



MIDAS

INTERNATIONAL Interim Report

Holdings Limited 2013

(Incorporated in the Cayman Islands with limited liability) Stock Code: 1172

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CORPORATE INFORMATION

Honorary Chairman	Mr. Chuang Shaw Swee, Alan
Board of Directors	Executive Directors Mr. Hung Ting Ho, Richard (Chairman and Managing Director) Miss Chuang Ka Wai, Candy Mr. Chuang Ka Kam, Geoffrey Non-Executive Director Mr. Dominic Lai Independent Non-Executive Directors Mr. Shek Lai Him, Abraham, S.B.S., J.P. Dr. Li Sau Hung, Eddy, B.B.S., J.P. Mr. Yau Chi Ming
Audit Committee	Mr. Shek Lai Him, Abraham, S.B.S., J.P.* Dr. Li Sau Hung, Eddy, B.B.S., J.P. Mr. Yau Chi Ming Mr. Dominic Lai
Nomination Committee	Mr. Shek Lai Him, Abraham, S.B.S., J.P.* Dr. Li Sau Hung, Eddy, B.B.S., J.P. Mr. Dominic Lai
Remuneration Committee	Mr. Yau Chi Ming* Mr. Shek Lai Him, Abraham, S.B.S., J.P. Mr. Dominic Lai
Corporate Governance Committee	Mr. Hung Ting Ho, Richard* Miss Chuang Ka Wai, Candy Mr. Chuang Ka Kam, Geoffrey
Company Secretary	Ms. Lee Wai Ching
Auditor	PricewaterhouseCoopers 22nd Floor, Prince's Building 10 Chater Road Central Hong Kong

* *Chairman of the relevant committee*

CORPORATE INFORMATION *(Continued)*

Registrars

Principal Registrar

HSBC Trustee (Cayman) Limited
P.O. Box 484, HSBC House, 68 West Bay Road
Grand Cayman, KY1-1106
Cayman Islands

Registrar in Hong Kong

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

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

25th Floor, Alexandra House
18 Chater Road
Central
Hong Kong
Website: <http://www.midasprinting.com>

CORPORATE INFORMATION *(Continued)*

**Other Offices in Hong Kong
and in the People's
Republic of China
(the "PRC")**

Tsuen Wan Office

1st Floor
100 Texaco Road, Tsuen Wan
New Territories
Hong Kong

**Guangdong Boluo Yuanzhou Midas
Printing Limited**

Boluo Yuanzhou Town Xianan
Administration District
Huizhou, Guangdong
The PRC

Dongguan Midas Printing Company Limited

Dezheng Zhonglu
Changan, Dongguan, Guangdong
The PRC

**Fortune Wealth Memorial
Park (Si Hui) Limited**

Jiang Gu
Si Hui, Guangdong
The PRC

Stock Code

1172

MANAGEMENT DISCUSSION ON RESULTS

The Board of Directors (the “Board”) of Midas International Holdings Limited (the “Company”) presents the interim report including the interim financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30th September, 2012. The condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the six months ended 30th September, 2012, and the condensed consolidated statement of financial position as at 30th September, 2012 along with the notes thereon, are set out on pages 15 to 30 of this report.

FINANCIAL REVIEW

The Group recorded a turnover of HK\$157.4 million (2011: HK\$176.7 million) for the period under review, which represented a decrease of 10.9% compared to that of last period. Turnover comprised revenue from printing business of HK\$153.7 million (2011: HK\$173.0 million) and revenue from cemetery business of HK\$3.7 million (2011: HK\$3.7 million).

During the period, the Group managed to improve the profit margin by reduction in production costs and enhancement of efficiency in the printing operation. This resulted in increase of gross profit ratio from 18.5% in last period to 19.7% in this period. However, due to drop in turnover, gross profit decreased by 5.2% to HK\$31.0 million (2011: HK\$32.7 million).

Other income and net gain increased to HK\$9.9 million (2011: HK\$5.6 million) which was mainly due to the gain arising from disposal of property, plant and equipment of HK\$4.2 million. In line with the drop in turnover, selling and marketing expenses decreased to HK\$12.4 million (2011: HK\$13.6 million). Administrative and other operating expenses decreased to HK\$43.7 million (2011: HK\$47.4 million) which was due to stringent cost control measures adopted in the period. Finance costs reduced to HK\$7.5 million for the period (2011: HK\$8.7 million) which was mainly attributable to the reduction of bank loan usage and full repayment of convertible note with principal value of HK\$16.7 million in June of 2011.

