



Midas Holdings Limited

麥達斯控股有限公司

(Singapore Registration No.: 200009758W)

(Incorporated in Singapore with limited liability)

(Hong Kong Stock Code: 1021)

(Singapore Stock Code: 5EN)

Interim Report 2011

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Wei Ping, *Executive Chairman*
Mr. Chew Hwa Kwang, Patrick, *Chief Executive Officer*

Independent Non-executive Directors

Mr. Chan Soo Sen
Mr. Chew Chin Hua
Dr. Xu Wei Dong
Mr. Tong Din Eu (appointed on 8 August 2011)

COMMITTEE MEMBER

Audit Committee

Mr. Chew Chin Hua, *Chairman*
Mr. Chan Soo Sen
Dr. Xu Wei Dong

Nominating Committee

Mr. Chan Soo Sen, *Chairman*
Mr. Chew Chin Hua
Dr. Xu Wei Dong

Remuneration Committee

Mr. Chan Soo Sen, *Chairman*
Mr. Chew Chin Hua
Dr. Xu Wei Dong

JOINT COMPANY SECRETARY

Singapore: Ms. Tan Cheng Siew @ Nur Farah Tan, ACIS
Hong Kong: Ms. Ma Sau Kuen Gloria

SINGAPORE PRINCIPAL SHARE REGISTRAR

Intertrust Singapore Corporate Services Pte Ltd
3 Anson Road #27-01 Springleaf Tower
Singapore 079909

AUDITORS

BDO LLP

Public Accountants and
Certified Public Accountants
21 Merchant Road, #05-01
Royal Merukh S.E.A. Building
Singapore 058267
Partner-in-charge: Mr. Chan Hock Leong
(Appointed with effect since financial
year ended 31 December 2007)

COMPLIANCE ADVISOR

Platinum Securities Company Limited
22/F Standard Chartered Bank Building
4 Des Voeux Road Central, Hong Kong

BANKERS

DBS Bank Ltd

Oversea-Chinese Banking Corporation
Limited

Industrial & Commercial Bank of China

China Construction Bank

Agricultural Bank of China

INVESTOR RELATIONS

Singapore:

Citigate Dewe Rogerson, i.MAGE Pte Ltd
1 Raffles Place #26-02 OUB Centre
Singapore 048616
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Hong Kong:

Unit 2112, 21st Floor
China Merchants Tower
Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong
Tel: (852) 3152 3278
Fax: (852) 3152 3279

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

HONG KONG AUTHORISED REPRESENTATIVES

Mr. Chew Hwa Kwang, Patrick
Ms. Ma Sau Kuen Gloria

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2112, 21st Floor
China Merchants Tower
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Tel: (852) 3152 3278
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REGISTERED OFFICE IN SINGAPORE

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Singapore 068804
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Website: www.midas.com.sg
Company Registration No. 200009758W

MANAGEMENT DISCUSSION & ANALYSIS

(I) BUSINESS REVIEW

REVENUE

Our principal activities for the period for the six months ended 30 June 2011 (“1H2011”) are as follows:

- a. manufacture of large section aluminium alloy extrusion products for use mainly in the following:
 - Rail Transport Industry - We produce aluminium alloy profiles which are used to manufacture train car body frames for use by high-speed trains, MRT and LRT trains;
 - Power Industry - We produce aluminium alloy tubing which are used in power stations for power transmission purposes, electrical energy distribution and transmission cables; and
 - Others - We produce aluminium alloy rods and other specialized profiles which are used in the production of mechanical parts for industrial machinery.
- b. manufacture polyethylene pipes for use in various types of piping networks including gas piping networks and water distribution networks.

Our revenue by business activities is set out below:

Business segments (RMB' 000)	1H2011	1H2010	Change	%
Aluminium Alloy Division	591,750	439,867	151,883	34.5
Polyethylene Pipes Division	18,639	17,688	951	5.4
Total	610,389	457,555	152,834	33.4

Our total revenue increased by approximately RMB152.8 million or 33.4% from RMB457.6 million in the period for the six months ended 30 June 2010 (“1H2010”) to RMB610.4 million in 1H2011. Revenue at our Aluminium Alloy Division increased by approximately RMB151.9 million or 34.5% from RMB439.9 million in 1H2010 to RMB591.7 million in 1H2011. Our Aluminium Alloy Division contributed approximately 96.9% of total revenue in 1H2011 as compared to approximately 96.1% in 1H2010.

The table below shows the revenue segmentation by end usage at our Aluminium Alloy Division for the six months ended 30 June 2011.

Aluminium Alloy Division		
<u>Transport Industry</u>	<u>Power Industry</u>	<u>Others</u>
75.8%	0.1%	24.1%

Sales by end usage indicate that revenue contribution from the rail transport industry is still the major revenue contributor, contributing approximately 75.8% of the revenue for the Aluminium Alloy Division. Revenue contributions for the “Others” segment in the Aluminium Alloy Division included mainly supply of aluminium alloy rods and other specialized profiles for industrial machinery.

