



**Midas Holdings Limited**

麦达斯控股有限公司

Registration No: 200009758W

## NEWS RELEASE

### MIDAS' 2006 INTERIM REVENUE INCREASES 36.6%

- Aluminium Alloy division continues to grow despite capacity constraints
- Declares 2QFY06 interim dividend of 0.25 Singapore cents per ordinary share

#### 1HFY06 Financial Highlights:

	1HFY06 S\$' million	1HFY05 S\$' million	Change %
Revenue	45.3	33.1	+ 36.6
Gross Profit	13.9	12.9	+ 8.1
Net Profit	8.9	8.1	+ 9.6

#### 2QFY06 Financial Highlights:

	2QFY06 S\$' million	2QFY05 S\$' million	Change %
Revenue	23.8	16.4	+44.9
Gross Profit	7.0	6.3	+11.4
Net Profit	4.5	4.0	+12.4
EPS (cents)	0.56	0.52	+7.7

Singapore, August 4, 2006 - Midas Holdings Limited ("Midas" or the "Group") (麦达斯控股有限公司), one of the leading manufacturers of aluminium alloy extrusion products and polyethylene pipes ("PE pipes") for the infrastructure and transport industries in the PRC, today announced that the Group's revenue increased 36.6% to S\$45.3 million for the six months ended June 30, 2006 ("1HFY06"). The increase was a result of higher

revenue at the Group's Aluminium Alloy Division despite its tight capacity constraints and maiden revenue contribution from its Agency and Procurement Division. Net profit attributable to shareholders increased 9.6% to S\$8.9 million as compared to the S\$8.1 million achieved in the previous corresponding period ("1HFY05").

Commenting on the Group's performance, Mr Patrick Chew, (周华光) CEO of Midas said, "Although we faced capacity constraints at our Aluminium Alloy Division in the first half of FY2006, we achieved revenue growth of approximately 38.0% in 2QFY06 compared to 2QFY05. Our second aluminium alloy extrusion line has commenced operations in July 2006 as planned. This has doubled our annual capacity to 20,000 tonnes. We are working towards clinching more contracts, at the same time, optimizing our production capacity to achieve higher efficiency."

The Group's Aluminium Alloy Division continued to be the key revenue contributor, contributing S\$15.1 million or 63.4% to the Group's total revenue in the second quarter ("2QFY06"). The transport industry remained the major revenue contributor to the Aluminium Alloy Division in 1HFY06, accounting for 45.0% of the division's revenue.

Midas has announced on August 2, 2006 that its Aluminium Alloy Division has been granted 50.0% tax relief for the next three financial years, commencing from FY2007. Therefore, the enterprise income tax rate for this division from FY2007 to FY2009 will be 15.0%.

The Group's PE Pipe Division recorded a revenue contribution of S\$4.5 million in 2QFY06 compared to S\$5.5 million in 2QFY05.

Gross profit margin for the group for 1HFY06 was 30.7%. This takes into account gross profit margin of approximately 2 – 5% at its Agency and Procurement Division. This new division started operations in FY2006 and is expected to contribute positively in the future.

Administrative expenses increased 20.7% year-on-year, mainly due to operating expenses incurred by the newly set up Agency and Procurement Division.

Looking ahead, the Group's Aluminium Alloy Division is expected to continue to grow in tandem with the PRC rail transport industry. Many PRC cities are planning to build new metro train systems to ease the increasing traffic congestion. The first tier cities, which currently have metro train systems are also embarking on projects to expand and extend their current metro train systems.

In addition, the PRC government has plans to build many high-speed inter-city commuter train networks, such as the just announced Beijing to Shenzhen High Speed Train Project, Beijing to Shanghai High Speed Train Project and the Shanghai to Hangzhou Magnetic Levitation Train Project.

As a PRC certified supplier by the global train manufacturers, the Group is optimistic that it is well positioned to ride on this growth trend.

“Our good reputation established over the years and our quality products have not only earned us recognition from the top train makers in the world, but also attest to our market position in the PRC rail transport industry as we continue to secure a major portion of the major projects in the PRC. Besides securing the Changchun City Light Rail Transit Phase 1 Project, we also managed to strengthen our foothold in the export market where we were awarded the second contract for Siemen's Metro Oslo Project MX. We are selected as the sole PRC supplier of aluminium alloy train car body profiles for the Beijing to Tianjin High Speed Train Project. Going forward, we will continue to seize the growth opportunities both locally and in the overseas market,” said Mr Chew.

Midas' 32.5% stake in Nanjing Puzhen Rail Transport Co., Ltd will allow the Group to integrate its aluminium alloy business to include manufacturing and sale of metro trains, bogies and their related parts. Upon the completion of the setting up of the joint venture company, Nanjing Puzhen Rail Transport Co., Ltd, will be one of only four companies in the PRC licensed to undertake nationwide metro train projects.

The Group will strengthen its foothold in the renewal and replacement markets for PRC municipals gas and water infrastructure projects for its PE Pipe Division. It will also work on increasing the business volume at its Agency and Procurement Division.

To reward its shareholders, the Group has proposed a 2nd interim one-tier tax-exempt dividend of 0.25 Singapore cents per ordinary share.

### **About Midas Holdings Limited**

Founded in 2000, Midas is today a leading manufacturer of aluminium alloy extrusion products and PE pipes, primarily for the transportation and infrastructure sectors in the PRC. It is a PRC certified supplier to the world's largest train manufacturers, ALSTOM, Siemens and Changchun Bombardier. Midas has set up a new division "Agency and Procurement Division" in late 2005 to handle the import, export and wholesale of aluminium alloy, PE pipes, metal materials and other related products. The division also acts as a procurement centre for the other two business divisions.

Its customers include MNCs and state-owned companies such as ALSTOM Transport SA, Siemens International Trading Ltd. and Changchun Railway Vehicles Co., Ltd. The Group is also involved in high profile projects such as the Beijing to Tianjin High Speed Train Project, Regional Line Project, Shanghai MRT Line 1 Extension 2 Project, Shanghai MRT Line 1 Extension Project, Shanghai Yangpu MRT Line Phase 1, Shanghai Pearl Line Project, Metro Oslo MRT in Norway, Guangzhou MRT Line 3, Tianjin MRT, Nanjing MRT Line 1, Changchun City Light Rail Transit Phase 1 Project, the Circle Line Project in Singapore, Beijing Airport Terminal 3 and the Shenzhen Exhibition Centre.

In April 2006, the Group has signed an agreement to establish a joint venture company, Nanjing Puzhen Rail Transport Co., Ltd. with four other parties to engage in the development, manufacturing and sale of metro trains, bogies and their related parts.

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