Taking all the above factors into account, the Group recorded a loss attributable to equity holders of the Company of HK\$22.0 million for the period under review (2011: HK\$28.9 million). Loss per share amounted to 1.0 HK cent (2011: 1.8 HK cents).

INTERIM DIVIDEND

In view of the loss incurred by the Group, the Board has decided not to recommend the payment of an interim dividend for the period under review (2011: Nil).

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW

(A) Printing Business

The global economic slowdown still weakened consumer confidence prevalent across worldwide markets. Multinational publishers and retailers hesitated to place sales orders due to this sluggish consumer sentiment, especially during the period from April to July of 2012, causing a decline in the printing turnover of 11.2% for the period under review.

However, despite the uncertain economic environment, the Group continued to strengthen its sales team, cultivate its relationship with loyal customers, and explore new customers all over the world. This led to a gradual improvement, since August of 2012, in sales orders received and the Group believed that this trend will continue in the second half of this financial year.

Apart from the marketing effort aspects, the Group was also focusing on implementing effective measures to manage the printing costs. Continuous growth in material costs and labour wages adversely impacted the profitability of all printing business in the People's Republic of China (the "PRC"). In order to mitigate the negative impacts, the Group had implemented effective control, through its ERP (Enterprises Resources Planning) system, so as to continuously improve its production scheduling and workflow process. By providing real-time management information and executing just-in-time production management, the Group was able to lower its production costs and improve its printing profit margin.

During the period, the Group has installed an internet portal proofing system to facilitate clients to deliver, correct and approve printing files on the web platform. An increasing number of clients have confidence in and adopted this new system to transfer and edit their printing files. This has effectively reduced the pre-press preparation time and avoid miscommunications.

The Group has acquired an industrial land site located at Coastal Industry Zone in Shatian, Dongguan, for long term production purpose. It covers an area of approximately 78,000 sq. m. which is capable of developing into a factory complex with total gross floor area of 120,000 sq. m.. Foundation work for part of the initial phase of development was near completion.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(B) Property Business – Cemetery

The Group's another focus of investment is cemetery operations and development. During the period, the Group recorded a turnover of HK\$3.7 million (2011: HK\$3.7 million) for its cemetery business. The Group continued to expand its marketing network and conducted a series of promotional campaigns so as to boost publicity. Through all these marketing efforts, the Group maintained sales level during the period under review.

Our cemetery comprises a site of 518 mu, of which 100 mu have commenced development, and an adjacent site of 4,482 mu has been reserved, making up a total of 5,000 mu. Upon full development of the cemetery, the Group will have a total of approximately 186,700 grave plots and 2,168,000 niches for cremation urns for sale.

In the development aspects, the Group has completed, in January of 2012, 421 grave plots on a piece of vacant land within the existing 100 mu of land, so as to increase the number of grave plots available for sales. In future, the Group will add 2,305 grave plots on this land to further enhance the return to our shareholders.

LIQUIDITY AND FINANCIAL POSITIONS

As at 30th September, 2012, cash and bank balances of the Group amounted to HK\$113.5 million (31st March, 2012: HK\$131.1 million) whereas bank borrowings as at the same date amounted to HK\$73.6 million (31st March, 2012: HK\$50.5 million). The debt to equity ratio (calculated as a percentage of bank borrowings over net asset value attributable to equity holders of the Group) amounted to 14.0% (31st March, 2012: 9.2%). Most of the Group's cash, bank balances and bank borrowings were denominated in Hong Kong dollars and Renminbi. Interest on bank borrowings was charged at variable commercial rates prevailing in Hong Kong and the PRC.

Net asset value attributable to equity holders of the Company as at 30th September, 2012 amounted to HK\$524.4 million, equivalent to about HK\$0.238 per share.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

PROSPECT

While the global economic uncertainty going on, the printing environment will continue to be difficult in 2012. However, the Group is confident that, with a stable sales orders trend and cautious control over its operating costs, it can improve its performance and overcome the turmoil. In order to further enhance return to shareholders, the Group will investigate other means that can better utilize its printing resource in the long run.

