

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2010
 Quarter : 3

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

PARTICULARS	NOTE	UNAUDITED AS AT 30-Sept-10 RMB'000	AUDITED AS AT 31-Dec-09 RMB'000	UNAUDITED AS AT 30-Sept-10 RM'000 (1)	AUDITED AS AT 31-Dec-09 RM'000 (1)
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment		231,322	126,545	106,454	58,236
Intangible assets		24,129	23,614	11,104	10,867
		<u>255,451</u>	<u>150,159</u>	<u>117,558</u>	<u>69,103</u>
Current assets					
Inventories		11,843	12,160	5,450	5,596
Trade receivables		59,591	63,374	27,424	29,165
Prepayment and other receivables		530	1,320	244	607
Cash and bank balances		301,428	160,706	138,717	73,957
Deposit pledged for bill payables		17,100	-	7,869	-
		<u>390,492</u>	<u>237,560</u>	<u>179,704</u>	<u>109,325</u>
Current liabilities					
Trade payables and bill payables		84,951	29,655	39,094	13,647
Accrued liabilities and other payables		22,029	20,920	10,137	9,627
Amount owing to a shareholder cum director		266	18,377	122	8,457
Income tax payable		6,564	11,388	3,021	5,241
Interest-bearing bank borrowings		45,700	-	21,031	-
		<u>159,510</u>	<u>80,340</u>	<u>73,405</u>	<u>36,972</u>
Net current assets		230,982	157,220	106,299	72,353
Net assets		<u>486,433</u>	<u>307,379</u>	<u>223,857</u>	<u>141,456</u>
EQUITY					
Share capital		153,898	123,178	70,824	56,687
Reserve		332,535	184,201	153,033	84,769
Total equity		<u>486,433</u>	<u>307,379</u>	<u>223,857</u>	<u>141,456</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	B12	130.2	94.87	59.9	43.66

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

Note :

- (1) The presentation currency of this unaudited and audited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.4602 as at 30 September 2010.

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2010
 Quarter : 3

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT QUARTER 30-Sept-10	PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-09	CURRENT QUARTER 30-Sept-10	PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-09
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
Revenue		152,715	130,508	70,279	60,060
Cost of sales		(103,069)	(85,800)	(47,432)	(39,485)
Gross Profit		49,646	44,708	22,847	20,575
Other income		374	343	172	158
Selling and distribution expenses		(2,482)	(1,692)	(1,142)	(779)
Administrative expenses		(5,270)	(14,101)	(2,425)	(6,490)
Finance costs		(619)	(303)	(285)	(139)
Profit before taxation		41,649	28,955	19,167	13,325
Income tax expenses		(5,873)	(5,140)	(2,703)	(2,365)
Profit after taxation		35,776	23,815	16,464	10,960
Total comprehensive income for the period		35,776	23,815	16,464	10,960
Profit attributable to :					
- Equity holders of the Group		35,776	23,815	16,464	10,960
Total comprehensive income attributable to :					
- Equity holders of the Group		35,776	23,815	16,464	10,960

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 30-Sept-10 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-09 RMB'000	UNAUDITED CURRENT QUARTER 30-Sept-10 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-09 RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B12	9.58	7.56	4.41	3.48
Diluted (sen in RMB / RM)	B12	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

Note :

- (1) *The presentation currency of this unaudited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.4602 as at 30 September 2010.*

