MIDAS

勤達集團國際有限公司*

Midas International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1172)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2011

The Board of Directors (the "Board") of Midas International Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2011 together with the comparative figures for 2010 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30th June,	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover		**138,330**	138,287
Direct expenses		**(111,608)**	(111,293)
Gross profit		**26,722**	26,994
Other income		**4,244**	4,083
Selling expenses		**(15,141)**	(14,586)
Administrative and general expenses		**(40,779)**	(45,165)
Finance costs		**(8,427)**	(7,178)
Loss before taxation		**(33,381)**	(35,852)
Income tax credit	*4*	**1,431**	1,211
Loss for the period	*5*	**(31,950)**	(34,641)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		**166**	195
Total comprehensive expense for the period		**(31,784)**	(34,446)
Loss for the period attributable to:			
Owners of the Company		**(31,060)**	(33,644)
Non-controlling interests		**(890)**	(997)
		(31,950)	(34,641)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(30,894)**	(33,449)
Non-controlling interests		**(890)**	(997)
		(31,784)	(34,446)
Basic and diluted loss per share	*7*	**HK(2.5) cents**	HK(2.9) cents

* *For identification purposes only*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30th June, 2011** *HK$'000* **(unaudited)**	31st December, 2010 *HK$'000* (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Prepaid lease payments		**48,356**	48,878
Property, plant and equipment		**119,853**	127,642
Deposits paid for acquisition of land use rights		**4,267**	4,196
Cemetery assets		**405,267**	409,061
		577,743	589,777
Current assets			
Inventories		**140,285**	124,092
Accounts receivables	*8*	**88,613**	83,810
Deposits, prepayments and other receivables		**20,284**	17,794
Prepaid lease payments		**1,154**	1,153
Tax recoverable		**350**	260
Bank balances and cash		**72,575**	107,616
		323,261	334,725
Current liabilities			
Accounts payables	*9*	**50,977**	39,453
Accrued charges and other payables		**47,708**	43,072
Amount due to a minority shareholder		**1,366**	1,366
Deferred income		**30**	24
Tax payable		**7,215**	7,300
Bank borrowings – due within one year		**80,561**	74,115
Convertible notes – due within one year		**–**	15,927
		187,857	181,257
Net current assets		**135,404**	153,468
Total assets less current liabilities		**713,147**	743,245
Non-current liabilities			
Bank borrowings – due after one year		**15,600**	17,700
Convertible notes – due after one year		**77,383**	72,345
Deferred income		**820**	641
Deferred tax		**120,942**	122,373
		214,745	213,059
NET ASSETS		**498,402**	530,186
CAPITAL AND RESERVES			
Share capital		**110,360**	110,360
Reserves		**327,094**	357,988
Equity attributable to owners of the Company		**437,454**	468,348
Non-controlling interests		**60,948**	61,838
TOTAL EQUITY		**498,402**	530,186

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2010.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised HKFRSs that have been issued but are not yet effective. The following new or revised HKFRSs have been issued after the date the consolidated financial statements for the year ended 31st December, 2010 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosures of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[2]
HKAS 19 (Revised 2011)	Employee Benefits[1]
HKAS 27 (Revised 2011)	Separate Financial Statements[1]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]

[1] Effective for annual periods beginning on or after 1st January, 2013.
[2] Effective for annual periods beginning on or after 1st July, 2012.

The directors of the Company (the "Directors") anticipate that the application of these new or revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments for the period under review:

Six months ended 30th June, 2011

	Printing	**Cemetery**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***
SEGMENT TURNOVER – external	**134,774**	**3,556**	**138,330**
SEGMENT LOSS	**(13,281)**	**(8,547)**	**(21,828)**
Unallocated income			**18**
Unallocated expenses			**(3,144)**
Finance costs			**(8,427)**
Loss before taxation			**(33,381)**

Six months ended 30th June, 2010

	Printing	Cemetery	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
SEGMENT TURNOVER – external	137,071	1,216	138,287
SEGMENT LOSS	(15,716)	(9,168)	(24,884)
Unallocated income			6
Unallocated expenses			(3,796)
Finance costs			(7,178)
Loss before taxation			(35,852)

4. INCOME TAX CREDIT

The amount represents deferred tax credit for both periods.