The limited supply of grave plots and the rise of aged population in Guangdong Province continued to enhance the demand and price of prestigious grave plots. With the well established reputation in the cemetery industry, the Group is confident that investment in cemetery business will provide solid and long term contributions.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September, 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), to be notified to the Company and the Stock Exchange were as follows:

(a) Interests in the Company

Name of Director	Number of ordinary shares held	Capacity	Nature of interest	Approximate % of shareholding
Mr. Shek Lai Him, Abraham	30,000	Beneficial owner	Personal interest	0.0014

(b) Interests in Chuang's China Investments Limited

Name of Director	Number of ordinary shares held	Capacity	Nature of interest	Approximate % of shareholding
Miss Chuang Ka Wai, Candy (“Miss Candy Chuang”)	1,076,361	Beneficial owner	Personal interest	0.07

During the period under review, none of the Directors and chief executive of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company or any of its associated corporations.

OTHER INFORMATION *(Continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Other than as disclosed herein, as at 30th September, 2012, none of the Directors and the chief executive of the Company had any interest or short position in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executive of the Company and save as disclosed in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, as at 30th September, 2012, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of shareholder	Number of ordinary shares of the Company held	Capacity
Gold Throne Finance Limited ("Gold Throne")	1,570,869,885 <i>(note 1)</i>	Beneficial owner
Chuang's Consortium International Limited ("CCIL")	1,570,869,885 <i>(note 1)</i>	<i>(note 2)</i>
Evergain Holdings Limited ("Evergain")	1,570,869,885 <i>(note 1)</i>	<i>(note 2)</i>
Chuang Shaw Swee, Alan ("Mr. Alan Chuang")	1,570,869,885 <i>(note 1)</i>	<i>(note 2)</i>
Chong Ho Pik Yu	1,570,869,885 <i>(note 1)</i>	<i>(note 3)</i>
Great Income Profits Limited ("Great Income")	293,095,820 <i>(note 4)</i>	Beneficial owner
Ching Eng Chin ("Mr. Ching")	293,095,820 <i>(note 4)</i>	Interest of controlled corporation

notes:

- Such interests represented 71.17% of the issued ordinary share capital and comprised Gold Throne's interests in 1,341,049,258 shares and 229,820,627 conversion shares to be issued upon the exercise of conversion rights attached to a convertible note due 2014. Gold Throne is a wholly-owned subsidiary of CCIL.

OTHER INFORMATION *(Continued)*

SUBSTANTIAL SHAREHOLDERS *(Continued)*

notes: (Continued)

2. Such interests arose through the interests in the relevant shares owned by Gold Throne. Evergain, a company beneficially owned by Mr. Alan Chuang, is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL. Miss Candy Chuang is a director of CCIL and Evergain. Mr. Chuang Ka Kam, Geoffrey is a director of Evergain.
3. Such interests arose by attribution through her spouse, Mr. Alan Chuang.
4. Such interests represented 13.28% of the issued ordinary share capital and comprised Great Income's interests in 105,876,090 shares and 187,219,730 conversion shares to be issued upon the exercise of conversion rights attached to a convertible note due 2014. Great Income is beneficially owned by Mr. Ching.

Save as disclosed above, as at 30th September, 2012, there was no other person who was recorded in the register of the Company as having interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

SHARE OPTION SCHEME

A new share option scheme (the "Share Option Scheme") of the Company had been adopted by the Company on 29th August, 2012. The purpose of the Share Option Scheme is to recognise the contribution of the eligible persons as defined in the scheme including, inter alia, any director or employee of the Company and its subsidiaries (the "Eligible Persons"), to the growth of the Group and to further motivate the Eligible Persons to continue to contribute to the Group's long-term prosperity. No options have been granted under the Share Option Scheme since its adoption.

OTHER INFORMATION *(Continued)*

CORPORATE GOVERNANCE

As Mr. Hung Ting Ho, Richard took up both roles as the Chairman and the Chief Executive Officer, being the Chairman and Managing Director of the Company, the roles of the chairman and the chief executive officer are not separated pursuant to Code A.2.1 of the code provisions set out in Appendix 14 – Corporate Governance Code (the “CG Code”) of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange. The Board considers that this structure has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions efficiently and consistently. Due to other commitments, an Independent Non-Executive Director and a Non-Executive Director had not attended the 2012 annual general meeting of the Company (the “2012 AGM”) pursuant to Code A.6.7 of the CG Code. All other Executive Directors and Independent Non-Executive Directors had attended the 2012 AGM.

Except mentioned above, the Company has complied throughout the six months ended 30th September, 2012 with the code provisions set out in the CG Code.

