MIDLAND HOLDINGS LIMITED
美 聯 集 團 有 限 公 司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1200)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board of directors (the "Board") of Midland Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2012 (the "Interim Period") together with the comparative period in 2011.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2012

		Six months ended 30 June	
	Note	**2012**	2011
		HK$'000	*HK$'000*
			(Restated)
Revenues	3	**1,895,994**	1,943,572
Other income	4	**9,229**	3,863
Staff costs		**(1,062,385)**	(1,122,371)
Rebate incentives		**(204,469)**	(140,597)
Advertising and promotion expenses		**(45,422)**	(57,634)
Operating lease charges in respect of office and shop premises		**(222,451)**	(186,140)
Impairment of receivables		**(51,036)**	(50,095)
Depreciation and amortisation costs		**(24,373)**	(21,467)
Other operating costs		**(128,416)**	(118,633)
Operating profit	5	**166,671**	250,498
Finance income		**6,146**	4,244
Finance costs		**(127)**	(115)
Share of results of			
Jointly controlled entities		**2,829**	13,947
An associated company		**-**	(152)
Profit before taxation		**175,519**	268,422
Taxation	6	**(28,212)**	(49,524)
Profit for the period		**147,307**	218,898

** For identification purposes only*

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED) (Continued)
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	Six months ended 30 June **2012** *HK$'000*	2011 *HK$'000* (Restated)
Profit attributable to:			
Equity holders		**128,004**	201,614
Non-controlling interests		**19,303**	17,284
		147,307	218,898
Dividends	7	**102,968**	160,981
Earnings per share	8	**HK cents**	HK cents
Basic		**17.91**	27.86
Diluted		**17.87**	27.86

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Profit for the period	**147,307**	218,898
Other comprehensive income		
Currency translation differences	**(2,207)**	(2,425)
Change in fair value of available-for-sale financial assets	**1,413**	715
	(794)	(1,710)
Total comprehensive income for the period	**146,513**	217,188
Total comprehensive income for the period attributable to:		
Equity holders	**127,217**	199,904
Non-controlling interests	**19,296**	17,284
	146,513	217,188

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 30 JUNE 2012

	Note	**As at 30 June 2012** *HK$'000*	As at 31 December 2011 *HK$'000* (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		**162,941**	172,078
Investment properties		**89,700**	82,270
Interests in jointly controlled entities		**49,418**	58,090
Interests in an associated company		**-**	17
Available-for-sale financial assets		**20,147**	15,179
Deferred taxation assets		**15,344**	13,793
		337,550	341,427
Current assets			
Trade and other receivables	9	**1,696,050**	1,167,740
Financial assets at fair value through profit or loss		**121**	130
Taxation recoverable		**-**	18,367
Cash and bank balances		**1,208,572**	1,249,009
		2,904,743	2,435,246
Total assets		**3,242,293**	2,776,673

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED) (Continued)
AS AT 30 JUNE 2012

	Note	**As at 30 June 2012** *HK$'000*	As at 31 December 2011 *HK$'000* (Restated)
EQUITY AND LIABILITIES			
Equity holders			
Share capital		**71,444**	71,939
Share premium		**204,784**	224,354
Reserves		**1,191,372**	1,151,301
Proposed dividend		**102,968**	59,584
		1,570,568	1,507,178
Non-controlling interests		**155,122**	135,826
Total equity		**1,725,690**	1,643,004
Non-current liabilities			
Deferred taxation liabilities		**2,149**	889
Current liabilities			
Trade and other payables	10	**1,493,264**	1,120,980
Bank loan		**11,365**	11,800
Taxation payable		**9,825**	-
		1,514,454	1,132,780
Total liabilities		**1,516,603**	1,133,669
Total equity and liabilities		**3,242,293**	2,776,673
Net current assets		**1,390,289**	1,302,466
Total assets less current liabilities		**1,727,839**	1,643,893

Notes

1 General information

The Company is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, Church Street, Hamilton HM11, Bermuda and its principal office in Hong Kong is Rooms 2505-2508, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong.

The principal activities of the Group are provision of property agency services in Hong Kong, the People's Republic of China (the "PRC") and Macau.

This unaudited condensed consolidated interim financial information is presented in Hong Kong Dollars, unless otherwise stated.

This unaudited condensed consolidated interim financial information was approved by the Board on 24 August 2012.