PROFITABILITY

Our gross profit by business activities is set out below:

Business segments (RMB' 000)	1H2011	1H2010	Change	%
Aluminium Alloy Division	207,122	145,826	61,296	42.0
Polyethylene Pipes Division	2,776	2,841	(65)	(2.3)
Total	209,898	148,667	61,231	41.2
<i>Gross Profit Margin (%)</i>	<i>34.4</i>	<i>32.5</i>		

The Group's gross profit margin for 1H2011 was 34.4% versus 32.5% in 1H2010. This was due to higher gross profit margin at our Aluminium Alloy Division of 35.0% in 1H2011 as compared to 33.2% in 1H2010.

Other operating income comprised mainly disposal of scrap materials at our Aluminium Alloy Division and interest income. Interest income increased due to higher level of interest generating bank savings in 1H2011 as compared to 1H2010.

Selling and distribution expenses increased by approximately RMB5.8 million in 1H2011, driven by the higher business volume recorded at our Aluminium Alloy Division, which resulted in an increase in transportation and staff costs as compared with 1H2010.

Administrative expenses increased by about RMB5.3 million in 1H2011 mainly due to higher payroll costs arising from an increase in headcount to cater to our current expansion plans, and increase in travelling and property taxes as compared with 1H2010.

Finance cost comprised interest paid for bank borrowings and financing costs relating to early utilisation of notes receivable. Approximately RMB19.5 million (1H2010: RMB13.5 million) of the interest on bank borrowings that are directly arising from loans obtained to finance the construction of property, plant and equipment for our new production lines were capitalized.

Our associated company, Nanjing SR Puzhen Rail Transport Co. ("NPRT"), contributed approximately RMB9.8 million in 1H2011. The decrease of about RMB10.2 million is due mainly to fewer train cars delivered to its customers during this period.

Income tax expense for 1H2011 increased by about RMB21.0 million as a result of higher profits and cessation of concessionary tax rates. During the period ended 30 June 2011, all the People's Republic of China ("PRC") subsidiaries are subject to statutory corporate income tax rate of 25% in accordance with the PRC's Corporate Income Tax Law. However, our Aluminium Alloy Division was granted a 50% relief of Enterprise Income Tax in respect of its profits derived from the second production line in 1H2010.

1H2011 ended with profits attributable to shareholders of approximately RMB123.4 million which represented a 20.1% increase over the previous corresponding 1H2010.

Property, plant and equipment increased due to additions made to machinery and infrastructure development for the fifth extrusion production lines and downstream processing fabrication lines at our Aluminium Alloy Division and also construction of new plant in Luoyang City.

The decrease in pledged bank deposits was due mainly to the settlement of letter of credit in respect of the purchase of property, plant and equipment.

Inventories increased by approximately RMB101.9 million, mainly due to the increase in business volume experienced at our Aluminium Alloy Division and in anticipation of the inventory requirement for the next quarter.

Trade and other receivables increased by about RMB319.2 million. This is mainly due to increase in business volume experienced at our Aluminium Alloy Division which gave rise to increase in trade receivables of RMB168.2 million and increase in advances of RMB70.0 million to suppliers for purchase of property, plant and equipment and inventories.

Trade and other payables increased by about RMB104.7 million due mainly to the increase in advance from customers and increase in business volume experienced at our Aluminium Alloy Division.

(II) FINANCIAL REVIEW

1. Net Asset Value

As at 30 June	Group	
	2011	2010
Net asset value per ordinary share based on issued share capital at period end	RMB 2.43	RMB 2.34

2. Loans

	As at 30 June 2011		As at 31 December 2010	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Amount repayable in one year or less, or on demand	294,000	110,000	268,280	110,000
Amount repayable after one year	300,000	-	300,000	-
Total	594,000	110,000	568,280	110,000

Details of collateral

The secured borrowings consist of bank loans that are provided to Jilin Midas Aluminium Industries Co., Ltd ("Jilin Midas").

As at 30 June 2011, the bank loans are secured by the mortgage of land use rights, property, plant and equipment and various trade receivables with net book value of about RMB1,151.5 million (31 December 2010: RMB1,078.3 million).

All bank borrowings are variable-rate borrowings, and these borrowings carried interest at rates ranging from 100% to 110% (2010: 90% to 110%) of the benchmark interest rate as quoted by The People's Bank of China.

Bank borrowings are all denominated in Renminbi as at the reporting date.

3. Cash and cash equivalents

The carrying amounts of cash and cash equivalents approximate their fair value and are denominated in the following currencies:

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Euro	27	650
Renminbi	811,731	939,467
Singapore dollar	73,948	307,588
United States dollar	1,262	4,055
Hong Kong dollar	490	1,260
Others	32	36
	<u>887,490</u>	<u>1,253,056</u>

4. Group's Order Book

The Group's order book as at 30 June 2011 is about RMB1.05 billion.