The Audit Committee has been established by the Company to review and supervise the Company’s financial reporting process, internal controls and review the relationship with the auditor. The Audit Committee has held meetings in accordance with the relevant requirements. The Group’s unaudited interim results for the period ended 30th September, 2012 have been reviewed by the Audit Committee of the Company and by the Company’s Independent Auditor 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 Hong Kong Institute of Certified Public Accountants. The current members of the Audit Committee are three Independent Non-Executive Directors, Mr. Shek Lai Him, Abraham, Dr. Li Sau Hung, Eddy and Mr. Yau Chi Ming and a Non-Executive Director, Mr. Dominic Lai.

The Company has also adopted the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors of the Company, the Company received confirmations from all Directors that they have complied with the required standard as set out in the Model Code.

OTHER INFORMATION *(Continued)*

UPDATE ON INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes in the information of Directors since the date of the 2012 Annual Report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

- (a) Dr. Li Sau Hung, Eddy, an Independent Non-Executive Director of the Company, had been appointed as a justice of the peace with effect from 30th June, 2012 pursuant to the Justices of the Peace Ordinance.
- (b) Mr. Shek Lai Him, Abraham, an Independent Non-Executive Director of the Company, is also an independent non-executive director of Kosmopolito Hotels International Limited (“KHIL”). KHIL changed its name to Dorsett Hospitality International Limited with effect from 31st August, 2012.
- (c) Mr. Yau Chi Ming, an Independent Non-Executive Director of the Company, had been appointed as an independent non-executive director of CCIL with effect from 3rd September, 2012.
- (d) Miss Candy Chuang, an Executive Director of the Company, resigned as an executive director of Chuang’s China Investments Limited with effect from 25th September, 2012.

DEALING IN THE COMPANY’S SECURITIES

During the six months ended 30th September, 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

STAFF

As at 30th September, 2012, the Group, including its subcontracting processing plants, employed approximately 1,781 staff and workers, with their remuneration normally reviewed annually. The Group also provides its staff with other benefits including year-end double-pay, discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

OTHER INFORMATION *(Continued)*

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

1. The Group has entered into a facility letter, which still subsists as at the date of this report, with a bank for various term loans and trade related facilities up to HK\$92 million. Pursuant to the terms of the facility letter, CCIL is required to beneficially own no less than 38% of the issued share capital of the Company at all times during the subsistence of the banking facilities. As at 30th September, 2012, the balance outstanding was HK\$13 million. The banking facilities are subject to annual review.
2. The Group has entered into a facility letter, which still subsists as at the date of this report, with a bank for various trade related facilities up to HK\$20 million. Pursuant to the terms of the facility letter, CCIL is required to maintain its shareholding in the Company for no less than 35% of the issued share capital of the Company at all times during the subsistence of the banking facilities. As at 30th September, 2012, no balance was outstanding. The banking facilities are subject to annual review.
3. The Group has entered into a facility letter, which still subsists as at the date of this report, with a bank for a term loan, an overdraft facility and trade related facilities up to HK\$29 million. Pursuant to the terms of the facility letter, CCIL is required to remain as the single largest shareholder of the Company at all times during the subsistence of the banking facilities. As at 30th September, 2012, the balance outstanding was HK\$29 million. The banking facilities are subject to annual review.

By order of the Board of
Midas International Holdings Limited
Hung Ting Ho, Richard
Chairman and Managing Director

Hong Kong, 22nd November, 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th September, 2012

	<i>Note</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenues		157,383	176,659
Cost of sales		(126,416)	(143,945)
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Gross profit		30,967	32,714
Other income and net gain	6	9,864	5,565
Selling and marketing expenses		(12,389)	(13,565)
Administrative and other operating expenses		(43,734)	(47,354)
<hr/>			
Operating loss	7	(15,292)	(22,640)
Finance costs	8	(7,465)	(8,691)
<hr/>			
Loss before tax		(22,757)	(31,331)
Income tax credit	9	292	1,506
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Loss for the period		(22,465)	(29,825)
Other comprehensive income:			
Currency translation differences		(2,764)	13,102
<hr/>			
Total comprehensive loss for the period		(25,229)	(16,723)
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Loss for the period attributable to:			
Equity holders of the Company		(22,018)	(28,891)
Non-controlling interests		(447)	(934)
<hr/>			
		(22,465)	(29,825)
<hr/>			
Total comprehensive loss for the period attributable to:			
Equity holders of the Company		(24,311)	(17,936)
Non-controlling interests		(918)	1,213
<hr/>			
Total comprehensive loss for the period		(25,229)	(16,723)
<hr/>			
		<i>HK cent</i>	<i>HK cents</i>
Loss per share (basic and diluted)	<i>11</i>	(1.0)	(1.8)
<hr/>			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30th September, 2012