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2010
 Quarter : 3

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

PARTICULARS	NOTE	CUMULATIVE QUARTER UNAUDITED		CUMULATIVE QUARTER UNAUDITED	
		CURRENT YEAR TO DATE 30-Sept-10 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sept-09 RMB'000	CURRENT YEAR TO DATE 30-Sept-10 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sept-09 RM'000 (1)
Revenue		442,041	314,153	203,427	144,573
Cost of sales		(299,114)	(208,751)	(137,652)	(96,067)
Gross Profit		142,927	105,402	65,775	48,506
Other income		868	658	399	303
Selling and distribution expenses		(7,419)	(4,756)	(3,414)	(2,189)
Administrative expenses		(11,469)	(17,151)	(5,278)	(7,893)
Finance costs		(1,037)	(852)	(477)	(392)
Profit before taxation		123,870	83,301	57,005	38,335
Income tax expenses		(17,011)	(11,938)	(7,828)	(5,494)
Profit after taxation		106,859	71,363	49,177	32,841
Total comprehensive income for the year		106,859	71,363	49,177	32,841
Profit attributable to :					
- Equity holders of the Group		106,859	71,363	49,177	32,841
Total comprehensive income attributable to :					
- Equity holders of the Group		106,859	71,363	49,177	32,841

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT	PRECEDING	CURRENT	PRECEDING
		YEAR	YEAR	YEAR	YEAR
		TO DATE	CORRESPONDING	TO DATE	CORRESPONDING
		30-Sept-10	PERIOD	30-Sept-10	PERIOD
		RMB'000	30-Sept-09	RM'000 (1)	30-Sept-09
			RMB'000		RM'000 (1)
Earnings per share attributable to equity holders of the Group:					
Basic (sen in RMB / RM)	B12	28.61	22.65	13.17	10.42
Diluted (sen in RMB / RM)	B12	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

Note :

- (1) *The presentation currency of this unaudited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.4602 as at 30 September 2010.*

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2010
 Quarter : 3

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2010

	← Attributable to Equity Holders of The Group →					
	Share Capital	Share Premium	Statutory Reserve	Merger Deficit	Retained Earnings	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance At 1 January 2010	123,178	69,689	23,353	(54,916)	146,075	307,379
Net profit for the period	-	-	-	-	106,859	106,859
Issue of shares	30,720	43,507	-	-	-	74,227
Share issue expenses	-	(2,032)	-	-	-	(2,032)
At 30 September 2010	153,898	111,164	23,353	(54,916)	252,934	486,433

	← Attributable to Equity Holders of The Group →					
	Share Capital	Share Premium	Statutory Reserve	Merger Deficit	Retained Earnings	Total Equity
	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)
Balance At 1 January 2010	56,687	32,071	10,747	(25,272)	67,223	141,456
Net profit for the period	-	-	-	-	49,177	49,177
Issue of shares	14,137	20,022	-	-	-	34,159
Share issue expenses	-	(935)	-	-	-	(935)
At 30 September 2010	70,824	51,158	10,747	(25,272)	116,400	223,857

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

Note :

- (1) The presentation currency of this unaudited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.4602 as at 30 September 2010.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2010
 Quarter : 3

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2009

	← Attributable to Equity Holders of The Group →						
	Share Capital	Share Premium	Statutory Reserve	Merger Deficit	Currency Translation Reserve	Retained Earnings	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance At 1 January 2009	-	-	13,184	-	3	42,302	55,489
Transfer to reserve	-	-	-	-	(3)	3	-
Net (loss)/gain recognized directly in equity	-	-	-	-	(3)	3	-
Net profit for the period	-	-	-	-	-	71,363	71,363
Total recognized income and expense for the period	-	-	-	-	(3)	71,366	71,363
Issue of shares	123,178	74,910	-	-	-	-	198,088
Share issue expenses	-	(5,221)	-	-	-	-	(5,221)
Merger deficit arising from restructuring	-	-	-	(54,916)	-	-	(54,916)
At 30 September 2009	123,178	69,689	13,184	(54,916)	-	113,668	264,803

	← Attributable to Equity Holders of The Group →						
	Share Capital	Share Premium	Statutory Reserve	Merger Deficit	Currency Translation Reserve	Retained Earnings	Total Equity
	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)
Balance At 1 January 2009	-	-	6,067	-	2	19,467	25,536
Transfer to reserve	-	-	-	-	(2)	2	-
Net (loss)/gain recognized directly in equity	-	-	-	-	(2)	2	-
Net profit for the period	-	-	-	-	-	32,841	32,841
Total recognized income and expenses for the period	-	-	-	-	(2)	32,843	32,841
Issue of shares	56,687	34,474	-	-	-	-	91,161
Share issue expenses	-	(2,403)	-	-	-	-	(2,403)
Merger deficit arising from restructuring	-	-	-	(25,272)	-	-	(25,272)
At 30 September 2009	56,687	32,071	6,067	(25,272)	-	52,310	121,863

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

Note :

- (1) The presentation currency of this unaudited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.4602 as at 30 September 2010.