2 Basis of preparation and significant accounting policies

The condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared under the historical cost convention as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair values, and also prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

Except as described below, the accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2011.

(a) Standards, interpretations and amendments which are effective in 2012

In December 2010, the HKICPA amended HKAS 12, "Income taxes", to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

2 Basis of preparation and significant accounting policies (continued)

(a) Standards, interpretations and amendments which are effective in 2012 (continued)

The Group has investment properties measured at their fair values totalling HK$82,270,000 as of 1 January 2012. The Group has adopted the amendment to HKAS 12 for the financial period beginning on 1 January 2012 and has applied the amendment retrospectively by re-measuring the deferred taxation relating to the investment properties according to the tax consequence on the presumption that they are recovered entirely by sale. The comparative figures for 2011 have been restated to reflect the change in accounting policy, as summarised below.

Effect on consolidated balance sheet

	As at 30 June 2012	As at 31 December 2011
	HK$'000	*HK$'000*
Decrease in deferred taxation liabilities	**(2,116)**	(1,811)
Increase in retained earnings	**2,116**	1,811

Effect on consolidated income statement

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Decrease in taxation	**(305)**	(112)
Increase in profit attributable to equity holders	**305**	112
Increase in basic earnings per share	**HK0.04 cents**	HK0.02 cents
Increase in diluted earnings per share	**HK0.04 cents**	HK0.02 cents

There are no other amended standards and interpretations that are effective for the first time for this Interim Period that could be expected to have a material impact on the Group.

2 Basis of preparation and significant accounting policies (continued)

(b) Standards, interpretations and amendments which are not yet effective

The HKICPA has issued a number of new and revised standards, interpretations and amendments to standards which are not effective for accounting period beginning on 1 January 2012. The Group has not early adopted these new and revised standards, interpretations and amendments to standards.

3 Revenues and segment information

(a) Revenues

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Turnover		
Agency fee	**1,869,454**	1,918,587
Rental from investment properties	**1,268**	1,299
Web advertising	**142**	880
Internet education and related services	**8,066**	11,075
Immigration consultancy services	**16,179**	11,367
Other services	**885**	364
	1,895,994	1,943,572

(b) Segment information

The chief operating decision makers have been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

Management assesses the performance based on the nature of the Group's businesses which are principally located in Hong Kong, the PRC and Macau, and comprise of property agency businesses for residential, commercial and industrial properties and shops, and other businesses mainly include property leasing and immigration consultancy services.

3 Revenues and segment information (continued)

(b) Segment information (continued)

	Six months ended 30 June 2012			
	Property agency			
	Residential properties *HK$'000*	Commercial and industrial properties and shops *HK$'000*	Others *HK$'000*	Total *HK$'000*
Total revenues	**1,532,400**	**377,504**	**30,616**	**1,940,520**
Inter-segment revenues	**(28,854)**	**(11,596)**	**(4,076)**	**(44,526)**
Revenues from external customers	**1,503,546**	**365,908**	**26,540**	**1,895,994**
Segment results	**124,542**	**72,139**	**14,936**	**211,617**
Impairment of receivables	**27,093**	**23,943**	**-**	**51,036**
Depreciation and amortisation costs	**20,886**	**2,404**	**485**	**23,775**
Share of results of jointly controlled entities	**-**	**-**	**2,829**	**2,829**
Fair value gain on investment properties	**-**	**-**	**7,719**	**7,719**
Additions to non-current assets	**16,603**	**1,383**	**39**	**18,025**

3 Revenues and segment information (continued)

(b) Segment information (continued)

	Six months ended 30 June 2011			
	Property agency			
	Residential properties *HK$'000*	Commercial and industrial properties and shops *HK$'000*	Others *HK$'000*	Total *HK$'000*
Total revenues	1,613,220	328,458	29,119	1,970,797
Inter-segment revenues	(16,982)	(6,109)	(4,134)	(27,225)
Revenues from external customers	1,596,238	322,349	24,985	1,943,572
Segment results	225,634	65,140	21,234	312,008
Impairment of receivables	39,221	10,861	13	50,095
Depreciation and amortisation costs	18,939	1,498	426	20,863
Share of results of				
- jointly controlled entities	-	-	13,947	13,947
- an associated company	-	-	(152)	(152)
Fair value gain on investment properties	-	-	2,745	2,745
Additions to non-current assets	27,536	2,681	145	30,362

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate expenses, unrealised (loss)/gain on financial assets at fair value through profit or loss, realised gain on available-for-sale financial assets, finance income, finance costs and taxation are not included in the segment results.