		30th September, 2012	31st March, 2012
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Prepaid lease payments		62,310	60,323
Property, plant and equipment	12	106,247	112,300
Cemetery assets		487,623	491,619
		<hr/> 656,180 <hr/>	<hr/> 664,242 <hr/>
Current assets			
Inventories	13	41,205	42,869
Cemetery assets		83,854	83,414
Accounts receivables	14	97,199	76,671
Deposits, prepayments and other receivables		12,295	12,430
Prepaid lease payments		–	1,444
Tax recoverable		117	117
Bank balances and cash		113,546	131,128
		<hr/> 348,216 <hr/>	<hr/> 348,073 <hr/>
Current liabilities			
Accounts payables	15	40,027	47,918
Accrued charges and other payables		46,801	48,236
Amount due to a non-controlling shareholder		1,366	1,366
Deferred income		41	36
Tax payable		21,689	21,693
Bank borrowings	16	73,577	50,451
		<hr/> 183,501 <hr/>	<hr/> 169,700 <hr/>
Net current assets		<hr/> 164,715 <hr/>	<hr/> 178,373 <hr/>
Total assets less current liabilities		<hr/> 820,895 <hr/>	<hr/> 842,615 <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) *(Continued)*
As at 30th September, 2012

	30th September, 2012	31st March, 2012
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity		
Share capital	17 220,721	220,721
Reserves	303,688	327,999
	<hr/>	<hr/>
Shareholders' funds	524,409	548,720
Non-controlling interests	69,003	69,921
	<hr/>	<hr/>
Total equity	593,412	618,641
	<hr/>	<hr/>
Non-current liabilities		
Convertible notes	89,639	84,775
Deferred income	1,167	1,002
Deferred income tax	136,677	138,197
	<hr/>	<hr/>
	227,483	223,974
	<hr/>	<hr/>
	820,895	842,615
	<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30th September, 2012

	2012 HK\$'000	2011 HK\$'000
Net cash used in operating activities	(37,307)	(20,240)
Net cash used in investing activities	(1,172)	(8,727)
Net cash from financing activities	20,525	100,780
Net (decrease)/increase in cash and cash equivalents	(17,954)	71,813
Cash and cash equivalents at the beginning of the period	131,128	105,096
Exchange difference on cash and cash equivalents	372	240
Cash and cash equivalents at the end of the period	113,546	177,149
Analysis of cash and cash equivalents		
Bank balances and cash	113,546	177,149

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th September, 2012

	Attributable to equity holders of the Company				Total HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	Shareholders' funds HK\$'000	Non- controlling interests HK\$'000	
At 1st April, 2012	220,721	327,999	548,720	69,921	618,641
Loss for the period	–	(22,018)	(22,018)	(447)	(22,465)
Other comprehensive income:					
Currency translation differences	–	(2,293)	(2,293)	(471)	(2,764)
Total comprehensive loss for the period	–	(24,311)	(24,311)	(918)	(25,229)
At 30th September, 2012	220,721	303,688	524,409	69,003	593,412
At 1st April, 2011	110,360	383,742	494,102	70,230	564,332
Loss for the period	–	(28,891)	(28,891)	(934)	(29,825)
Other comprehensive income:					
Currency translation differences	–	10,955	10,955	2,147	13,102
Total comprehensive (loss)/income for the period	–	(17,936)	(17,936)	1,213	(16,723)
Issue of ordinary shares, net of issue costs	110,361	(3,027)	107,334	–	107,334
At 30th September, 2011	220,721	362,779	583,500	71,443	654,943

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Midas International Holdings Limited (the “Company”) is a limited liability company incorporated in Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Cricket Square, Hutchison Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is 25th Floor, Alexandra House, 18 Chater Road, Central.

As at 30th September, 2012, the Company was a 60.8% owned subsidiary of Gold Throne Finance Limited, a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of Chuang’s Consortium International Limited (“CCIL”), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Directors regard CCIL as the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the “Group”) are manufacturing and trading of printed products, and development and operation of cemetery.

