



MIDAS
INTERNATIONAL
HOLDINGS
LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1172

Interim Report 2014

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CORPORATE INFORMATION

Honorary Chairman	Mr. Alan Chuang Shaw Swee
Board of Directors	Executive Directors Mr. Richard Hung Ting Ho <i>(Chairman and Managing Director)</i> Miss Candy Chuang Ka Wai Mr. Geoffrey Chuang Ka Kam Non-Executive Director Mr. Dominic Lai Independent Non-Executive Directors Mr. Abraham Shek Lai Him, G.B.S., J.P. Dr. Eddy Li Sau Hung, B.B.S., J.P. Mr. Yau Chi Ming
Audit Committee	Mr. Abraham Shek Lai Him, G.B.S., J.P.* Dr. Eddy Li Sau Hung, B.B.S., J.P. Mr. Yau Chi Ming Mr. Dominic Lai
Nomination Committee	Mr. Abraham Shek Lai Him, G.B.S., J.P.* Dr. Eddy Li Sau Hung, B.B.S., J.P. Mr. Dominic Lai
Remuneration Committee	Mr. Yau Chi Ming* Mr. Abraham Shek Lai Him, G.B.S., J.P. Mr. Dominic Lai
Corporate Governance Committee	Mr. Richard Hung Ting Ho* Miss Candy Chuang Ka Wai Mr. Geoffrey Chuang Ka Kam
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 condensed interim financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30th September, 2013. 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, 2013, and the condensed consolidated statement of financial position as at 30th September, 2013 along with the notes thereon, are set out on pages 14 to 30 of this report.

FINANCIAL REVIEW

The principal activities of the Group were printing business and property business. Printing business comprised of manufacture and sale of printed products including art books, packaging box and children’s books while property business focused on the development and operation of cemetery in the People’s Republic of China (the “PRC”).

Revenues of the Group during the period amounted to HK\$186.0 million (2012: HK\$157.4 million), representing an increase of 18.2% from that of last year, principally as a result of increase in printing product sales. Revenues of the Group comprised of income from printing business of HK\$180.5 million (2012: HK\$153.7 million) and income from cemetery business of HK\$5.5 million (2012: HK\$3.7 million).

As a result of the increase in revenues, gross profit during the period increased by 37.4% to HK\$42.6 million (2012: HK\$31.0 million). Gross profit margin of the Group increased from 19.7% to 22.9%. The improvement was mainly resulted from increment of revenues and effective cost control in raw materials. Other income and net gain decreased to HK\$4.4 million (2012: HK\$9.9 million) mainly due to the absence of a gain arising on disposal of property, plant and equipment recorded in 2012.

On the costs side, selling and marketing expenses amounted to HK\$13.0 million (2012: HK\$12.4 million). The selling and marketing expenses to revenues ratio decreased from 7.9% in the last corresponding period to 7.0% during the period. Administrative and other operating expenses amounted to HK\$43.0 million (2012: HK\$43.7 million). The administrative and other operating expenses to revenues ratio decreased from 27.8% in the last corresponding period to 23.1% during the period. The reduction in both ratios was driven by tight control of operating costs. During the period, interest expense for a convertible note was capitalized and, therefore, the finance costs were reduced to HK\$5.7 million (2012: HK\$7.5 million).

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

FINANCIAL REVIEW *(Continued)*

Taking the above into account, loss attributable to equity holders of the Company for the period ended 30th September, 2013 amounted to HK\$14.3 million (2012: HK\$22.0 million). Loss per share amounted to 0.6 HK cent (2012: 1.0 HK cent).

DIVIDEND

In view of the loss incurred by the Group during the period under review, the Board has decided not to recommend the payment of an interim dividend for the period (2012: nil).

BUSINESS REVIEW

(A) Printing Business

Rapid development in digital publishing and persistent global economic uncertainty, in particular in the United States of America and Europe, continued to dampen the global printing demand. This environment caused closure of small printing service providers and accelerated the consolidation within the printing industry. With the Group's established reputation and superior track record with its customers, this trend has benefited the Group as it enables the Group to capture more market share. As a result, during the period under review, the Group achieved a moderate sales growth of 17.4% in the printing division.

