services through a series of initiatives such as hiring surveyors, establishing the research department and restructuring the marketing division. An upgraded professional team with better cooperation and communication set the stage for the Group's extraordinary half-year business results.

Results beat the market

Hong Kong's economic momentum appears to be losing steam this year compared to last year's strong rally amid worries over the global economic slowdown and uncertainties of interest rate movements. According to the Land Registry, the amount of non-residential transactions in the first half of this year grew by 30.87% year on year. During the period, the Group posted a 30% growth in commission income. The encouraging results were testimony to the successful implementation of various initiatives to raise the Group's strengths and competitiveness.

Market recognition

The Group is the first company to be awarded the "Excellent Brand of Commercial Property Agent" in the Hong Kong Leaders' Choice. The awards were presented by Metro Finance FM104 and voted by corporate leaders and business heavyweights.

With the high quality and professional services that the Group has been achieving, the Group received the "Q-Mark" award in 2008 presented by The Hong Kong Q-Mark Council, Federation of Hong Kong Industries.

Prospect

With an open economy, Hong Kong will inevitably take on the spill-over effect from the global economic climate. The Group will monitor closely the international changes and their possible impact on the local property markets. Apart from the repercussions on the financial and property sectors, the vast majority of businesses in Hong Kong have stayed relatively unscathed so far.

Sound economy

The stock market fluctuations in the first six months effectively dampened the investment demand in the property sector. Given the solid economy, there were no signs of any softening in local consumption in the face of inflationary pressure. Both retail sales and restaurant receipts recorded increases in the first half of this year over the same period a year ago. With a rising trend of negative interest rates, it seemed still positive in the consumption momentum among Hong Kong people.

In addition, the US dollar's continuous weakness has made Hong Kong increasingly attractive to tourists across the world. Statistics showed that a growing number of international tourists came to Hong Kong and stimulated consumption, retail sales and tourism-related businesses, thus providing a booster to the retail property market. The Group believes that there remains a strong underlying demand, particularly from international companies, for office spaces in Hong Kong, a well-established financial centre in the region. But the global economic uncertainties are likely to slow the pace of expansion by selected businesses, which could affect the growth of office demand locally.

Upgrading the business platform

Looking ahead, the Group will explore opportunities actively for business expansion horizontally and vertically. We will build on the existing customer platform in partnership with parent company Midland to generate more transactions through efficient referrals and cooperation. In the second half of this year, the Group will ride on this particular edge to expand further our share in the market.

On the other hand, the Group will provide property auction business to our customers for generating income. The establishment of an auction operation will diversify further the Group's businesses, thus reinforcing our leading position in the marketplace.

Strengthening risk management

The Group always adopts a prudent financial strategy to manage costs properly and it is our commitment to improve further the cost structure as well as business efficiency. Against the tougher and somewhat uncertain market conditions, the Group will step up efforts in risk management and monitor closely the flow of receivable commission income.

Financial Resources and Liquidity

As at 30th June 2008, the Group maintained healthy financial position with current assets amounted to approximately HK\$396 million, of which trade and other receivable amounted to approximately HK\$206 million and cash and bank balances amounted to HK\$187 million. The equity holders' funds of the Company amounted to approximately HK\$204 million. The Company and its subsidiaries did not have outstanding bank loan during the Interim Period. The Group's current liabilities amounted to approximately HK\$181 million, mainly comprising trade and other payable amounted to approximately HK\$164 million.

The gearing ratio, which represents the percentage of non-current liabilities over total equity, was 9% as at 30th June 2008. The liquidity ratio of the Group, which represents a ratio of current assets over current liabilities to reflect the adequacy of the financial resources, was 2.2.

Capital Structure and Foreign Exchange Exposure

During the Interim Period, there was no change in the Company's capital structure. The Group generally finances its operations and investing activities with equity holders' funds.

The Group's income and monetary assets and liabilities are mainly denominated in Hong Kong dollar. The Directors considered that the foreign exchange exposure of the Group is minimal.