2. BASIS OF PREPARATION

The interim financial information has been prepared under the historical cost convention and in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The interim financial information should be read in conjunction with the annual financial statements for the fifteen months ended 31st March, 2012 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the fifteen months ended 31st March, 2012, except as stated below.

The adoption of revised HKFRSs

In 2012, the Group adopted the following amendments that are effective for the Group’s accounting periods beginning on 1st April, 2012 and relevant to the operations of the Group:

HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Transfers of Financial Assets

The Group has assessed the impact of the adoption of these amendments and considered that there was no significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies and presentation of the interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

2. BASIS OF PREPARATION *(Continued)*

Standards and amendments to existing standards that are not yet effective

The following new and revised standards and amendments have been published which are relevant to the Group's operation and are mandatory for the Group's accounting periods beginning on or after 1st April, 2013, but have not yet been adopted by the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements (effective from 1st July, 2012)
HKAS 19 (Revised)	Employee Benefits (effective from 1st January, 2013)
HKAS 27 (Revised)	Separate Financial Statements (effective from 1st January, 2013)
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective from 1st January, 2014)
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (effective from 1st January, 2013)
HKFRS 9	Financial Instruments (effective from 1st January, 2015)
HKFRS 10	Consolidated Financial Statements (effective from 1st January, 2013)
HKFRS 12	Disclosures of Interests in Other Entities (effective from 1st January, 2013)
HKFRS 13	Fair Value Measurement (effective from 1st January, 2013)

The Group will adopt the above new and revised standards and amendments as and when they become effective and is not yet in a position to state whether any substantial changes to the Group's results of operations and financial position will result.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the fifteen months ended 31st March, 2012. There has been no change in the risk management policies of the Group since the fifteen months ended 31st March, 2012.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Liquidity risk

Compared to 31st March, 2012, there was no material change in the contractual undiscounted cash flows for financial liabilities.

3.3 Fair value estimation

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial information approximate to their fair values.

In 2012, there was no significant change in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities, no transfers of financial assets or financial liabilities between the levels in the hierarchy and no reclassifications of financial assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions applied in the preparation of the interim financial information are consistent with those used in the annual financial statements for the fifteen months ended 31st March, 2012, except the followings:

The management conducted an impairment review of the cash generating unit of the Group's printing business ("Printing CGU") and determined the recoverable amount of the Printing CGU based on the value in use calculation taking into account the estimated useful lives of property, plant and equipment. This calculation uses cash flow projections based on financial budgets approved by the management covering a 10-year period with a discount rate of 6% and using growth rate with a range from 0% to 6% and a perpetual growth rate of 4% after 10 years. The management determined that there was no impairment of the Printing CGU as at 30th September, 2012.

The recoverable amount of the cash generating unit of the Group's cemetery business ("Cemetery CGU") as at 30th September, 2012 has been determined based on the value in use calculation. This calculation uses cash flow projections based on financial budgets approved by the management covering a 10-year period, and a discount rate of 20.89%. Cash flows beyond the 10-year period are extrapolated using a steady growth rate with a range of 4% to 30% depending on the types of the products for another 30-year period. The key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin based on management's expectation on the market development and past sales performance. The management determined that there was no impairment of the Cemetery CGU as at 30th September, 2012.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

5. SEGMENT INFORMATION

(a) Segment information by business lines

The chief operating decision maker has been identified as the Board of Directors (the “Board”). The Board reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board considers the business from a business perspective, including printing, cemetery and corporate. The Board assesses the performance of the operating segments based on a measure of segment result.

The segment information by business lines is as follows:

	Printing <i>HK\$’000</i>	Cemetery <i>HK\$’000</i>	Corporate <i>HK\$’000</i>	Total <i>HK\$’000</i>
2012				
Revenues	153,713	3,670	–	157,383
Other income and net gain	9,517	3	344	9,864
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating loss	(10,199)	(2,945)	(2,148)	(15,292)
Finance costs	(1,467)	–	(5,998)	(7,465)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss before tax	(11,666)	(2,945)	(8,146)	(22,757)
Income tax (charge)/credit	(109)	401	–	292
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss for the period	(11,775)	(2,544)	(8,146)	(22,465)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 30th September, 2012				
Total assets	302,624	588,226	113,546	1,004,396
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	90,647	157,121	163,216	410,984
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2012				
Other segment items are as follows:				
Capital expenditure	5,683	8	–	5,691
Depreciation	11,134	372	–	11,506
Amortisation of prepaid lease payments	818	37	–	855
Impairment loss on accounts receivables	2,000	–	–	2,000
Recovery of accounts receivables previously written off	1,436	–	–	1,436
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