In the cost aspects, the Group has successfully streamlined its production process and tightened cost control with the ERP system. Accordingly the Group achieved improved operation efficiency and improved gross profit margin. The Group will continue to enhance the monitoring function in the ERP system and is confident that there will be further enhancement in the gross profit margin of the printing business in the coming years.

The Group's industrial land site located at Coastal Industry Zone in Shatian, Dongguan has an area of approximately 78,000 sq. m.. Upon full development, the land site is capable of developing into a factory complex with total gross floor area of 120,000 sq. m.. Foundation works have been completed and construction of a dormitory was nearing completion. In order to maximize the utilization of this asset, the Group has expanded the business scope of the land owner to include warehouse operations and will continue to explore alternate usage plan, including wholly or partially leasing out or disposing of the land site to third parties, so as to maximize its value to the shareholders.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

BUSINESS REVIEW *(Continued)*

(A) **Printing Business** *(Continued)*

The Group's another factory site is located near the city centre of the Changan, Dongguan. Its surrounding area is well developed and occupied by premium residential and commercial buildings. In view of its high development potential, the local government is considering to rezone and develop the nearby area into an integrated commercial and residential district. The Group has already substantially scaled down its production in the Changan factory and is awaiting final rezoning decision from the local government. Once the government's decision is finalized, the Group will design the layout plan with the view to fully utilize the redevelopment potential of the land.

(B) **Property Business – Cemetery Operation**

The Group operated a cemetery – “Fortune Wealth Memorial Park” in Sihui, Guangdong which comprises a site of 518 mu, of which 100 mu have commenced development, and an adjacent site of 4,482 mu, which has been reserved, making up a total of 5,000 mu.

During the period under review, the Group has expanded its agency network and negotiated with Fengshui masters in the PRC for joint promotion so as to enhance the cemetery awareness and marketability. Furthermore, local government has also approved to establish a martyr memorial cemetery within Fortune Wealth Memorial Park to commemorate martyrs so as to attract people to pay tribute and remembrance to the martyrs. The Group believes that this martyr memorial cemetery can enhance customer awareness and improve sales in the long run.

In order to further enhance the value of the cemetery, the Group continues to review the development plan of the cemetery. The Group has planned to build an additional 2,414 grave plots on the existing 100 mu land, of which 1,042 grave plots are under construction. For long term development purpose, the Group has commenced negotiation with the local government with a view to obtain approval within the 418 mu land for expansion by phases. In the meantime, the Group has revised the master layout plan of the 418 mu land and will submit to the local government for approval. A new road within the 418 mu land is being built to prepare for further construction work on the site.

MANAGEMENT DISCUSSION ON RESULTS *(Continued)*

LIQUIDITY AND FINANCIAL POSITIONS

As at 30th September, 2013, cash and bank balances of the Group amounted to HK\$110.9 million (31st March, 2013: HK\$117.3 million) whereas bank borrowings as at the same date amounted to HK\$87.9 million (31st March, 2013: HK\$71.3 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 17.8% (31st March, 2013: 14.0%). 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.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 62.2% of the Group's bank borrowings were repayable within the first year, 14.9% repayable within the second year and the balance of 22.9% repayable within the third to fifth year.

Net asset value attributable to equity holders of the Company as at 30th September, 2013 amounted to HK\$495.1 million, equivalent to about HK\$0.224 per share.

PROSPECTS

Moving forward, the Group expects that global economy is still volatile and unpredictable. Despite external challenges, the Group will focus on enhancing sales force and cost control measures. The Group believes that sustainable sales growth and optimal cost efficiency are critical to achieve profitability in the long run.

Return from cemetery investment is improving as demand of prestigious grave plots in the PRC is growing. Coupled with our established sales network and reputation amongst customers, the Group believes that cemetery business will contribute steady revenue in the long run.