5. Foreign Exchange Exposure

Certain of our bank accounts, deposits, receivables and payables are denominated in Singapore dollars, U.S. dollars and Euros, which are different from the functional currency of our entities, which exposes us to foreign currency risk. However, most of our operating expenses, including our operating and administrative costs are denominated in Renminbi, and we collect most of our revenue in Renminbi. We expect to continue to incur a significant portion of our operating costs, and to recognise operating revenue, in Renminbi. As a result, we do not believe we are exposed to significant foreign currency risk.

As we expand our operations, we may incur a certain portion of our cash flow in currencies other than Renminbi and, thereby, may increase our exposure to fluctuations on exchange rates. Our policy is not to take speculative positions through forward currency contracts and we have not engaged in any foreign currency hedging activities as at the date of this report.

6. Gearing

The Group monitors capital using a gearing ratio, which is derived by dividing total interest bearing bank loans to shareholder's equity.

Our debt to equity ratio remained stable at 23.8% as at 30 June 2011 and as at 31 December 2010.

(III) PROSPECTS

Since the beginning of 2011, the Group's Aluminium Alloy Division and its associate, NPRT, continued to secured projects in the PRC and internationally. Projects secured by the Aluminium Alloy Division included the following:

Metro Projects

- Izmir Light Rail Transit Project in Turkey
- Malaysia Intercity Urban Rail Project
- Shanghai Metro Line 12
- Kunming Metro Project
- Guangzhou Metro Lines 1,2 & 8

In addition, NPRT has also successfully secured 2 metro projects, namely, Nanjing Metro Line 3 and 10 Projects during this period.

In January 2011, our Aluminium Alloy Division has secured the CRH5 EMU High Speed Train Project. The Group remains cautiously optimistic of the medium to long term development of the PRC high speed train industry. We will monitor the situation closely and will work with our partners.

(IV) DISCLOSURE OF INTERESTS

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the six months ended 30 June 2011 was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as disclosed under "Share Options" of this report.

Directors' interests and short position in shares, underlying shares or debentures

According to the register of Directors' shareholding kept by the Company for the purpose of Section 164 of the Singapore Companies Act, Cap.50 (the "Act") and Section 352 of the Securities and Futures Ordinance ("SFO"), the Directors who were holding office at the end of six months ended 30 June 2011 had interest and short position in the shares, underlying shares or debentures of the Company and its related corporations as detailed below:

Name of Director	Capacity	Direct Interest		Deemed interest		Percentage of the issued share capital of the company
		At beginning of the period or date of appointment	At end of the period	At beginning of the period or date of appointment	At end of the period	
		Number of ordinary shares	Number of ordinary shares	Number of ordinary shares	Number of ordinary shares	
Interest in the Company						
Mr. Chen Wei Ping	Beneficial owner	130,905,200	130,905,200	-	-	10.75%
Mr. Chew Hwa Kwang, Patrick	Beneficial owner	120,711,800	121,211,800	-	-	9.95%
Mr. Chew Chin Hua	Beneficial owner	1,000,000	1,000,000	600,000	600,000	0.13%

The percentage of the issued share capital of the Company is computed based on 1,217,617,800 issued voting shares (excluding 1,000,000 treasury shares).

In accordance with the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the register of Directors' shareholdings, there was no other change in the above Directors' interests as at 12 August 2011 in shares of the Company and its related corporations from those disclosed as at 30 June 2011. On 8 August 2011, Mr. Tong Din Eu was appointed as independent non-executive Director of the Company. Mr. Tong has 749,000 shares of the Company as at 12 August 2011.

As at 30 June 2011, the abovementioned interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "SEHK") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Save as disclosed above, as at 30 June 2011, none of the Directors, chief executive of the Company nor their associates had or was deemed to have any interests or short position in the Shares, underlying Shares or debentures of the Company and its associated corporations.

According to the register of Directors' shareholdings, certain Directors holding office at the end of the period under review had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Midas Employee Share Option Scheme (the "Scheme") as set out below:

Name of Director	Exercise price per share	Exercise period	At beginning of the period	At end of the period
<u>Options to subscribe for ordinary shares of the Company</u>				
Mr. Chen Wei Ping	S\$0.873	11.5.2007 to 10.5.2011	1,500,000	-
Mr. Chew Hwa Kwang, Patrick	S\$0.873	11.5.2007 to 10.5.2011	1,500,000	-
Mr. Chew Chin Hua	S\$1.992	14.5.2008 to 13.5.2012	300,000	300,000
	S\$0.517	09.2.2010 to 08.02.2014	250,000	250,000
Mr. Chan Soo Sen	S\$1.992	14.5.2008 to 13.5.2012	300,000	300,000
	S\$0.517	09.2.2010 to 08.02.2014	250,000	250,000

Share options

Midas Employee Share Option Scheme

The Scheme was approved by the shareholders of the Company at an Extraordinary General Meeting held on 6 January 2004. The Scheme is administered by the Company's Remuneration Committee, comprising Mr. Chew Chin Hua, Mr. Chan Soo Sen and Dr. Xu Wei Dong.