Revenues between segments arose from transactions which are carried out on terms with reference to market practice. Revenues from external customers reported to the Executive Directors are measured in a manner consistent with that in the consolidated income statement.

3 Revenues and segment information (continued)

(b) Segment information (continued)

A reconciliation of segment results to profit before taxation is provided as follows:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Segment results for reportable segments	**211,617**	312,008
Corporate expenses	**(42,790)**	(48,026)
Unrealised (loss)/gain on financial assets at fair value through profit or loss	**(9)**	4
Realised gain on available-for-sale financial assets	**682**	307
Finance income	**6,146**	4,244
Finance costs	**(127)**	(115)
Profit before taxation per consolidated income statement	**175,519**	268,422

Segment assets and liabilities exclude corporate assets and liabilities, deferred taxation, financial assets at fair value through profit or loss, available-for-sale financial assets, all of which are managed on a central basis. The following is total segment assets and liabilities by reporting segments:

	As at 30 June 2012			
	Property agency			
	Residential properties	**Commercial and industrial properties and shops**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**1,616,461**	**744,799**	**198,389**	**2,559,649**
Segment assets include: Interests in jointly controlled entities	**-**	**-**	**49,418**	**49,418**
Segment liabilities	**1,190,366**	**240,601**	**12,754**	**1,443,721**

3 Revenues and segment information (continued)

(b) Segment information (continued)

	As at 31 December 2011			
	Property agency			
	Residential properties *HK$'000*	Commercial and industrial properties and shops *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	1,221,611	566,007	184,793	1,972,411
Segment assets include:				
Interests in jointly controlled entities	-	-	58,090	58,090
Interests in an associated company	-	-	17	17
Segment liabilities	965,468	126,589	11,250	1,103,307

Reportable segment assets are reconciled to total assets as follows:

	As at 30 June 2012 ***HK$'000***	As at 31 December 2011 *HK$'000*
Segment assets	**2,559,649**	1,972,411
Corporate assets	**647,032**	775,160
Available-for-sale financial assets	**20,147**	15,179
Deferred taxation assets	**15,344**	13,793
Financial assets at fair value through profit or loss	**121**	130
Total assets per consolidated balance sheet	**3,242,293**	2,776,673

3 Revenues and segment information (continued)

(b) Segment information (continued)

Reportable segment liabilities are reconciled to total liabilities as follows:

	As at 30 June 2012	As at 31 December 2011
	HK$'000	*HK$'000* (Restated)
Segment liabilities	**1,443,721**	1,103,307
Corporate liabilities	**70,733**	29,473
Deferred taxation liabilities	**2,149**	889
Total liabilities per consolidated balance sheet	**1,516,603**	1,133,669

4 Other income

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Fair value gain on investment properties	**7,719**	2,745
Unrealised gain on financial assets at fair value through profit or loss	**-**	4
Realised gain on available-for-sale financial assets	**682**	307
Others	**828**	807
	9,229	3,863

5 Operating profit

Operating profit is arrived at after charging:

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**2,420**	943
Unrealised loss on financial assets at fair value through profit or loss	**9**	-

6 Taxation

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Current		
Hong Kong profits tax	**28,378**	39,397
Overseas	**125**	-
Deferred	**(291)**	10,127
	28,212	49,524

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2011: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

7 Dividends

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Interim dividend declared of HK$0.1434 (2011: HK$0.2233) per share	**102,968**	160,981

8 Earnings per share

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Profit attributable to equity holders	**128,004**	201,614
Number of shares for calculation of basic earnings per share (thousands)	**714,800**	723,768
Effect on conversion of share options (thousands)	**1,401**	-
Number of shares for calculation of diluted earnings per share (thousands)	**716,201**	723,768
Basic earnings per share (HK cents)	**17.91**	27.86
Diluted earnings per share (HK cents)	**17.87**	27.86

8 Earnings per share (continued)

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period.

In calculating the diluted earnings per share, the weighted average number of shares is 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 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 been issued assuming the exercise of the share options. Diluted earnings per share for the six months ended 30 June 2011 did not assume the exercise of share options since the exercise of share options would have an anti-dilutive effect.