OTHER INFORMATION

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

As at 30th September, 2013, 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 (the "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	Capacity	Nature of interest	Percentage of shareholding
Mr. Abraham Shek Lai Him	30,000	Beneficial owner	Personal interest	0.0014

(b) Interests in Chuang's China Investments Limited

Name of Director	Number of ordinary shares	Capacity	Nature of interest	Percentage of shareholding
Miss Candy Chuang Ka Wai ("Miss Candy Chuang")	1,047,961	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, 2013, 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, 2013, 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	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>
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	1,570,869,885 <i>(note 1)</i>	<i>(note 2)</i>
Mrs. 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
Mr. Ching Eng Chin ("Mr. Ching")	293,095,820 <i>(note 4)</i>	Interest of controlled corporation

OTHER INFORMATION *(Continued)*

SUBSTANTIAL SHAREHOLDERS *(Continued)*

notes:

1. 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.
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. Geoffrey Chuang Ka Kam 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, 2013, 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 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 Directors, employees or business consultants of the Group (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. Richard Hung Ting Ho 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 had not attended the 2013 annual general meeting (the “2013 AGM”) of the Company pursuant to Code A.6.7 of the CG Code. All other Executive Directors, Non-Executive Director and Independent Non-Executive Directors had attended the 2013 AGM.

Except mentioned above, the Company has complied throughout the six months ended 30th September, 2013 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 and 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, 2013 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. Abraham Shek Lai Him, Dr. Eddy Li Sau Hung 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.

DEALING IN THE COMPANY’S SECURITIES

During the six months ended 30th September, 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

OTHER INFORMATION *(Continued)*

STAFF

As at 30th September, 2013, the Group, including its subcontracting processing plants, employed approximately 1,640 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.

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, 2013, the balance outstanding was approximately HK\$12 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, 2013, 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, 2013, the balance outstanding was approximately HK\$23 million. The banking facilities are subject to annual review.

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

Hong Kong, 25th November, 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30th September, 2013

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenues		186,008	157,383
Cost of sales		(143,423)	(126,416)
Gross profit		42,585	30,967
Other income and net gain	6	4,395	9,864
Selling and marketing expenses		(12,962)	(12,389)
Administrative and other operating expenses		(42,985)	(43,734)
Operating loss	7	(8,967)	(15,292)
Finance costs	8	(5,713)	(7,465)
Loss before taxation		(14,680)	(22,757)
Taxation credit	9	197	292
Loss for the period		(14,483)	(22,465)
Other comprehensive income:			
Item that may be reclassified subsequently to profit and loss			
Net exchange differences		1,990	(2,764)
Total comprehensive loss for the period		(12,493)	(25,229)
Loss for the period attributable to:			
Equity holders of the Company		(14,288)	(22,018)
Non-controlling interests		(195)	(447)
		(14,483)	(22,465)
Total comprehensive loss for the period attributable to:			
Equity holders of the Company		(12,769)	(24,311)
Non-controlling interests		276	(918)
Total comprehensive loss for the period		(12,493)	(25,229)
		<i>HK cent</i>	<i>HK cent</i>
Loss per share (basic and diluted)	11	(0.6)	(1.0)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30th September, 2013

		30th September, 2013	31st March, 2013
	<i>Note</i>	HK\$'000	HK\$'000
Non-current assets			
Prepaid lease payments		60,918	61,635
Property, plant and equipment	<i>12</i>	93,081	98,248
Cemetery assets	<i>12</i>	514,157	506,439
		668,156	666,322
Current assets			
Inventories	<i>13</i>	44,153	46,904
Cemetery assets		83,771	82,812
Accounts receivables	<i>14</i>	105,831	70,270
Deposits, prepayments and other receivables		11,717	12,847
Cash and bank balances		110,904	117,252
		356,376	330,085
Current liabilities			
Accounts payables	<i>15</i>	54,332	44,203
Accrued charges and other payables		49,957	42,512
Amount due to a non-controlling shareholder		1,366	1,366
Deferred income		–	51
Tax payable		21,528	21,689
Bank borrowings	<i>16</i>	60,210	40,017
Convertible notes		101,805	–
		289,198	149,838
Net current assets		67,178	180,247
Total assets less current liabilities		735,334	846,569

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED) (Continued)

As at 30th September, 2013

		30th September, 2013	31st March, 2013
	<i>Note</i>	HK\$'000	HK\$'000
Equity			
Share capital	17	220,721	220,721
Reserves		<u>274,428</u>	<u>287,197</u>
Shareholders' funds		495,149	507,918
Non-controlling interests		<u>70,291</u>	<u>70,015</u>
Total equity		<u>565,440</u>	<u>577,933</u>
Non-current liabilities			
Bank borrowings	16	27,720	31,250
Convertible notes		–	96,129
Deferred income		1,640	1,459
Deferred taxation liabilities		<u>140,534</u>	<u>139,798</u>
		<u>169,894</u>	<u>268,636</u>
		<u>735,334</u>	<u>846,569</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30th September, 2013