Under the Scheme, an option entitles the option holder to subscribe for a specific number of new ordinary shares in the Company comprised in the option at a subscription price per share determined with reference to the market price of the share at the time of grant of the option. The Remuneration Committee may at its discretion, fix the subscription price at a maximum discount of 20% off the market price. Options granted with the subscription price set at the market price shall only be exercised after the first anniversary from the date of the grant of the option. Options granted with the subscription price set at a discount to the market price shall only be exercised after the second anniversary from the date of the grant of the option. The shares under option may be exercised in whole or in part thereof. Options granted will lapse when the option holder ceases to be a full-time employee of the Company or any Company of the Group subject to certain exceptions at the discretion of the Company.

The number of shares available under the Scheme shall not exceed 15% of the issued share capital of the Company.

The Scheme became operative with options to subscribe for 2,500,000 ordinary shares of the Company being granted on 18 May 2005 ("2005 Options"). Particulars of the 2005 Options were set out in the Directors' Report for the financial year ended 31 December 2005.

On 11 May 2006, options to subscribe for 4,950,000 ordinary shares of the Company at an exercise price of S\$0.873 per share were granted ("2006 Options"). The 2006 Options are exercisable from 11 May 2007 and expire on 10 May 2011.

On 14 May 2007, options to subscribe for 4,600,000 ordinary shares of the Company at an exercise price of S\$1.992 per share were granted ("2007 Options"). The 2007 Options are exercisable from 14 May 2008 and expire on 13 May 2012.

On 9 February 2009, options to subscribe for 5,850,000 ordinary shares of the Company at an exercise price of S\$0.517 per share were granted ("2009 Options"). The 2009 Options are exercisable from 9 February 2010 and expire on 8 February 2014.

The details of options granted and exercised during the six months ended 30 June 2011 were as follows:

Option participants	Granted in period ended 30 June 2011	Aggregate granted since commencement of scheme to 30 June 2011	Aggregate exercised, lapsed or cancelled since commencement of scheme to 30 June 2011	Aggregate outstanding as at 30 June 2011
Directors of the Company				
Mr. Chen Wei Ping	-	1,500,000	(1,500,000)	-
Mr. Chew Hwa Kwang, Patrick	-	1,500,000	(1,500,000)	-
Mr. Chew Chin Hua	-	950,000	(400,000)	550,000
Mr. Chan Soo Sen	-	550,000	-	550,000
Other executives	-	13,400,000	(5,150,000)	8,250,000
Total	-	17,900,000	(8,550,000)	9,350,000

During the six months ended 30 June 2011, there was no share options granted to controlling shareholders of the Company pursuant to the Scheme.

No other key management or employee has received options on 5% or more of the total number of shares available under the scheme during the six months ended 30 June 2011. No other Director or employee of the Company and its subsidiaries (as defined in the SGX-ST's Listing Manual) has received options on 5% or more of the total number of shares available to all Directors and employees of the Company and its subsidiaries under the Scheme during the period under review.

During the six months ended 30 June 2011, there was no share options exercised but 3,000,000 share options have been lapsed pursuant to the Scheme.

The number of unissued ordinary shares of the Company under options outstanding at the end of the period under review is as follows:

Option relating to Midas Employee Share Option Scheme	Number outstanding at 30 June 2011	Exercise price	Exercise period
2007 Options	4,000,000	S\$1.992	14.5.2008 to 13.5.2012
2009 Options	5,350,000	S\$0.517	9.2.2010 to 8.2.2014

Substantial shareholders

As at 30 June 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
JP Morgan Chase & Co. (Note 1)	Beneficial Owner	1,684,970 (Long position)	0.14%
		1,663,970 (Short position)	0.14%
	Investment Manager	112,807,000 (Long position)	9.26%
	Custodian	7,069,672 (Long position)	0.58%
		7,069,672 (Lending pool)	0.58%
Capital Research and Management Company (Note 2)	Investment Manager	117,182,000 (Long position)	9.62%
The Capital Group Companies, Inc. (Note 2)	Deemed Interest and interest in controlled companies	117,182,000 (Long position)	9.62%

Notes:

1. JP Morgan Chase & Co. is deemed to be interested in these shares through its several directly and indirectly controlled corporations.
2. The Capital Group Companies Inc. is deemed to be interested in these shares through its directly controlled corporation, Capital Research and Management Company. They are the same block of shares.

Save as disclosed above, as at 30 June 2011, no person, other than the Directors whose interests are set out in the section "Directors' interests and short position in shares, underlying shares or debentures" above, has an interest or short position in the issued share capital of the Company that was required to be recorded.

(V) SUPPLEMENTARY INFORMATION

1. Audit Committee

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control and reporting matters. The interim results and report for the six months period ended 30 June 2011 have been reviewed by the Audit Committee. As of the date of this report, the Audit Committee comprises three independent non-executive directors of the Company namely, Mr. Chew Chin Hua (Chairman), Mr. Chan Soo Sen and Dr. Xu Wei Dong.

2. Compliance with the Code on Corporate Governance Practices

In the opinion of the Directors, the Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules (the “Listing Rules”) Governing Listing of Securities on SEHK throughout the six months ended 30 June 2011.

3. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuer

The board of the directors (the “Board”) has adopted the Model Code as set out in Appendix 10 of the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transaction by the Directors. The Board confirms that, having made specific enquiries with all Directors, throughout the six months ended 30 June 2011, all Directors have complied with the required standards of the Model Code.

4. Reconciliation between Singapore Financial Reporting Standards (“SFRS”) and International Financial Reporting Standards (“IFRS”)

For the six months ended 30 June 2011, there were no material differences between the consolidated financial statements of the Group prepared under SFRS and IFRS (which include all IFRS, International Accounting Standards and Interpretations).

5. Purchase, sale or redemption of the Company’s listed securities

During the six months ended 30 June 2011, neither the Company nor its subsidiary had purchased, sold or redeemed any of the listed securities of the Company.

6. Share capital

As at 30 June 2011, the share capital of the Company comprises 1,217,617,800 issued and fully paid ordinary shares (31 December 2010: 1,217,617,800 shares).

As at 30 June 2011, 1,000,000 ordinary shares were held as treasury shares (31 December 2010: 1,000,000 shares). During the six months ended 30 June 2011, none of the treasury shares were sold, transferred, disposed, cancelled and/or used.

7. Employees, remuneration policy and employee share options

As at 30 June 2011, there were 1,500 (31 December 2010: 1,380) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants share options to eligible staff based on their performance and contributions to the Group. As at 30 June 2011, there were unexercised share options for 9,350,000 unissued ordinary shares (31 December 2010: 12,350,000) under the “Midas Employees Share Option Scheme”.

8. Closure of register of members

A separate announcement regarding the book closure dates, record date and the payment date regarding the proposed interim dividend for the six months period ended 30 June 2011 will be published in due course.

9. Disclosure on the website of the SEHK

This report is published on the website of the SEHK (<http://www.hkexnews.hk>) and on the website of the Company (<http://www.midas.com.sg>).

On behalf of the Board
Midas Holdings Limited
Chew Hwa Kwang, Patrick
*Executive Director and
Chief Executive Officer*

Hong Kong, 12 August 2011

Unaudited Consolidated Statement of Comprehensive Income*For the six months ended 30 June 2011*

		2011	2010
	Notes	RMB'000	RMB'000
Revenue	3	610,389	457,555
Cost of sales		(400,491)	(308,888)
Gross profit		<u>209,898</u>	<u>148,667</u>
Other operating income		7,450	3,086
Selling and distribution expenses		(17,606)	(11,852)
Administrative expenses		(36,512)	(31,182)
Finance costs		(7,620)	(4,917)
Share of profits of an associate		<u>9,758</u>	<u>19,967</u>
Profit before income tax expense	5	165,368	123,769
Income tax expense	6	<u>(42,013)</u>	<u>(21,020)</u>
Profit for the period attributable to equity holders		<u>123,355</u>	<u>102,749</u>
Other comprehensive income:			
Translation differences relating to financial statements of foreign subsidiaries		13,011	(984)
Total comprehensive income for the period		<u>136,366</u>	<u>101,765</u>
Basic earnings per share (RMB Fen)	8	<u>10.13</u>	<u>10.65</u>
Diluted earnings per share (RMB Fen)	8	<u>10.12</u>	<u>10.62</u>

Consolidated Statement of Financial Position
as at 30 June 2011

	Group		Company	
	Unaudited as at 30 Jun 2011 RMB'000	Audited as at 31 Dec 2010 RMB'000	Unaudited as at 30 Jun 2011 RMB'000	Audited as at 31 Dec 2010 RMB'000
Non-current assets				
Property, plant and equipment	1,588,568	1,393,505	272	47
Interest in subsidiaries	-	-	2,066,714	1,818,325
Interest in an associate	213,106	199,266	156,328	152,245
Land use rights	122,158	123,538	-	-
Available-for-sale financial assets	-	2,000	-	-
Restricted bank deposits	46,060	64,883	-	-
Prepaid rental	117	120	-	-
	<u>1,970,009</u>	<u>1,783,312</u>	<u>2,223,314</u>	<u>1,970,617</u>
Current assets				
Inventories	292,100	190,151	-	-
Trade and other receivables	831,109	511,951	18,075	17,843
Cash and cash equivalents	887,490	1,253,056	75,667	312,900
	<u>2,010,699</u>	<u>1,955,158</u>	<u>93,742</u>	<u>330,743</u>
Current liabilities				
Trade and other payables	293,217	188,513	140	2,997
Bank borrowings	404,000	378,280	-	-
Income tax payable	22,674	15,600	-	-
	<u>719,891</u>	<u>582,393</u>	<u>140</u>	<u>2,997</u>
Net current assets	1,290,808	1,372,765	93,602	327,746
Total assets less current liabilities	3,260,817	3,156,077	2,316,916	2,298,363
Non-current liabilities				
Bank borrowings	300,000	300,000	-	-
Deferred tax liability	2,054	2,054	-	-
	<u>302,054</u>	<u>302,054</u>	<u>-</u>	<u>-</u>
Net assets	<u>2,958,763</u>	<u>2,854,023</u>	<u>2,316,916</u>	<u>2,298,363</u>

