

**28 September 2012**

**MiLOC Group Limited  
("MiLOC" or the "Company")**

**Interim results for the six months ended 30 June 2012**

**CHIEF EXECUTIVE OFFICER'S STATEMENT**

MiLOC Group Limited (PLUS: ML.P), the PLUS quoted pharmaceutical and healthcare group is pleased to announce the results of the Company and its subsidiaries (the 'Group') for the six months period ended 30 June 2012.

MiLOC was admitted to the PLUS-quoted market in December 2010. The nature of the Company's operations and its principal activities are to act as the holding company of a group engaged in (i) the research, development, marketing and distribution of traditional Chinese medicine ('TCM') and (ii) the development and operation of a network of TCM clinics and hospitals across China, Hong Kong and Macau.

***Financial performance:***

The Group's revenue for the six months ended 30 June 2012 amounted to HK\$6.9 million which was an increase of HK\$4.66 million or 206% as compared with the six months ended 30 June 2011. It was mainly attributable to the significant improvement in its performance on clinic operations and distribution of TCM. The Group's revenue contributed from its clinic operation for the six months ended 30 June 2012 amounted to HK\$4.77 million which was an increase of HK\$3.77 million or 376% as compared with the six months ended 30 June 2011. It was mainly attributable to the acquisitions of the subsidiaries during March and April 2011. The Group's revenue contributed from its sales of TCM for the six months ended 30 June 2012 amounted to HK\$2.1 million an increased of HK\$0.9 million or 70% as compared to the six months ended 30 June 2011. It was due to the further development on its distribution of TCM.

The Group's gross profit for the six months ended 30 June 2012 amounted to HK\$3.96 million which was an increase of HK\$3 million or 338% as compared with the six months ended 30 June 2011. Also, the Group's gross profit margin improved from 40% for the six months ended 30 June 2011 to 57% for the six months ended 30 June 2012. The improvement in both gross profit and gross profit margin was largely attributable to the Group's performance on its clinic operation.

The Group's other revenue for the six months ended 30 June 2012 amounted to HK\$903K a significant increased of HK\$841K as compared to the six months ended 30 June 2011. It was largely due to the introduction of management and medical relevant services.

The Group's administrative expenses for the six months ended 30 June 2012 amounted to HK\$7 million an increased of HK\$0.7 million or 11% as compared with the six months ended 30 June 2011.

As a result, the Group's loss significantly decreased from HK\$5.4 million for the six months ended 30 June 2011 to HK\$2.5 million for the six months ended 30 June 2012. Also, the Group's basic and diluted loss per share was significantly decreased from HK\$0.089 for the six months ended 30 June 2011 to HK\$0.048 for the six months ended 30 June 2012.

The Group's net cash position as at 30 June 2012 was HK\$1.7 million.

The Directors do not recommend the payment of a dividend in respect of the period.

***Outlook:***

The Group believes that the introduction of reliable TCM on the market as well as the provision of high quality modernized TCM healthcare services will prove to be a successful formula. We will focus continuously on Hong Kong, the PRC and Macau with a view to further expansion in South East Asia. The Group intends to promote a true TCM health care integrated delivery model from primary to tertiary care.

Michael Ong  
Chief Executive Officer

**MiLOC Group Limited**  
**Consolidated Statement of Comprehensive Income**  
**For the six months ended 30 June 2012**

	<i>The Group</i>		
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>6 months ended 30 June 2012</i>	<i>6 months ended 30 June 2011</i>	<i>12 months ended 31 December 2011</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>From continuing operations</b>			
<b>Revenue</b>	6,911,096	2,255,577	10,525,027
Cost of sales	(2,949,695)	(1,351,597)	(5,838,630)
<b>Gross profit</b>	3,961,401	903,980	4,686,397
Other revenue	903,139	62,556	1,062,925
Distribution costs	(267,663)	(88,414)	(365,294)
Administrative expenses	(6,985,151)	(6,282,337)	(13,105,870)
Foreign exchange gains	6,905	3,549	100,183
<b>Operating loss</b>	(2,381,369)	(5,400,666)	(7,621,659)
Finance costs	(6,025)	(2,568)	(7,588)
Interest income	76	-	282
<b>Loss before taxation</b>	(2,387,318)	(5,403,234)	(7,628,965)
Taxation	(140,671)	-	(344,000)
<b>Loss for the period/year</b>	(2,527,989)	(5,403,234)	(7,972,965)
Other comprehensive income	-	-	-
<b>Total comprehensive result for the period/year</b>	(2,527,989)	(5,403,234)	(7,972,965)
<b>Attributable to:</b>			
Equity holders of the parent entity	(2,982,340)	(5,512,310)	(8,552,716)
Non-controlling interests	454,351	109,076	579,751
	(2,527,989)	(5,403,234)	(7,972,965)
<b>Loss per share - from continuing operations (HK\$)</b>			
- Basic and diluted	(0.048)	(0.089)	(0.14)