5. SEGMENT INFORMATION *(Continued)*

(a) Segment information by business lines *(Continued)*

	Printing <i>HK\$'000</i>	Cemetery <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Total <i>HK\$'000</i>
2011				
Revenues	172,959	3,700	–	176,659
Other income and net gain	<u>5,275</u>	<u>4</u>	<u>286</u>	<u>5,565</u>
Operating loss	(11,238)	(8,991)	(2,411)	(22,640)
Finance costs	<u>(2,687)</u>	<u>–</u>	<u>(6,004)</u>	<u>(8,691)</u>
Loss before tax	(13,925)	(8,991)	(8,415)	(31,331)
Income tax credit	<u>–</u>	<u>1,506</u>	<u>–</u>	<u>1,506</u>
Loss for the period	<u>(13,925)</u>	<u>(7,485)</u>	<u>(8,415)</u>	<u>(29,825)</u>
As at 31st March, 2012				
Total assets	<u>288,926</u>	<u>592,260</u>	<u>131,129</u>	<u>1,012,315</u>
Total liabilities	<u>101,113</u>	<u>157,335</u>	<u>135,226</u>	<u>393,674</u>
2011				
Other segment items are as follows:				
Capital expenditure	9,073	69	–	9,142
Depreciation	10,040	483	–	10,523
Amortisation of prepaid lease payments and cemetery assets	569	3,829	–	4,398
Impairment loss on accounts receivables	<u>261</u>	<u>–</u>	<u>–</u>	<u>261</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

5. SEGMENT INFORMATION *(Continued)*

(b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues are based on the country in which the customer is located. Non-current assets, total assets and capital expenditure are based on where the assets are located. The segment information by geographical area is as follows:

	Revenues		Capital expenditure	
	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	10,283	15,216	1,429	548
The People's Republic of China (the "PRC")	5,294	6,079	4,262	8,594
United States of America	56,457	63,058	–	–
United Kingdom	33,258	31,577	–	–
Germany	13,621	20,254	–	–
France	19,423	21,292	–	–
Other countries	19,047	19,183	–	–
	157,383	176,659	5,691	9,142

	Non-current assets		Total assets	
	30th September, 2012	31st March, 2012	30th September, 2012	31st March, 2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	3,156	2,617	185,871	192,985
The PRC	653,024	661,625	818,525	819,330
	656,180	664,242	1,004,396	1,012,315

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

6. OTHER INCOME AND NET GAIN

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest income from bank deposits	344	286
Sale of scraped material	2,375	2,404
Recovery of accounts receivables previously written off	1,436	–
Gain on disposal of property, plant and equipment	4,150	129
Net exchange gains	312	–
Sundries	1,247	2,746
	<u>9,864</u>	<u>5,565</u>

7. OPERATING LOSS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Operating loss is stated after charging:		
Cost of inventories sold	93,356	107,470
Depreciation	11,506	10,523
Amortisation of prepaid lease payments and cemetery assets	855	4,398
Impairment loss on accounts receivables	2,000	261
Staff costs, including Directors' emoluments		
Wages and salaries	43,979	49,070
Retirement benefit costs	491	466
	<u>93,356</u>	<u>107,470</u>

8. FINANCE COSTS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest expenses		
Bank borrowings wholly repayable within five years	1,467	2,687
Convertible notes wholly repayable within five years	5,998	6,004
	<u>7,465</u>	<u>8,691</u>

The above analysis shows the finance costs in accordance with the agreed scheduled repayment dates set out in the agreements.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

9. INCOME TAX CREDIT

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current taxation		
PRC corporate income tax	(109)	–
Deferred income tax	401	1,506
	<u>292</u>	<u>1,506</u>

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit for the period (2011: Nil). PRC corporate income tax has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the PRC.

10. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend (2011: Nil).

11. LOSS PER SHARE

The calculation of the loss per share is based on the loss attributable to equity holders of HK\$22,018,000 (2011: HK\$28,891,000) and weighted average number of 2,207,208,000 (2011: 1,625,305,000) shares in issue during the period.

The potential ordinary shares attributable to the assumed conversion of convertible notes have anti-dilutive effect for the six months ended 30th September, 2012 and 2011.