Capital and reserve				
Share capital	2,166,575	2,166,575	2,166,575	2,166,575
Treasury shares	(2,501)	(2,501)	(2,501)	(2,501)
Foreign currency translation reserve	10,256	(2,755)	118,330	57,217
People's Republic of China ("PRC") statutory reserve	121,288	108,813	-	-
Share option reserve	15,303	15,303	15,303	15,303
Retained earnings	647,842	568,588	19,209	61,769
Total equity attributable to owners of the Company	<u>2,958,763</u>	<u>2,854,023</u>	<u>2,316,916</u>	<u>2,298,363</u>

Unaudited Statements of Changes in Equity

Attributable to equity holders of the Company

<u>Group</u>	<u>Share capital</u> RMB'000	<u>Treasury shares</u> RMB'000	<u>Foreign currency translation reserve</u> RMB'000	<u>PRC statutory reserve</u> RMB'000	<u>Share option reserve</u> RMB'000	<u>Retained earnings</u> RMB'000	<u>Total</u> RMB'000
Balance at 1 Jan 2011	2,166,575	(2,501)	(2,755)	108,813	15,303	568,588	2,854,023
Changes in equity for the period:							
Total comprehensive income for the financial period	-	-	10,992	-	-	60,357	71,349
Transfer to PRC statutory reserve	-	-	-	6,133	-	(6,133)	-
Balance at 31 Mar 2011 and 1 Apr 2011	2,166,575	(2,501)	8,237	114,946	15,303	622,812	2,925,372
Changes in equity for the period:							
Total comprehensive income for the financial period	-	-	2,019	-	-	62,998	65,017
Transfer to PRC statutory reserve	-	-	-	6,342	-	(6,342)	-
Dividends	-	-	-	-	-	(31,626)	(31,626)
Balance at 30 Jun 2011	2,166,575	(2,501)	10,256	121,288	15,303	647,842	2,958,763

Unaudited Statements of Changes in Equity (Continued)

Attributable to equity holders of the Company

<u>Group</u>	Share capital RMB'000	Treasury shares RMB'000	Foreign currency translation reserve RMB'000	PRC statutory reserve RMB'000	Share option reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 Jan 2010	1,078,287	(2,501)	(6,543)	86,845	15,159	389,846	1,561,093
Changes in equity for the period:							
Total comprehensive income for the financial period	-	-	645	-	-	48,128	48,773
Dividends	-	-	-	-	-	(11,675)	(11,675)
Transfer to PRC statutory reserve	-	-	-	4,407	-	(4,407)	-
Share based payment expense	-	-	-	-	282	-	282
Balance at 31 Mar 2010 and 1 Apr 2010	1,078,287	(2,501)	(5,898)	91,252	15,441	421,892	1,598,473
Changes in equity for the period:							
Total comprehensive income for the financial period	-	-	(1,629)	-	-	54,621	52,992
Transfer to PRC statutory reserve	-	-	-	4,653	-	(4,653)	-
Dividends	-	-	-	-	-	(11,892)	(11,892)
Balance at 30 Jun 2010	1,078,287	(2,501)	(7,527)	95,905	15,441	459,968	1,639,573

Unaudited Statements of Changes in Equity (Continued)

<u>Company</u>	Share capital RMB'000	Treasury shares RMB'000	Foreign currency translation reserve RMB'000	PRC statutory reserve RMB'000	Share option reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 Jan 2011	2,166,575	(2,501)	57,217	-	15,303	61,769	2,298,363
Total comprehensive income for the financial period	-	-	33,388	-	-	(4,837)	28,551
Balance at 31 Mar 2011 and 1 Apr 2011	2,166,575	(2,501)	90,605	-	15,303	56,932	2,326,914
Total comprehensive income for the financial period	-	-	27,725	-	-	(6,097)	21,628
Dividends	-	-	-	-	-	(31,626)	(31,626)
Balance at 30 Jun 2011	2,166,575	(2,501)	118,330	-	15,303	19,209	2,316,916

Unaudited Statements of Changes in Equity (Continued)

<u>Company</u>	Share capital RMB'000	Treasury shares RMB'000	Foreign currency translation reserve RMB'000	PRC statutory reserve RMB'000	Share option reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 Jan 2010	1,078,287	(2,501)	(4,379)	-	15,159	8,036	1,094,602
Total comprehensive income for the financial period	-	-	2,645	-	-	8,191	10,836
Dividends	-	-	-	-	-	(11,675)	(11,675)
Share based payment expense	-	-	-	-	282	-	282
Balance at 31 Mar 2010 and 1 Apr 2010	1,078,287	(2,501)	(1,734)	-	15,441	4,552	1,094,045
Total comprehensive income for the financial period	-	-	(6,836)	-	-	8,657	1,821
Dividends	-	-	-	-	-	(11,892)	(11,892)
Balance at 30 Jun 2010	1,078,287	(2,501)	(8,570)	-	15,441	1,317	1,083,974