9 Trade and other receivables

Trade receivables mainly represent agency fee receivables from customers whereby no general credit terms are granted. The customers are obliged to settle the amounts due upon completion of or pursuant to the terms and conditions of the relevant agreements. The ageing analysis of the trade receivables is as follows:

	As at 30 June 2012	As at 31 December 2011
	HK$'000	*HK$'000*
Not yet due	**1,306,161**	793,157
Less than 30 days	**46,346**	35,934
31 to 60 days	**30,087**	30,139
61 to 90 days	**26,605**	25,011
Over 90 days	**48,067**	23,826
	1,457,266	908,067

The Group's trade and other receivables are mainly denominated in Hong Kong Dollars.

10 Trade and other payables

Commissions payable include mainly the commissions payable to property consultants and co-operative estate agents, which are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions payable of HK$96,820,000 (as at 31 December 2011: HK$85,033,000) which are due for payment within 30 days, and all the remaining commissions payable are not yet due.

The Group's trade and other payables are mainly denominated in Hong Kong Dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the half-year period ended 30 June 2012, turnover of the Group totalled HK$1,896 million, down by 2% as compared with the corresponding period last year, while profit for the period fell by 33% to HK$147 million. The decline in profit for the period was principally a result of the drop in transaction volume in the Hong Kong property market as compared with the corresponding period last year, as well as the rise in costs. However, when compared with the second half of the previous year, the results of the Group recovered alongside with the market in general.

Property Market Perked Up Gradually

Despite market volatility, Hong Kong property market showed signs of improvement during the first half of the year. The property market experienced a short-lived recovery in the beginning of the year, but then the property market softened. Although the transaction volume still recorded growth as compared with the second half of 2011, the level of market activities still fell short of that in the first half of last year.

Transaction volume in local property market soared during the Chinese New Year as pent-up demand was released. This was mainly reflected in the month-by-month upsurge in both the number and value of agreements for sale and purchase registered with the Land Registry in March (which is the major market indicator for February) of 177% and 164%, respectively. Unfortunately, such recovery did not sustain as the performance of the property market weakened, and the number of agreements for sale and purchase registered with the Land Registry in the following months was not able to surpass the level in March.

During the year, the overall property market will continue to face various external challenges, such as the lingering European debt crisis and the slow recovery of the US economy, which have in turn threatened the global economy and hindered the economic growth in the PRC. What is more, the Hong Kong property market is further restrained by government policies. For example, transaction volume of residential properties has been affected by the implementation of Special Stamp Duty (SSD) since November 2010. That said, the economy of Hong Kong stays sound with a low unemployment rate. Coupled with the low interest rate, the above factors will help the Hong Kong property market to stabilise.

Competition was Extremely Fierce

During the reporting period, the operating environment of the property agency industry remained challenging. Undoubtedly, the property agency market is saturated after years of rapid development. According to the Estate Agents Authority, the number of "statement of particulars of business (SPoB)", which reflects the number of branches within the industry, dropped slightly by 0.6% to 6,057 in the first half of the year. However, the number bounced back in July this year. The overall number of the Group's local branches remained stable during the period amid intensified market competition. Furthermore, keen competition for prime shops and talents was a common phenomenon. For instance, the Group's rental expense for the first half of the year increased by 20% as compared with the corresponding period last year, resulting in a rise in the share of rental expense in operating costs to 13% from 11% as compared with the same period last year.

The principal subsidiary of the Group, Midland Realty was founded nearly 40 years. Having witnessed the vicissitude of the industry, the management has already formulated and implemented cautious operation strategies. The new commission scheme for the front-line managers has been launched with a view to steady the income of the front-line managers and to bring out the potential of the front-line staff, as well as promoting corporate sustainability and development.

OUTLOOK

The Group remains cautiously optimistic about the market outlook. The European debt crisis and the performance of the PRC and US economies will likely cause uncertainties in the market. However, the central government has moderately expanded money supply and increased fiscal expenses in order to support growth. Therefore, it is believed that the prospect of the PRC economy will be bright. As the integration between PRC and Hong Kong has become closer and closer, Hong Kong will undoubtedly benefit from the growth of the PRC economy.

Besides, the property market was further pacified as the SAR government has indicated in several occasions that it has no intention to curb the property market. The market also responded enthusiastically to the earlier announcement made by the government that 5,000 eligible white form applicants would be allowed to purchase Home Ownership Scheme flats without premium payment in the secondary market each year.