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2010
 Quarter : 3

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2010

	UNAUDITED CURRENT PERIOD 30-Sept-10 RMB'000	UNAUDITED PREDEDING YEAR CORRESPONDING PERIOD 30-Sept-09 RMB'000	UNAUDITED CURRENT PERIOD 30-Sept-10 RM'000 (1)	UNAUDITED PREDEDING YEAR CORRESPONDING PERIOD 30-Sept-09 RM'000 (1)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	123,870	83,301	57,005	38,335
Adjustments for :-				
Depreciation of property, plant and equipment	7,314	6,342	3,366	2,918
Amortisation of intangible assets	444	71	204	33
Loss on disposal of property, plant and equipment	2	-	1	-
Exchange difference on translation	-	(1)	-	-
Interest income	(529)	(287)	(243)	(132)
Interest expense	1,037	852	477	392
Operating profit before working capital changes	132,138	90,278	60,810	41,546
Decrease/ (increase) in inventories	317	(553)	146	(255)
Decrease/ (increase) in trade receivables	3,783	(18,939)	1,741	(8,716)
Increase/ (decrease) in prepayments and other receivables	790	(18,114)	363	(8,336)
Increase in trade payables	55,296	145	25,447	67
Increase in accrued liabilities and other payables	1,109	14,393	510	6,624
Net cash generated from operations	193,433	67,210	89,017	30,930
Income tax paid	(21,835)	(10,686)	(10,048)	(4,918)
Interest received	529	287	243	132
Interest paid	(1,037)	(852)	(477)	(392)
Net cash generated from operating activities	171,090	55,959	78,735	25,752
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(112,119)	(6,524)	(51,597)	(3,002)
Acquisition of intangible asset	(960)	-	(442)	-
Proceed from disposal of property, plant and equipment	27	-	13	-
Net cash used in investing activities	(113,052)	(6,524)	(52,026)	(3,002)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceed from issue of shares	74,227	94,623	34,159	43,545
Proceed from share issued to swap redeemable convertible loan stock	-	48,539	-	22,338
Shares issue expenses written off against share premium account	(2,032)	(5,221)	(935)	(2,403)
Exchange difference arising from shareholder's loan	-	39	-	18
Advances from a shareholder cum director	-	555	-	255
Repayment of advances from a shareholder cum director	(18,111)	(9,433)	(8,335)	(4,341)
Bank loan obtained	45,700	20,000	21,031	9,204
Deposit pledged with bank	(17,100)	(3,540)	(7,869)	(1,629)
Net cash generated from financing activities	82,684	145,562	38,051	66,987

	UNAUDITED CURRENT PERIOD 30-Sept-10 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sept-09 RMB'000	UNAUDITED CURRENT PERIOD 30-Sept-10 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sept-09 RM'000 (1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	140,722	194,997	64,760	89,737
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	160,706	29,943	73,957	13,780
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	301,428	224,940	138,717	103,517

Cash and cash equivalents comprise:

Cash and bank balances	318,528	228,480	146,586	105,146
Less: Deposit pledged with bank	(17,100)	(3,540)	(7,869)	(1,629)
	301,428	224,940	138,717	103,517

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements. .

Note :

(1) The presentation currency of this unaudited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.4602 as at 30 September 2010.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2010

1. Basis of accounting and changes in accounting estimates

a) Basis of accounting

The interim financial reports are unaudited and have been prepared in accordance with the requirements of International Accounting Standard (“IAS”) 34 : Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements, and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2009, and the accompanying explanatory notes attached to this interim financial report.

b) Changes in accounting policies

At the date of this report, certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group’s accounting periods after 1 January 2010 or later periods.