	2013 HK\$'000	2012 HK\$'000
Net cash used in operating activities	(16,927)	(37,307)
Net cash used in investing activities	(5,875)	(1,172)
Net cash from financing activities	<u>16,413</u>	<u>20,525</u>
Net decrease in cash and cash equivalents	(6,389)	(17,954)
Cash and cash equivalents at the beginning of the period	117,252	131,128
Exchange difference on cash and cash equivalents	<u>41</u>	<u>372</u>
Cash and cash equivalents at the end of the period	<u>110,904</u>	<u>113,546</u>
Analysis of cash and cash equivalents		
Cash and bank balances	<u>110,904</u>	<u>113,546</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30th September, 2013

	Attributable to equity holders of the Company						Non-controlling interests	Total
	Share capital	Share premium	Other reserves	Accumulated losses	Shareholders' funds			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st April, 2013	220,721	293,692	135,313	(141,808)	507,918	70,015	577,933	
Loss for the period	-	-	-	(14,288)	(14,288)	(195)	(14,483)	
Other comprehensive income:								
Item that may be reclassified subsequently to profit and loss								
Net exchange differences	-	-	1,519	-	1,519	471	1,990	
Total comprehensive income/(loss) for the period	-	-	1,519	(14,288)	(12,769)	276	(12,493)	
At 30th September, 2013	<u>220,721</u>	<u>293,692</u>	<u>136,832</u>	<u>(156,096)</u>	<u>495,149</u>	<u>70,291</u>	<u>565,440</u>	
At 1st April, 2012	220,721	293,692	129,267	(94,960)	548,720	69,921	618,641	
Loss for the period	-	-	-	(22,018)	(22,018)	(447)	(22,465)	
Other comprehensive income:								
Item that may be reclassified subsequently to profit and loss								
Net exchange differences	-	-	(2,293)	-	(2,293)	(471)	(2,764)	
Total comprehensive loss for the period	-	-	(2,293)	(22,018)	(24,311)	(918)	(25,229)	
At 30th September, 2012	<u>220,721</u>	<u>293,692</u>	<u>126,974</u>	<u>(116,978)</u>	<u>524,409</u>	<u>69,003</u>	<u>593,412</u>	

NOTES TO THE CONDENSED 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, Hutchins 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, 2013, 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 condensed 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 condensed interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31st March, 2013 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 condensed interim financial information are consistent with those used in the annual financial statements for the year ended 31st March, 2013.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

2. BASIS OF PREPARATION (Continued)

The adoption of revised HKFRSs

For the six months ended 30th September, 2013, the Group adopted the following new and amended standards and amendments that are effective for the accounting periods beginning on or after 1st April, 2013 and relevant to the operations of the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle

The Group has assessed the impact of the adoption of new and amended standards and 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 condensed interim financial information.

Standards and amendments to existing standards that are not yet effective

The following new and amended 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, 2014, but have not yet been adopted by the Group:

HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (effective from 1st January, 2014)
HKAS 36 (Amendment)	Impairment of Assets – Recoverable Amount Disclosures For Non-financial Assets (effective from 1st January, 2014)
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting (effective from 1st January, 2014)
HKFRS 7 and HKFRS 9 (Amendment)	Financial Instruments: Disclosures – Mandatory Effective Date and Transition Disclosures (effective from 1st January, 2015)
HKFRS 9	Financial Instruments (effective from 1st January, 2015)

The Group will adopt the above new and amended standards and amendments as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION *(Continued)*

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk, foreign exchange risk and price risk. The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and it should be read in conjunction with the annual financial statements for the year ended 31st March, 2013. There has been no material change in the Group's financial risk management policies since the year ended 31st March, 2013.

(b) Liquidity risk

Compared to the year ended 31st March, 2013, there was no material change in the contractual undiscounted cash flows for financial liabilities.