### **Loss per share - from continuing operations**

The calculation of basic loss per share is based on the consolidated loss attributable to the equity holders of the parent entity of HK\$2,982,340 (For the six months ended 30 June 2011: Loss of HK\$5,512,310; For the 12 months ended 31 December 2011: Loss of HK\$8,552,716) and the weighted average number of ordinary shares of 61,831,096 (For the six months ended 30 June 2011: 61,831,096; For the 12 months ended 31 December 2011: 61,831,096) in issue during the period.

A conditional option agreement dated 20 December 2010 between the Company and ZAI Corporate Finance Limited (“ZAI”) pursuant to which the Company has granted an option to ZAI over 72,161 of Ordinary Shares. The option is exercisable by notice to the Company at the placing price at any time during the five year period commencing on the date of Admission. The effect of the share options are anti-diluted in the current period, therefore, the basic and dilutive loss per share are consistent.

**MiLOC Group Limited**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2012**

	<i>Group</i>		
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>As at 30 June</i>	<i>As at 30 June</i>	<i>As at 31</i>
	<i>2012</i>	<i>2011</i>	<i>December</i>
	<i>HK\$</i>	<i>HK\$</i>	<i>2011</i>
			<i>HK\$</i>
<b>Assets</b>			
<i>Non-current assets</i>			
Fixed assets	843,033	1,054,496	1,067,964
Intangible assets	18,680,000	19,400,000	19,400,000
Goodwill	2,846,964	2,856,063	2,846,964
	<b>22,369,997</b>	<b>23,310,559</b>	<b>23,314,928</b>
<i>Current assets</i>			
Inventories	382,085	1,637,055	999,914
Trade receivables	173,809	783,923	175,182
Other receivables and prepayments	1,781,720	976,663	1,126,372
Amounts due from a shareholders	96,445	315,479	80,277
Cash and cash equivalents	1,667,013	2,271,501	2,270,849
	4,101,072	5,984,621	4,652,594
<b>Total assets</b>	<b>26,471,069</b>	<b>29,295,180</b>	<b>27,967,522</b>
<b>Equity and liabilities</b>			
<i>Equity</i>			
Share capital	481,046	481,046	481,046
Share premium	22,506,221	22,506,221	22,506,221
Retained earnings	(20,880,426)	(14,857,665)	(17,898,086)
<b>Equity attributable to the parent entity</b>	<b>2,106,841</b>	<b>8,129,602</b>	<b>5,089,181</b>
Non-controlling interests	17,735,106	16,726,485	17,280,755
<b>Total equity</b>	<b>19,841,947</b>	<b>24,856,087</b>	<b>22,369,936</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade payables	1,443,300	1,984,345	840,857
Other payables and accruals	2,592,826	352,588	2,304,404
Amounts due to directors	2,108,325	2,102,160	2,108,325
Taxation payable	484,671	-	344,000
<b>Total liabilities</b>	<b>6,629,122</b>	<b>4,439,093</b>	<b>5,597,586</b>
<b>Total equity and liabilities</b>	<b>26,471,069</b>	<b>29,295,180</b>	<b>27,967,522</b>

The Group's consolidated financial statements for the six months ended 30 June 2011 and 2012 disclosed above have neither been audited nor reviewed by the Company's auditors.

The same accounting policies and methods of computation as included in the Group's consolidated financial statements for the year ended 31 December 2011 have been adopted in the preparation of the Group's unaudited consolidated financial statements for the six months ended 30 June 2012.

#### MiLOC Group Limited

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