Significant Investment

As at 30th June 2008, the Group did not hold any plan of significant investment.

Employee Information

As at 30th June 2008, the Group employed 576 full-time employees. The Group provides remuneration package to employees largely based on industry practice, individual performance, qualification and experience. In addition, discretionary bonus, profit sharing and share option may be granted to eligible staff by reference to the Group's performance and individual performance. The Group also provides other benefits to its employees such as education subsidies, medical and retirement benefits. On staff development, both in-house and external training and development programmes are conducted on a regular basis.

OTHER INFORMATION

Change in Directorship

With effect from 20th March 2008, Ms. Yuen Wing Kwan, Annie was appointed as the Company's executive Director. Ms. Wong Ching Yi, Angela and Mr. Koo Fook Sun, Louis resigned from the Board on 20th March 2008 and 24th June 2008 respectively.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the Interim Period (2007: Nil).

Proposed Listing on the Main Board of the Stock Exchange

On 3rd April 2008, the Company filed an application with the Stock Exchange for the proposed listing of the shares of the Company on the Main Board of the Stock Exchange (the "Main Board Listing") by way of introduction. The Directors believed that the Main Board Listing will enhance the profile of the Group and improve trading liquidity of the shares of the Company. The Directors also considered that the Main Board Listing would be beneficial to the future growth, financing flexibility and business development of the Group.

On 2nd May 2008, the Stock Exchange announced the streamlined transfer arrangements from GEM to Main Board effected on 1st July 2008. The Company decided to proceed with the Main Board Listing under the streamlined transfer of listing arrangements and an announcement to advise update development of Main Board Listing was made on 21st May 2008. The Directors considered that that was in the interests of the Company as it should allow the Company to achieve its Main Board listing objective, at a considerable lower cost, both financially and in terms of manpower resources. On 4th July 2008, the Company submitted a formal application for the Main Board Listing under the new transfer of listing arrangements pursuant to the revised Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

On 8th August 2008, the Listing Division of the Stock Exchange granted an approval in principle of the Main Board Listing to the Company. As mentioned in the Company's announcement dated 8th August 2008, the dealings in the shares of the Company on the Main Board will commence at 9:30 a.m. on 18th August 2008.

Code on Corporate Governance

The Company had complied with the requirements of the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the six months ended 30th June 2008.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted the required standard of dealing set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard") as the code of conduct regarding securities transactions by Directors of the Company. Having made specific enquiry of Directors, all Directors have complied with the Required Standard. A copy of the Required Standard is sent to each Director of the Company upon appointment and a reminder is sent to each Director one month before the date of the board meetings to approve the Company's annual, interim and quarterly results that the Director cannot deal in the shares of the Company until after such results have been published.

Purchase, Sale and Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June 2008.

Review by Audit Committee

The audit committee has reviewed and discussed with the management of the Company the unaudited interim financial information of the Group for the six months ended 30th June 2008. PricewaterhouseCoopers, the Company's auditors, have reviewed the unaudited interim financial information of the Group for the six months ended 30th June 2008 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

Appreciation

Finally, I would like to take this opportunity to express our sincere gratitude to our shareholders and customers for their continuous support, to the management and staff for their hard work, support and dedication throughout the Interim Period.

By Order of the Board

Midland IC&I Limited

WONG Tsz Wa, Pierre

Executive Director and Chief Executive Officer

Hong Kong, 13th August 2008

As at the date of this announcement, the Board comprises seven directors, namely Mr. Wong Tsz Wa, Pierre, Ms. Ip Kit Yee, Kitty and Ms. Yuen Wing Kwan, Annie as executive directors; Mr. Tsang Link Carl, Brian as non-executive director; and Mr. Ying Wing Cheung, William, Mr. Sha Pau, Eric and Mr. Ho Kwan Tat, Ted as independent non-executive directors.

This announcement will remain on the Stock Exchange's website (www.hkexnews.hk) on the "Latest Company Announcements" page for at least seven days from the date of its posting and on the website of the Company at www.midlandici.com.hk.