27 September 2013

MiLOC Group Limited

("MiLOC" or the "Company")

Interim results for the six months ended 30 June 2013

MiLOC Group Limited (ISDX: ML.P), the ISDX quoted pharmaceutical and healthcare group is pleased to announce the results of the Company and its subsidiaries (the 'Group") for the six months ended 30 June 2013.

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 highlights as at 30 June 2013

Revenue	HK$9,085,139 (30 June 2012: HK$7,239,664)
Gross profit margin	75% (30 June 2012: 59%)
Profit after tax	HK$168,361 (30 June 2012: HK$ (2,527,989))
Basic and diluted loss per share	HK$0.002 (30 June 2012: HK$0.048)
Group cash position	HK$ 3,527,819 (30 June 2012: HK$2,880,735)

A copy of the unaudited interim financial statement is available on the Company's website at www.miloc.com.

For further information, please visit www.miloc.com or contact:

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CHIEF EXECUTIVE OFFICER'S STATEMENT

Review of significant activities

On 8 January 2013, the Group entered into agreements to raise a total of £96,385.55 (approximately HK$1.2 million) before expenses (the "Placing") through a placing of 428,381 new ordinary shares of US$0.001 each in the share capital of the Company (the "Placing Shares"). The Placing Shares were placed at 22.5p per share to a private investor and Kingsway Lion Spur Technology Limited (100% beneficially owned by Sunwah Kingsway Capital Holdings Limited, a financial services company listed on the HKSE (stock code: 188)).

On 7 May 2013, the Group entered into a franchise and management agreement with a TCM clinic in Tuen Mun, Hong Kong, for the provision of franchise and management services. This was the first franchise TCM clinic of the Group.

On 22 May 2013, the Group entered into a franchise and management agreement with another TCM clinic in Tai Po, Hong Kong, for the provision of franchise and management services. This was the second franchise TCM clinic of the Group.

Financial review

The Group's revenue for the six months ended 30 June 2013 amounted to HK$9.1 million which was an increase of HK$1.85 million or 25% as compared to the six months ended 30 June 2012. It was mainly attributable to the significant improvement in the performance of the Group's clinic operations. The Group's revenue derived from its clinic operation for the six months ended 30 June 2013 amounted to HK$6.6 million which was an increase of HK$1.5 million or 30% as compared to the six months ended 30 June 2012. The Group's revenue from its sales of TCM for the six months ended 30 June 2013 amounted to HK$2.5 million which was an increase of HK$0.34 million or 16% as compared to the six months ended 30 June 2012.

The Group's gross profit for the six months ended 30 June 2013 amounted to HK$6.82 million which was an increase of HK$2.5 million or 59% as compared to the six months ended 30 June 2012. Also, the Group's gross profit margin improved from 59% for the six months ended 30 June 2012 to 75% for the six months ended 30 June 2013. The improvement in both gross profit and gross profit margin was largely attributable to the performance of the Group's clinic operations.

The Group's other revenue for the six months ended 30 June 2013 amounted to HK$365K which was a decrease of HK$209K as compared to the six months ended 30 June 2012. It was largely due to less management services rendered.

The Group's administrative expenses for the six months ended 30 June 2013 amounted to HK$6.2 million which was a decrease of HK$0.8 million or 11% as compared to the six months ended 30 June 2012. It was largely due to the decrease in the amortisation on its intangible assets, staff costs and rent and rate expenses for the current period.

As a result, the Group's performance improved from a loss of HK$2.5 million for the six months ended 30 June 2012 to a profit of HK$168K for the six months ended 30 June 2013. Also, the Group's basic and diluted loss per share was significantly decreased from HK$0.048 for the six months ended 30 June 2012 to HK$0.002 for the six months ended 30 June 2013.

The Group's net cash position as at 30 June 2013 was HK$3.5 million.

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

Outlook

In view of the aging population and market demand for reliable TCM, the Group believes that the expansion of its clinic network by franchising TCM clinics in diverse locations will allow the Group to expand its clinic network to serve more customers on one hand, and is expected to increase the business of the Group's distribution of its exclusive distribution products and other healthcare products on the other. The Directors believe that the franchise TCM clinic model will reduce the Group's reliance on further capital investment while expanding our TCM clinic network more rapidly to increase awareness of the "MiLOC" brand. The Group is planning to open more franchise TCM clinics this year.