Unaudited Statement of Cash Flows

	1H2011 RMB'000	1H2010 RMB'000
Cash flows from operating activities:		
Profit before income tax expense	165,368	123,769
Adjustments for:		
Depreciation of property, plant and equipment	32,978	24,394
Share of profits of an associate	(9,758)	(19,967)
Share-based payment expense	-	282
Amortisation of land use rights and prepaid rental	1,383	1,075
Interest income	(2,626)	(1,383)
Interest expenses	3,868	2,396
Operating profits before changes in working capital	191,213	130,566
Changes in working capital		
Inventories	(101,949)	(30,111)
Trade and other receivables	(319,158)	(97,742)
Trade and other payables	104,704	81,454
Cash (used in)/ generated from operations	(125,190)	84,167
Interest received	2,626	1,383
Interest paid	(3,868)	(2,396)
Income tax paid	(34,939)	(16,355)
Net cash (used in)/ from operating activities	(161,371)	66,799
Cash flows from investing activities:		
Purchases of property, plant and equipment	(208,545)	(276,662)
Decrease in pledged bank deposits	18,823	10,123
Interest paid and capitalised	(19,497)	(13,451)
Decrease in financial asset	2,000	-
Net cash used in investing activities	(207,219)	(279,990)
Cash flows from financing activities		
Dividends paid	(31,626)	(23,567)
Repayment of bank borrowings	(445,280)	(356,520)
Proceeds from bank borrowings	471,000	601,620
Net cash (used in)/ from financing activities	(5,906)	221,533
Net (decrease)/ increase in cash and cash equivalents	(374,496)	8,342
Cash and cash equivalents at beginning of period	1,253,056	492,568
Net effect of exchange rate changes in cash and cash equivalents	8,930	(475)
Cash and cash equivalents at end of period	887,490	500,435

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2011

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act"), the SFRS including related interpretation of SFRS ("INT SFRS") issued by the Singapore Accounting Standards Council and the Listing Rules on the Stock Exchange.

The presentation currency of the Group has been changed from Singapore Dollar ("S\$") to Chinese Yuan ("RMB") as the majority of the Group's sales and earnings originate in RMB and the change of presentation currency to RMB will more closely align the Group external financial reporting with the profile of the Group.

The preparation of financial statements in conformity with SFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2. ADOPTION OF NEW OR AMENDED SFRS

The Group adopted all the relevant new/revised SFRS and INT SFRS that were effective for annual periods beginning on or after 1 January 2011.

The adoption of new/revised SFRS and INT SFRS did not result in any substantial changes to the Group's accounting policies nor had any significant impact on the Group's financial statements as compared to before the adoption of the new/revised SFRS and INT SFRS.

3. TURNOVER

Revenue recognised as turnover of the Group is as follow:

	For the six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Sales of aluminium extrusion products	591,750	439,867
Sales of polyethylene pipes	18,639	17,688
Total	<u>610,389</u>	<u>457,555</u>

4. SEGMENT INFORMATION

<u>For the six months ended 30 June 2011</u>	Aluminium Alloy Division RMB'000	Polyethylene Pipe Division RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	591,750	18,639	-	610,389

RESULT

Segment result	173,669	746	-	174,415
Unallocated corporate expenses	-	-	(11,185)	(11,185)
Finance costs	(7,518)	(101)	(1)	(7,620)
Share of profits of an associate	-	-	9,758	9,758
Profit before income tax expense				165,368
Income tax expense				(42,013)
Profit attributable to shareholders				123,355

OTHER INFORMATION

Additions of property, plant and equipment	208,262	21	262	208,545
Depreciation of property, plant and equipment	30,894	2,027	57	32,978
Amortisation of land use rights and prepaid rental	1,341	42	-	1,383

BALANCE SHEET

<u>As at 30 June 2011</u>	Aluminium Alloy Division RMB'000	Polyethylene Pipe Division RMB'000	Unallocated RMB'000	Total RMB'000
Assets				
Segment assets	3,484,603	188,554	94,445	3,767,602
Interest in an associate				213,106
				3,980,708
Liabilities				
Segment liabilities	1,017,178	4,211	556	1,021,945

<u>For the six months ended 30 June 2010</u>	Aluminium Alloy Division RMB'000	Polyethylene Pipe Division RMB'000	Unallocated RMB'000	Total RMB'000
Revenue	439,867	17,688	-	457,555

RESULT

Segment result	115,650	879	-	116,529
Unallocated corporate expenses	-	-	(7,810)	(7,810)
Finance costs	(4,545)	(367)	(5)	(4,917)
Share of profits of an associate	-	-	-	19,967
Profit before income tax expense				123,769
Income tax expense				(21,020)
Profit attributable to shareholders				<u>102,749</u>

OTHER INFORMATION

Additions of property, plant and equipment	290,103	5	19	290,127
Depreciation of property, plant and equipment	22,356	1,965	73	24,394
Amortisation of land use rights and prepaid rental	1,031	44	-	1,075