(c) Fair value estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the balance sheet date, whereas the fair values of other financial assets and financial liabilities are determined in accordance with the 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 interim financial information approximate their fair values.

During the six months ended 30th September, 2013, 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. The Group had no level 3 financial instruments as at 30th September, 2013. There was no transfers of financial assets or financial liabilities between the level 1 and level 2 in the hierarchy and no reclassifications of financial assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the condensed interim financial statements 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 condensed interim financial information are consistent with those used in the annual financial statements for the year ended 31st March, 2013.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

5. SEGMENT INFORMATION

(a) Segment information by business lines

The chief operating decision maker (the “CODM”) has been identified as the Executive Directors and senior management. The CODM 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 CODM considers the business from a business perspective, including printing, cemetery and corporate operations. The CODM 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>
2013				
Revenues	180,479	5,529	–	186,008
Other income and net gain	4,311	(29)	113	4,395
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating loss	(5,490)	(1,181)	(2,296)	(8,967)
Finance costs	(2,407)	(220)	(3,086)	(5,713)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss before taxation	(7,897)	(1,401)	(5,382)	(14,680)
Taxation (charge)/credit	(186)	383	–	197
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss for the period	(8,083)	(1,018)	(5,382)	(14,483)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As at 30th September, 2013				
Total assets	294,876	618,752	110,904	1,024,532
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	106,113	163,244	189,735	459,092
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2013				
Other segment items are as follows:				
Capital expenditure	5,985	3,723	–	9,708
Depreciation	11,112	346	–	11,458
Amortisation of prepaid lease payments	700	37	–	737
Impairment of accounts receivables	158	–	–	158
Recovery of accounts receivable previously written off	919	–	–	919
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

5. SEGMENT INFORMATION (Continued)

(a) Segment information by business lines (Continued)

	Printing HK\$'000	Cemetery HK\$'000	Corporate HK\$'000	Total HK\$'000
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 taxation	(11,666)	(2,945)	(8,146)	(22,757)
Taxation (charge)/credit	(109)	401	–	292
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss for the period	<u>(11,775)</u>	<u>(2,544)</u>	<u>(8,146)</u>	<u>(22,465)</u>
As at 31st March, 2013				
Total assets	<u>271,593</u>	<u>607,562</u>	<u>117,252</u>	<u>996,407</u>
Total liabilities	<u>92,376</u>	<u>158,702</u>	<u>167,396</u>	<u>418,474</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 of 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 CONDENSED 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	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	7,868	10,283	159	1,429
The People's Republic of China (the "PRC")	6,429	5,294	9,549	4,262
United States of America	65,475	56,457	–	–
United Kingdom	41,102	33,258	–	–
Germany	24,114	13,621	–	–
France	16,506	19,423	–	–
Other countries	24,514	19,047	–	–
	186,008	157,383	9,708	5,691

	Non-current assets		Total assets	
	30th September, 2013	31st March, 2013	30th September, 2013	31st March, 2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	1,976	3,034	196,676	155,884
The PRC	666,180	663,288	827,856	840,523
	668,156	666,322	1,024,532	996,407

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

6. OTHER INCOME AND NET GAIN

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest income from bank deposits	112	344
Sale of scraped material	2,637	2,375
Recovery of accounts receivables previously written off	919	1,436
Gain on disposal of property, plant and equipment	–	4,150
Net exchange (loss)/gain	(243)	312
Sundries	970	1,247
	<u>4,395</u>	<u>9,864</u>

7. OPERATING LOSS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Operating loss is stated after charging:		
Cost of inventories sold	97,274	93,356
Depreciation	11,458	11,506
Amortisation of prepaid lease payments	737	855
Impairment of accounts receivables	158	2,000
Staff costs, including Directors' emoluments		
Wages and salaries	56,734	43,979
Retirement benefit costs	683	491
	<u>56,734</u>	<u>43,979</u>
	<u>683</u>	<u>491</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

8. FINANCE COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest expenses		
Bank borrowings wholly repayable within five years	2,408	1,467
Convertible notes wholly repayable within five years	6,806	5,998
	<u>9,214</u>	<u>7,465</u>
Fair value adjustment of accounts receivables	220	–
Amount capitalised into cemetery assets	(3,721)	–
	<u>5,713</u>	<u>7,465</u>

The above analysis shows the finance costs in accordance with the agreed scheduled repayment dates set out in the agreements. The capitalised effective rate for cemetery assets is 14.86% (2012: N/A) per annum.