Michael Ong
Chief Executive Officer

MiLOC Group Limited
Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2013

	The Group		
	Unaudited	***Unaudited***	***Audited***
	6 months ended 30 June 2013	***6 months ended 30 June 2012***	***Year ended 31 December 2012***
	HK$	***HK$***	***HK$***
From continuing operations			
Revenue	9,085,139	7,239,664	15,503,018
Cost of sales	(2,261,571)	(2,949,695)	(5,453,537)
Gross profit	6,823,568	4,289,969	10,049,481
Other revenue	365,486	574,571	1,386,776
Distribution costs	(83,891)	(267,663)	(373,532)
Administrative expenses	(6,218,037)	(6,985,151)	(14,443,376)
Foreign exchange gains	2,204	6,905	6,634
Operating profit/(loss) before impairment	889,330	(2,381,369)	(3,374,017)
Impairment	(504,000)	-	(10,980,000)
Operating profit/(loss) after impairment	385,330	(2,381,369)	(14,354,017)
Finance costs	(9)	(6,025)	(6,029)
Interest income	66	76	154
Profit/(Loss) before taxation	385,387	(2,387,318)	(14,359,892)
Taxation	(217,026)	(140,671)	453,400
Profit/(Loss) for the period/year	168,361	(2,527,989)	(13,906,492)
Other comprehensive income	-	-	-
Total comprehensive result for the period/year	168,361	(2,527,989)	(13,906,492)
Attributable to:			
Equity holders of the parent entity	(136,361)	(2,982,340)	(10,182,920)
Non-controlling interests	304,722	454,351	(3,723,572)
	168,361	(2,527,989)	(13,906,492)
Loss per share - from continuing operations (HK$)			
Basic and diluted	(0.002)	(0.048)	(0.165)

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$136,361 (For the six months ended 30 June 2012: Loss of HK$2,982,340; For the 12 months ended 31 December 2012: Loss of HK$10,182,920) and the weighted average number of ordinary shares of 62,242,883 (For the six months ended 30 June 2012: weighted average number of ordinary shares of 61,831,069; For the 12 months ended 31 December 2012: 61,831,069) 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.

Comparative figures

Certain figures for the six months ended 30 June 2012 have been reclassified to conform with the current year presentation.

MiLOC Group Limited
Consolidated Statement of Financial Position
As at 30 June 2013

	Group		
	Unaudited As at 30 June 2013	*Unaudited As at 30 June 2012*	*Audited As at 31 December 2012*
	HK$	*HK$*	*HK$*
Assets			
Non-current assets			
Fixed assets	370,723	843,033	514,813
Other intangible assets	6,750,000	18,680,000	6,866,667
Goodwill	2,846,964	2,846,964	2,846,964
Deferred tax assets	664,046	-	678,400
	10,631,733	**22,369,997**	**10,906,844**
Current assets			
Inventories	1,238,567	382,085	803,636
Trade receivables	461,990	173,809	347,894
Other receivables and prepayments	1,249,356	1,781,720	815,094
Amount due from shareholders	152,906	96,445	113,852
Cash and cash equivalents	3,527,819	1,667,013	2,880,735
	6,630,638	4,101,072	4,961,211
Total assets	**17,262,371**	**26,471,069**	**15,868,055**
Equity and liabilities			
Equity			
Share capital	484,378	481,046	481,046
Share premium	23,702,888	22,506,221	22,506,221
Retained earnings	(28,217,367)	(20,880,426)	(28,081,006)
Equity attributable to the parent entity	(4,030,101)	2,106,841	(5,093,739)
Non-controlling interests	13,861,905	17,735,106	13,557,183
Total equity	**9,831,804**	**19,841,947**	**8,463,444**
Liabilities			
Current liabilities			
Trade payables	2,472,870	1,443,300	2,102,721
Other payables and accruals	1,987,861	2,592,826	2,621,406
Amount due to directors	2,111,366	2,108,325	2,111,366
Amount due to shareholders	72,444	-	118
Taxation payable	786,026	484,671	569,000
Total liabilities	7,430,567	6,629,122	7,404,611
Total equity and liabilities	**17,262,371**	**26,471,069**	**15,868,055**

The Group’s consolidated financial statements for the six months ended 30 June 2012 and 2013 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 2012 have been adopted in the preparation of the Group's unaudited consolidated financial statements for the six months ended 30 June 2013.

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