No provision for Hong Kong Profits Tax has been made for the six months ended 30th June, 2010 and 2011 as the Group has available tax losses brought forward from prior years to offset the estimated assessable profits arising in Hong Kong.

No provision for the People's Republic of China Enterprise Income Tax has been made for the six months ended 30th June, 2010 and 2011 as the Group incurred tax losses for both periods.

5. LOSS FOR THE PERIOD

	For the six months ended 30th June, 2011 HK$'000	2010 HK$'000
Loss for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense	**111,285**	111,066
Depreciation of property, plant and equipment	**10,507**	12,101
Allowance for inventories	**142**	–
Amortisation of cemetery assets	**3,794**	4,367
Impairment loss on accounts receivables	**480**	20
Release of prepaid lease payments	**577**	574
Gain on disposal of property, plant and equipment	**(1,298)**	(80)
Impairment loss on accounts receivables recovered	**(523)**	(1,218)
Reversal of allowance for inventories	**–**	(423)

6. INTERIM DIVIDEND

The Board had determined not to declare an interim dividend for both periods.

7. BASIC AND DILUTED LOSS PER SHARE

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

	For the six months ended 30th June, 2011 HK$'000	2010 HK$'000
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	**31,060**	33,644

	Number of shares	Number of shares (restated)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**1,239,134,000**	1,164,304,000

The potential ordinary shares attributable to the assumed conversion of convertible notes have anti-dilutive effect for the periods ended 30th June, 2011 and 2010.

The weighted average number of ordinary shares for the purposes of basic and diluted loss per share for both periods have been adjusted for the effect of the bonus element in connection with the rights issue of the Company completed in July 2011.

8. ACCOUNTS RECEIVABLES

The Group allows a credit period ranging from 30 days to 180 days to its trade customers.

The following is an aged analysis of accounts receivables (net of allowance for doubtful debts) presented based on the sales invoice date.

	30th June, 2011	31st December, 2010
	HK$'000	*HK$'000*
0 to 30 days	**28,656**	20,889
31 to 60 days	**20,940**	13,160
61 to 90 days	**16,493**	13,950
91 to 120 days	**8,132**	13,278
121 to 180 days	**3,556**	12,895
More than 180 days	**10,836**	9,638
	88,613	83,810

9. ACCOUNTS PAYABLES

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

	30th June, 2011	31st December, 2010
	HK$'000	*HK$'000*
0 to 30 days	**22,464**	15,651
31 to 60 days	**11,786**	8,795
61 to 90 days	**8,852**	5,647
91 to 120 days	**5,742**	5,059
More than 120 days	**2,133**	4,301
	50,977	39,453

MANAGEMENT DISCUSSION ON RESULTS

Turnover of the Group was HK$138.3 million, which was the same as that of last corresponding period. Turnover derived from printing business amounted to HK$134.8 million (2010: HK$137.1 million), accounted for 97.5% (2010: 99.1%) of the Group's turnover whereas the remaining represented the revenue from cemetery operations.

Gross profit, principally derived from the printing business, decreased slightly to HK$26.7 million (2010: HK$27.0 million). Gross profit margin decreased slightly from 19.5% in last period to 19.3% in this period which was mainly due to the significant increase in minimum wage in the People's Republic of China (the "PRC") by 33.8% in March 2011 and the appreciation in Renminbi by 6% during this period. Despite these added cost burdens, the Group was capable to mitigate most of their negative impact and maintained its gross profit margin through improvement in productivity. Other income increased slightly to HK$4.2 million (2010: HK$4.1 million).