9. TAXATION CREDIT

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current income tax		
PRC corporate income tax	(346)	(109)
Overprovision in prior period	160	–
Deferred taxation	383	401
	<u>197</u>	<u>292</u>

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit for the period (2012: 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. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th September, 2013 (2012: nil).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

11. LOSS PER SHARE

The calculation of the loss per share is based on the loss attributable to equity holders of HK\$14,288,000 (2012: HK\$22,018,000) and weighted average number of 2,207,208,000 (2012: 2,207,208,000) shares in issue during the period.

The potential ordinary shares attributable to the assumed conversion of convertible notes have anti-dilutive effect for each of the six months ended 30th September, 2013 and 2012.

12. CAPITAL EXPENDITURE

For the six months ended 30th September, 2013, the Group acquired property, plant and equipment of HK\$5,987,000 (2012: HK\$5,691,000) and incurred expenditures on cemetery assets of HK\$3,721,000 (2012: nil).

13. INVENTORIES

	30th September, 2013 HK\$'000	31st March, 2013 HK\$'000
Raw materials	24,036	23,919
Work in progress	11,957	14,397
Finished goods	8,160	8,588
	44,153	46,904

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 date of invoice and net of provision for doubtful debt is as follows:

	30th September, 2013 HK\$'000	31st March, 2013 HK\$'000
Below 30 days	31,306	22,421
31 to 60 days	26,431	13,363
61 to 90 days	24,353	10,967
Over 90 days	23,741	23,519
	105,831	70,270

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

15. ACCOUNTS PAYABLES

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

	30th September, 2013 HK\$'000	31st March, 2013 HK\$'000
Below 30 days	36,667	29,754
31 to 60 days	8,231	6,407
Over 60 days	9,434	8,042
	54,332	44,203

16. BANK BORROWINGS

	30th September, 2013 HK\$'000	31st March, 2013 HK\$'000
Secured bank borrowings		
Short-term bank borrowings	10,649	–
Long-term bank borrowings	31,500	31,250
	42,149	31,250
Unsecured bank borrowings		
Short-term bank borrowings	34,981	26,577
Long-term bank borrowings	10,800	13,440
	45,781	40,017
Total bank borrowings	87,930	71,267

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

16. BANK BORROWINGS (Continued)

The long-term bank borrowings are analysed as follows:

	30th September, 2013 HK\$'000	31st March, 2013 HK\$'000
Long-term bank borrowings wholly repayable within five years*	42,300	44,690
Current portion included in current liabilities		
Portion due within one year	(9,060)	(5,280)
Portion due after one year which contains a repayment on demand clause	(5,520)	(8,160)
	(14,580)	(13,440)
	27,720	31,250

* 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, 2013 HK\$'000	31st March, 2013 HK\$'000
Within the first year	54,690	31,857
Within the second year	13,080	12,780
Within the third to fifth years	20,160	26,630
	87,930	71,267

As at 30th September, 2013, bank borrowings of HK\$42,149,000 (31st March, 2013: HK\$31,250,000) were secured by the Group's property, plant and equipment with an aggregate carrying value of approximately HK\$33,956,000 (31st March, 2013: HK\$11,346,000).

Bank borrowings amounting to HK\$27,319,000 as at 31st March, 2013 included covenants that require the maintenance of certain financial covenants. As at 31st March, 2013, certain of these financial ratio covenants were not met by the Group. Consequently, these bank borrowings became repayable on demand as at 31st March, 2013 and are classified as current liabilities.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Continued)

16. BANK BORROWINGS (Continued)

Subsequent to 31st March, 2013, 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 are of the opinion that the breach of covenants will not affect the financial position of the Group.

As at 30th September, 2013, the Group has complied with all of the financial covenants of the bank borrowings.

17. SHARE CAPITAL

	30th September, 2013 HK\$'000	31st March, 2013 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, 2013, the Group had capital expenditure commitments contracted but not provided for in respect of property, plant and equipment amounting to HK\$3,847,000 (31st March, 2013: HK\$5,221,000).