The weighted average number of ordinary shares for the purposes of the calculation of the basic and diluted loss per share for the six months ended 30th September, 2011 had been adjusted for the calculation of effect of the bonus element in connection with the rights issue of the Company completed in July 2011.

12. PROPERTY, PLANT AND EQUIPMENT

For the six months ended 30th September, 2012, the Group acquired property, plant and equipment for a cash consideration of approximately HK\$5,691,000 (2011: HK\$9,142,000).

13. INVENTORIES

	30th September, 2012 <i>HK\$'000</i>	31st March, 2012 <i>HK\$'000</i>
Inventories of printing business		
Raw materials	24,171	21,412
Work in progress	11,296	12,594
Finished goods	5,738	8,863
	<u>41,205</u>	<u>42,869</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

14. ACCOUNTS RECEIVABLES

The Group allows a credit period ranging from 30 days to 180 days to its trade customers of the printing business. Sales proceeds receivables from cemetery operation are settled in accordance with the terms of respective contracts. The aging analysis of the accounts receivables based on invoice dates is as follows:

	30th September, 2012 HK\$'000	31st March, 2012 HK\$'000
Below 30 days	28,029	27,965
31 to 60 days	27,017	16,497
61 to 90 days	17,031	10,836
Over 90 days	25,122	21,373
	97,199	76,671

15. ACCOUNTS PAYABLES

The following is an aging analysis of accounts payables presented based on the suppliers' invoice date.

	30th September, 2012 HK\$'000	31st March, 2012 HK\$'000
Below 30 days	15,838	22,646
31 to 60 days	12,352	10,660
Over 60 days	11,837	14,612
	40,027	47,918

16. BANK BORROWINGS

	30th September, 2012 HK\$'000	31st March, 2012 HK\$'000
Unsecured long-term bank borrowings	16,080	18,720
Unsecured short-term bank borrowings	42,857	14,511
Secured short-term bank borrowings	14,640	17,220
Total bank borrowings	73,577	50,451

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

16. BANK BORROWINGS *(Continued)*

The long-term bank borrowings are analysed as follows:

	30th September, 2012 HK\$'000	31st March, 2012 HK\$'000
Long-term bank borrowings		
Wholly repayable within five years*	16,080	18,720
Current portion included in current liabilities		
Portion due within one year	(5,280)	(5,280)
Portion due after one year which contains a repayment on demand clause	(10,800)	(13,440)
	(16,080)	(18,720)
	–	–

* *Ignoring the effect of any repayment on demand clause*

The bank borrowings are repayable in the following periods based on the agreed scheduled repayment dates set out in the loan agreements:

	30th September, 2012 HK\$'000	31st March, 2012 HK\$'000
Within one year	62,777	37,011
Second year	5,280	5,280
Third to fifth years	5,520	8,160
	73,577	50,451

As at 30th September, 2012, bank borrowings of HK\$14,640,000 (31st March, 2012: HK\$17,220,000) were secured by the Group's property, plant and equipment with an aggregate carrying value of approximately HK\$11,428,000 (31st March, 2012: HK\$11,757,000).

Bank borrowings amounting to HK\$29,722,000 as at 30th September, 2012 included covenants that require the maintenance of certain financial covenants. As at 30th September, 2012, certain of these financial covenants were not met by the Group. Consequently, these bank borrowings became repayable on demand as at 30th September, 2012 and are classified as current liabilities.

Subsequent to 30th September, 2012, the Group has obtained written consent from the relevant bank that the bank agreed not to demand immediate payment as a result of the breach of financial covenants. The Board is of the opinion that the breach of covenants will not affect the financial position of the Group.

NOTES TO THE INTERIM FINANCIAL INFORMATION *(Continued)*

17. SHARE CAPITAL

	30th September, 2012 HK\$'000	31st March, 2012 HK\$'000
<i>Authorised</i>		
4,000,000,000 ordinary shares of HK\$0.1 each	400,000	400,000
1,000,000,000 series A preference shares of HK\$0.01 each	10,000	10,000
1,000,000,000 series B preference shares of HK\$0.01 each	10,000	10,000
	20,000	20,000
<i>Issued and fully paid</i>		
2,207,208,278 ordinary shares of HK\$0.1 each	220,721	220,721

18. CAPITAL COMMITMENTS

As at 30th September, 2012, the Group has capital expenditure commitments contracted but not provided for in respect of property, plant and equipment amounting to HK\$65,000 (31st March, 2012: HK\$73,000).