The management does not anticipate that the adoption of the above IFRSs (including consequential amendments) and interpretations will result in any material impact to the financial statements in the period of initial application.

2. Seasonality or cyclicity of operation

The business of the Group was not affected by any significant seasonal and cyclical factors during the period under review.

3. Unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date.

4. Changes in estimates

There were no material changes in estimates for the current quarter and financial year-to-date.

5. Changes in share capital and debts

There were no issuances, cancellations, resale and repayments of debt and equity securities for the current financial year-to-date.

6. Dividends paid

There were no dividend paid during the period under review.

7. Segment Information

Business Segments

	Financial period from 1 January 2010 to 30 September 2010 (Unaudited)				
	TPR	RB	MD1	MD2	TOTAL
	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	RMB'000
Revenue:					
- External sales	40,609	16,087	143,345	242,000	442,041
Results:					
Interest income	48	20	170	291	529
Interest expenses	(95)	(38)	(333)	(571)	(1,037)
Depreciation and amortisation	(706)	(285)	(2,493)	(4,274)	(7,758)
Segment profit	11,552	4,665	40,812	69,972	127,001

	Financial period ended 30 September 2010 (Unaudited)				
Assets:					
Additions to non-current assets *	10,285	4,154	36,338	62,302	113,079
Reportable segment assets	54,813	22,137	193,663	332,031	602,644
Reportable segment liabilities	13,873	5,602	49,014	84,034	152,523

* - Addition to non-current assets consist of additions to property, plant and equipment and intangible asset.

	Third and cumulative quarter ended 30 September 2010 RMB'000 (Unaudited)
Profit or loss	
Total profit for reportable segments	127,001
Unallocated other expenses	(3,131)
Profit from operations	123,870

	As at 30 September 2010 RMB'000 (Unaudited)
Assets	
Total assets for reportable segments	602,644
Unallocated prepayment and other receivable	13
Unallocated cash at bank and on hand	43,286
Group assets	645,943

Liabilities	
Total liabilities for reportable segments	152,523
Unallocated amount owing to a shareholder	266
Unallocated income tax payable	6,564
Unallocated accruals and other payables	157
Group liabilities	159,510

Business Segments
**Financial period from 1 January 2010 to 30 September 2010
(Unaudited)**

	TPR Shoe soles RM'000	RB Shoe soles RM'000	MD1 Shoe soles RM'000	MD2 Shoe soles RM'000	TOTAL RM'000
Revenue:					
- External sales	18,688	7,403	65,967	111,369	203,427
Results:					
Interest income	22	9	78	134	243
Interest expenses	(44)	(17)	(153)	(263)	(477)
Depreciation and amortisation	(325)	(131)	(1,147)	(1,967)	(3,570)
Segment profit	5,317	2,147	18,781	32,201	58,446

**Financial period ended 30 September 2010
(Unaudited)**

Assets:					
Additions to non-current assets *	4,733	1,912	16,723	28,671	52,039
Reportable segment assets	25,225	10,187	89,124	152,800	277,336
Reportable segment liabilities	6,384	2,578	22,556	38,673	70,191

* - Addition to non-current assets consist of additions to property, plant and equipment and intangible asset.

**Third and cumulative
quarter ended
30 September 2010
RM'000
(Unaudited)**
Profit or loss

Total profit for reportable segments	58,446
Unallocated other expenses	(1,441)
Profit from operations	57,005

**As at
30 September 2010
RM'000
(Unaudited)**
Assets

Total assets for reportable segments	277,336
Unallocated prepayment and other receivables	6
Unallocated cash at bank and on hand	19,920
Group assets	297,262

Liabilities

Total liabilities for reportable segments	70,191
Unallocated amount owing to a shareholder	122
Unallocated income tax payable	3,020
Unallocated accruals and other payables	72
Group liabilities	73,405