BALANCE SHEET

<u>As at 30 June 2010</u>	Aluminium Alloy Division RMB'000	Polyethylene Pipe Division RMB'000	Unallocated RMB'000	Total RMB'000
Assets				
Segment assets	2,138,729	169,698	34,316	2,342,743
Interest in an associate				181,878
				<u>2,524,621</u>
Liabilities				
Segment liabilities	854,110	18,757	12,181	<u>885,048</u>

For the six months ended 30 June 2011, revenue contribution from our Aluminium Alloy Division accounted for about 96.9% of our total Group revenue for 1H2011 as compared to about 96.1% for 1H2010. Polyethylene Pipe Division accounted for about 3.1% and 3.9% of our total Group revenue for 1H2011 and 1H2010 respectively.

5. PROFIT BEFORE INCOME TAX EXPENSE

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Cost of inventories recognised as expenses	400,491	308,888
Depreciation of property, plant and equipment	32,978	29,394
Amortisation of prepaid rental and land use rights	1,383	1,075
Operating lease rentals - properties	823	596
	<hr/>	<hr/>

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Current – Singapore		
Under provision for income tax in prior financial year	175	-
Current - PRC		
Provision for income tax for the period	41,838	21,020
Income tax expense	<hr/>	<hr/>

The Company is incorporated in Singapore and accordingly, is subject to income tax rates of 17% (1H2010: 17%).

Pursuant to the income tax rules and regulations of the PRC, PRC subsidiaries are liable to PRC enterprise income tax at a rate of 25% during the six months ended 30 June 2011 (1H2010: 25%) except for the following:

- Jilin Midas is entitled to exemption from PRC enterprise income tax for its profit derived from its second production line for two years commencing from its first profit making year in 2006, followed by a 50% reduction in PRC enterprise income tax for the next three years till 2010.

7. DIVIDENDS

	For the six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Final dividend of S\$0.0025 per share in respect of the financial year ended 2009	-	11,675
2010 first interim dividends of S\$0.0025 per ordinary share	-	11,892
Final dividend of S\$0.005 per share paid in respect of the financial year ended 2010	31,626	-
	<u>31,626</u>	<u>23,567</u>

The Board recommended and proposed an interim tax-exempt dividend[#] of S\$0.005 (2010: S\$0.0025) per ordinary share in respect of the six months ended 30 June 2011 under the exempt-1-tier system. The above proposed interim dividends had not been recognised as a liability at the end of reporting period.

[#]With effect from 1 January 2003, Singapore has adopted a one-tier corporate tax system under which tax paid by a resident company on its chargeable income is a final tax. All dividends paid are tax exempt in the hands of its shareholders. There is no withholding tax on dividend payments to all shareholders.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2011 RMB'000	2010 RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share, being profit for the period attributable to owners of the Company	<u>123,355</u>	<u>102,749</u>

	For the six months ended 30 June	
	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,217,617,800	964,367,800
Effect of dilutive potential ordinary shares:		
Effects of dilution – Share options	1,785,113	3,110,591
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,219,402,913	967,478,391

	For the six months ended 30 June	
	2011 RMB Fen	2010 RMB Fen
Basic earnings per share	10.13	10.65
Diluted earnings per share	10.12	10.62

A batch of 4,000,000 (1H2010: 4,000,000) share options did not have dilutive effect on the Group's earnings per share because the average market price per ordinary share of the Company during the period was below the exercise price of the share option granted.

9. TRADE RECEIVABLES

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Trade receivables – third parties	566,975	419,278
– associate	31,490	11,254
	598,465	430,532
Allowance for doubtful trade receivables	(1,566)	(1,833)
Total trade receivables	596,899	428,699

Trade receivables are non-interest bearing and are generally on 90 to 120 days credit terms.

The ageing analysis of the Group's trade receivables at the end of reporting period is as follows:

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Within 90 days	347,545	333,036
Over 90 days and within 120 days	124,207	92,954
Over 120 days and within 6 months	74,211	1,521
Over 6 months and within 1 year	49,148	1,224
Over 1 year and within 2 years	3,126	1,510
Over 2 years	230	287
	<u>598,465</u>	<u>430,532</u>

10. TRADE PAYABLES

Trade payables are normally settled on 30 to 90 days terms.

The ageing analysis of the Group's trade payables at the end of reporting period is as follows:

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Within 90 days	148,215	41,807
Over 90 days and within 6 months	2,064	7,691
Over 6 months and within 1 year	63	174
Over 1 years	213	-
	<u>150,555</u>	<u>49,672</u>

11. CONTINGENT LIABILITIES

As at 30 June 2011, the Group has no material contingent liabilities (31 December 2010: Nil).

12. CAPITAL COMMITMENTS

	As at 30 June 2011 RMB'000 (Unaudited)	As at 31 December 2010 RMB'000 (Audited)
Commitments for the acquisition of property, plant and equipment:		
-Contracted but not provided for	198,939	266,959