New Home Market Focused and People Oriented

Looking forward, the Group takes the view that new property developments will drive the market. Since the government has repeatedly stated its determination to increase land supply, the supply of new flats will likely rise in the future. For example, a large-scale waterfront project atop Tsuen Wan West Station Bayside was acquired by Cheung Kong (Holdings) Ltd., a developer, at HK$9.631 billion, or a per square foot price of HK$4,309, which was above market expectations, has reflected that developers are actively acquiring premium sites. In view of the increase in supply and the impact of SSD on the number of listing of second-hand residential properties, the Group will devise an active plan to seize market opportunities.

The Group always adopts a people-oriented approach and treasures its staff as an invaluable asset. So, it will devote more resources to boosting the morale and enhancing the productivity of its staff in the future. The Group has implemented a new commission scheme for its front-line managers, and is hiring aggressively so as to attract more talents to join the property agency industry. Actions of the Group included a series of recruitment activities such as turning a truck into a mobile recruitment center in various districts to organizing large-scale orientation conferences that aimed at promoting team play and a sense of belonging among new staff.

In terms of customers, the Group has hosted several seminars in relation to the property market in celebration of the 15th anniversary of the handover, which were well received by the market and attended by many audiences. In the future, the Group will continue to infiltrate the market through building a closer relationship with the public.

Strengthening Management Team

The management of the Group has reorganized in February and I have taken up the position of Managing Director again. Since then, staff efficiency has improved and staff morale has strengthened. A number of reforms were made, including the review of organization structure and the implementation of new commission scheme for front-line managers. With the sharpening of the Group's competitive edge and the further development of staff potential, we hope that better return will be brought to the Group.

Despite the uncertainty in the property market, the Group will continue to develop steadily under the volatile operating environment. Through geographical infiltration and recruitment of talents within the industry, we strongly believe that the Group's competitiveness will be enhanced. We will continue to adhere to our prudent financial management principles, so that we are able to react to sudden change in the market promptly. Noting a persistent increase in operating costs, the Group will closely monitor the pressure of rising costs.

Note of thanks

As society ever evolves, new challenges arise everyday and competition stays fierce. The management and the staff of the Group are all dedicated to their duties. On behalf of the board of directors, I would like to express sincere gratitude to the management and all staff for their hard work and dedication, and to our shareholders and customers and the public for their continuous support.

FINANCIAL REVIEW

Liquidity, Financial Resources and Funding

As at 30 June 2012, the Group had cash and bank balances of HK$1,208,572,000 (as at 31 December 2011: HK$1,249,009,000), whilst bank loan amounted to HK$11,365,000 (as at 31 December 2011: HK$11,800,000). The Group's bank loan was secured by certain land and buildings and investment property held by the Group of HK$25,973,000 (as at 31 December 2011: HK$26,339,000) and HK$1,000,000 (as at 31 December 2011: HK$840,000) respectively and with maturity profile set out as follows:

Repayable	**As at 30 June 2012** ***HK$'000***	As at 31 December 2011 *HK$'000*
Within 1 year	**883**	871
After 1 year but within 2 years	**901**	889
After 2 years but within 5 years	**2,809**	2,775
Over 5 years	**6,772**	7,265
	11,365	11,800

Note : The amounts due are based on the scheduled repayment dates set out in the loan agreement and ignore the effect of any repayment on demand clause.

As at 30 June 2012, the Group had unutilised banking facilities amounting to HK$183,475,000 (as at 31 December 2011: HK$166,433,000) from various banks. The Group's cash and bank balances are deposited in Hong Kong Dollars, United States Dollars, Renminbi and Macau Pataca, and the Group's bank loan is in Hong Kong Dollars. No currency hedging tool is used. The bank loans and overdraft facilities were granted to the Group on a floating rate basis.

As at 30 June 2012, the gearing ratio of the Group was 0.66% (as at 31 December 2011: 0.72%). The gearing ratio is calculated on the basis of total bank loan over total equity of the Group. 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 1.9 (as at 31 December 2011: 2.1).

The directors of the Company (the "Directors") are of the view that there are sufficient financial resources to satisfy the Group's capital commitments and on-going working capital requirements.

Capital Structure and Foreign Exchange Exposure

During the Interim Period, the Company repurchased 1,650,000 of its own shares on the Stock Exchange at an aggregate consideration of approximately HK$6.7 million, details of which are outlined in the section "Purchase, Sale or Redemption of the Company's Listed Securities".

Save as disclosed above, there was no material change in the Company's capital structure during the Interim Period. 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 Dollars. The Directors considered that the foreign exchange exposure of the Group is minimal.