Selling expenses increased slightly by 3.4% to HK$15.1 million (2010: HK$14.6 million) whereas administrative and general expenses decreased by 9.7% to HK$40.8 million (2010: HK$45.2 million) due to tight costs control and reduction of operating costs of the factory in Changan, Dongguan, which has been substantially scaled down since 2010. Finance costs increased by 16.7% to HK$8.4 million (2010: HK$7.2 million) due to increase in level of bank borrowings.

Taking into account the above, loss attributable to owners of the Company decreased by 7.4% from HK$33.6 million in 2010 to HK$31.1 million in 2011. Loss per share decreased by 13.8% to 2.5 HK cents (2010: 2.9 HK cents).

DIVIDENDS

In view of the loss incurred by the Group, the Directors have decided not to recommend the payment of an interim dividend for the period under review (2010: Nil).

BUSINESS REVIEW

(A) Printing Business

Printing business of the Group comprised book printing and paper product printing. Our customers are mainly multinational publishers and conglomerates in the United States, Europe, Hong Kong and the PRC and our products are mainly art books, children books, premium gift products, packaging boxes and paper bags.

Printing was the major turnover contributor of the Group, accounting for 97.5% of the Group's turnover. In the first half of 2011, the slow recovery of the economy of the United States and the European sovereign debt crisis continued to hinder the growth of global printing demand. Despite that, through the marketing effort of our sales team, the Group achieved a printing turnover of HK$134.8 million, which was roughly the same as that of the last corresponding period.

In order to accomplish turnaround in the future, the Group will concentrate its effort in enhancing sales in the second half of the year. In this respect, the Group will focus more resources on product segments with higher growth potential and profit margin, in particular the food packaging business. The Group has already expanded its marketing team in order to explore new customers in this segment. With the existing GMP (Good Manufacturing Practice) production facility in its production plant in Yuanzhou, Huizhou, the Group is confident to fulfill the increasing demand of food packaging products and anticipates that this should provide positive contribution to the Group.

Continuing with the objective of enhancing sales, the Group has been providing a wider range of services to its clients, including layout design, content editing, translation, creation of e-formats of printed books and cards for e-publishing, brokering services in sale and transfer of copyrights in the PRC market. By providing these kinds of value-added services, the Group targets to maintain and further broaden its customer base in different market segments.

Apart from the sales side, costs pressure was another issue that affected all export-oriented manufacturers in the PRC. The persistently rising wages and Renminbi exchange rate had negative impact on the profit margin of the Group. However, the Group has, since 2010, continuously been implementing effective costs control measures to cut down operating costs. Such measures have contributed to maintain the profit margin and reduce the administrative expenses of the Group during the period.

The Group has acquired an industrial land site located at Coastal Industry Zone in Shatian, Dongguan. 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.. Initial phase of the development will comprise factory premises and staff dormitory with a gross floor area of about 20,000 sq. m.. It is planned that majority of the initial phase of the development will be utilized for the expansion of the food packaging products business.

(B) Cemetery Business

During the period under review, the Group recorded a turnover of HK$3.6 million (2010: HK$1.2 million) for its cemetery business. In 2011, the Group maintained 2 sales offices in Hong Kong and 5 sales offices in Guangzhou, Foshan, Zhaoqing and Sihui, the PRC. During the period, the Group continued to extend the agency network in both Hong Kong and the Guangdong Province, the PRC. In May 2011, the Group has participated in the Hong Kong Senior Fair 2011, which is the largest one-stop senior exhibition in Hong Kong. Through the well established sales network and series of promotional activities, the Group successfully expanded its market presence in the cemetery industry and achieved a growth in the business.

The new highway linking Guangzhou and Hezhou that bypasses Sihui has been completed by end of 2010. The overall travel time from Guangzhou to Sihui where our cemetery is located has now been reduced by half to about 1 hour. This improvement in infrastructure has enhanced the accessibility and demands of our graveyards, in particular, from the Guangzhou region.