Contingent Liabilities

The Company executed corporate guarantees as part of the securities for general banking facilities granted to certain wholly-owned subsidiaries.

Employee Information

As at 30 June 2012, the Group employed 7,915 full time employees of which 6,898 were sales agents, 495 were back office supportive employees and 522 were frontline supportive employees.

The Group provides remuneration package to employees largely based on industry practice, individual performance, qualification and experience. In addition, discretionary bonus, incentives tied in with profits 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.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.1434 (2011: HK$0.2233) per ordinary share for the Interim Period.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' entitlement to the interim dividend, the register of members of the Company will be closed on Tuesday, 11 September 2012, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all properly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 10 September 2012. Dividend warrants will be dispatched to the shareholders on or about Thursday, 20 September 2012.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Interim Period, the Company repurchased a total of 1,650,000 ordinary shares of HK$0.10 each of the Company at an aggregate consideration of approximately HK$6.7 million on the Stock Exchange. Details of the repurchases were as follows:

Month of repurchase	**Number of ordinary shares repurchased**	**Purchase price per share**		**Aggregate consideration**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$*
January 2012	1,650,000	4.09	4.00	6,684,340
	Total expenses on shares repurchased			32,788
				6,717,128

All the repurchased ordinary shares were cancelled during the Interim Period. The issued share capital of the Company was accordingly reduced by the nominal value of the repurchased ordinary shares so cancelled. The repurchases were effected by the Board pursuant to the mandate from shareholders, with a view to benefit shareholders as a whole in enhancing the net asset value and earnings per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the Interim Period.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three Independent Non-executive Directors with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed and discussed with the management the unaudited condensed consolidated interim financial information of the Group for the Interim Period. PricewaterhouseCoopers as the Company's auditor has reviewed the unaudited interim financial information of the Group for the Interim Period 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.

CORPORATE GOVERNANCE

The Company has complied with the requirements of all the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code and Corporate Governance Report (effective from 1 April 2012) as stated in Appendix 14 to the Listing Rules throughout the Interim Period, except for the deviations as explained below:

1. Mr. WONG Kin Yip, Freddie ("Mr. WONG") is the Chairman and Managing Director of the Company and is also the founder of the Group. Mr. WONG is responsible for formulating the overall corporate directions and corporate strategies of the Group and is also responsible for leading the management team.

   Mr. WONG also carried out the function of chief executive officer of the Company. The daily operation and management of the Company are monitored by the Executive Directors as well as the senior management of the Company, whereas the senior executives of the respective strategic business units of the Group are responsible for running and overseeing business operations of the respective business units.

   Although code provision A.2.1 provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual, the Board considers that the above structure will not impair the balance of power and authority between the Board and the senior management of the Company.

   The Board believes that under the leadership of Mr. WONG, the current structure is conducive to strong and consistent leadership and management, with focused power enabling the Company to make and implement business decisions and strategies promptly and efficiently which is beneficial to the business prospects and development of the Group.

2. Mr. KOO Fook Sun, Louis, the Independent Non-executive Director and Chairman of Audit Committee, was unable to attend the annual general meeting of the Company held on 25 May 2012 as provided for in code provisions A.6.7 and E.1.2 as he had other business engagement.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

On specific enquiries made, all the Directors have confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the Interim Period.

PUBLICATION OF INTERIM RESULTS AND 2012 INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.midland.com.hk) respectively. The 2012 Interim Report will be dispatched to the shareholders and will be available in the websites of the Stock Exchange and the Company in due course.

APPRECIATION

I would like to take this opportunity, on behalf of the Board, to express our sincere gratitude to our customers and shareholders for their continuous support, and to the entire management and all staff for their hard work and dedication.

On behalf of the Board
WONG Kin Yip, Freddie
Chairman and Managing Director

Hong Kong, 24 August 2012

As at the date of this announcement, the Board comprises nine Directors, of which six are Executive Directors, namely Mr. WONG Kin Yip, Freddie, Ms. TANG Mei Lai, Metty, Ms. WONG Ching Yi, Angela, Mr. CHAN Kwan Hing, Ms. IP Kit Yee, Kitty and Mr. CHEUNG Kam Shing; and three are Independent Non-executive Directors, namely Mr. KOO Fook Sun, Louis, Mr. SUN Tak Chiu and Mr. WANG Ching Miao, Wilson.