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 184,000 grave plots and 2,168,000 niches for cremation urns for sale.

As at 30th June 2011, the existing 100 mu of land had 1,371 grave plots and 3,293 niches for cremation urns available for sale. In order to better utilize the existing land resource and enhance the value of the cemetery, the Group has commenced the construction of a further 228 grave plots on a piece of vacant land within the existing area. The Group is also conducting studies on various proposals so as to further increase the number of grave plots within the existing area.

In anticipation of the future growth in demand of the graveyard, the Group has commenced negotiation with the local government with a view to commencing development of an additional 250 mu of land within the cemetery. The Group intends to develop the 250 mu of land by phases, with the initial phase providing approximately 10,000 grave plots and approximately 40,000 niches for cremation urns for sale.

PROSPECTS

Moving ahead, the Group remains optimistic about the prospect of the printing industry. The Group expects that, with a professional service team and commitment to provide quality printing services, it can further improve the operating results. As the global economic outlook remains uncertain in the second half of 2011, the Group will continue to closely monitor the market situation and will act cautiously and promptly as and when opportunities arise.

The Group has substantially scaled down its operations in Changan, Dongguan and relocated most of the production facilities to the factory in Yuanzhou, Huizhou. The Changan factory is located near the city centre of the Changan town and its surrounding area is well developed and occupied by premium residential and commercial buildings. In view of its redevelopment potential, the Group is negotiating with the local government to change the land use of the factory site to commercial/residential usage so as to enhance its value.

Due to the rapid growth of the aged population and the acute shortage in supply of grave plots and niches for cremation urns in Hong Kong and Southern China, the Group believes that cemetery business has ample growth opportunities and that such business will provide long term contribution to the Group.

LIQUIDITY AND FINANCIAL POSITIONS

As at 30th June, 2011, cash and bank balances of the Group amounted to HK$72.6 million (2010: HK$107.6 million) whereas bank borrowings as at the same date amounted to HK$96.2 million (2010: HK$91.8 million). The debt to equity ratio (calculated as a percentage of bank borrowings over net asset value attributable to equity owners of the Company) amounted to 22.0% (2010: 19.6%). 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.

In June 2011, the Group has fully repaid a convertible note with principal value of HK$16.7 million. After this repayment, the outstanding convertible notes of the Company now stand at HK$113.0 million and are repayable in 2014.

In July 2011, the Group raised net proceeds of approximately HK$107.0 million by way of a 1 for 1 rights issue to existing shareholders. The rights issue has solidified the Group's financial strength for its printing and cemetery businesses and the net proceeds will be used to finance the ongoing development of the printing and cemetery operations of the Group.

Net asset value attributable to equity owners of the Company as at 30th June, 2011 amounted to HK$437.5 million, equivalent to about HK$0.396 per share.

CORPORATE GOVERNANCE

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 – Code on Corporate Governance Practices (the "CG Code") of the Listing Rules. 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.

Except mentioned above, the Company has complied throughout the period ended 30th June, 2011 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 and has reviewed with the Directors and the auditors the accounting principles and practices adopted by the Group, the internal control and financial reporting process and the Company's consolidated financial statements for the period ended 30th June, 2011. 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 adopted the Model Code for Securities Transactions by the Directors of Listed Issuer (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 set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30th June, 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

STAFF

As at 30th June, 2011, the Group, including its subcontracting processing plants, employed approximately 2,100 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.

GENERAL

As at the date of this announcement, Mr. Hung Ting Ho, Richard, Mr. Kwok Chi Fai, Mr. Chuang Ka Pun, Albert, Miss Chuang Ka Wai, Candy and Mr. Chuang Ka Kam, Geoffrey are Executive Directors, Mr. Dominic Lai is a Non-Executive Director, Mr. Shek Lai Him, Abraham, Dr. Li Sau Hung, Eddy and Mr. Yau Chi Ming are Independent Non-Executive Directors of the Company.

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

Hong Kong, 31st August, 2011