Business Segments
**Financial period from 1 January 2009 to 30 September 2009
(Unaudited)**

	TPR Shoe soles RMB'000	RB Shoe soles RMB'000	MD1 Shoe soles RMB'000	MD2 Shoe soles RMB'000	TOTAL RMB'000
Revenue:					
- External sales	33,057	6,380	128,216	146,500	314,153
Results:					
Interest income	20	4	75	86	185
Interest expenses	(90)	(17)	(348)	(397)	(852)
Depreciation and amortisation	(677)	(131)	(2,618)	(2,987)	(6,413)
Segment profit	10,081	1,946	38,957	44,438	95,422

**Financial year ended 31 December 2009
(Audited)**

Assets:					
Additions to non-current assets *	11,707	2,737	43,753	56,619	114,816
Reportable segment assets	39,081	9,136	146,056	189,001	383,274
Reportable segment liabilities	5,060	1,183	18,912	24,473	49,628

* - Addition to non-current assets consist of additions to property, plant and equipment and intangible asset.

**Third and cumulative
Quarter ended
30 September 2009
RMB'000
(Unaudited)**

Profit or loss	
Total profit for reportable segments	95,422
Unallocated interest incomes	102
Unallocated other incomes	58
Unallocated other expenses	(12,281)
Profit from operations	83,301

**As at
31 December 2009
RMB'000
(Audited)**

Assets	
Total assets for reportable segments	383,274
Unallocated prepayment and other receivables	68
Unallocated cash and cash balances	4,377
Group assets	387,719

Liabilities

Total liabilities for reportable segments	49,628
Unallocated amount owing to a shareholder cum director	18,377
Unallocated income tax payable	11,388
Unallocated other payables	947
Group liabilities	80,340

Business Segments
Financial period from 1 January 2009 to 30 September 2009

(Unaudited)

	TPR	RB	MD1	MD2	TOTAL
	Shoe soles	Shoe soles	Shoe soles	Shoe soles	
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue:					
- External sales	15,213	2,936	59,005	67,419	144,573
Results:					
Interest income	9	1	35	40	85
Interest expenses	(41)	(8)	(160)	(183)	(392)
Depreciation and amortisation	(311)	(60)	(1,205)	(1,375)	(2,951)
Segment profit	4,639	896	17,928	20,450	43,913

Financial year ended 31 December 2009

(Audited)

Assets:					
Additions to non-current assets *	5,387	1,260	20,135	26,056	52,838
Reportable segment assets	17,985	4,205	67,215	86,978	176,383
Reportable segment liabilities	2,329	544	8,703	11,262	22,838

* - Addition to non-current assets consist of additions to property, plant and equipment and intangible asset.

**Third and cumulative
quarter ended
30 September 2009
RM'000
(Unaudited)**

Profit or loss	
Total profit for reportable segments	43,913
Unallocated interest incomes	47
Unallocated other income	27
Unallocated other expenses	(5,652)
Profit from operations	38,335

**As at
31 December 2009
RM'000
(Audited)**

Assets	
Total assets for reportable segments	176,383
Unallocated prepayment and other receivables	31
Unallocated cash and cash balances	2,014
Group assets	178,428

Liabilities

Total liabilities for reportable segments	22,838
Unallocated amount owing to a shareholder cum director	8,457
Unallocated income tax payable	5,241
Unallocated other payables	436
Group liabilities	36,972

8. Subsequent events

There were no material events subsequent to the end of the financial period under review that have not been reflected in this quarterly report as at the date of this report.

9. Changes in the composition of the Group

There were no significant changes in the composition of the Group during the current quarter.

10. Contingent liabilities or assets

No material contingent liabilities and assets, which upon becoming enforceable may have a material effect on the financial position of the Group since the last annual balance sheet date.

11. Property, plant & equipment and intangible asset

The Group acquired addition of property, plant & equipment and intangible asset as follow:

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Property, plant and equipment	1,785	821	5,211	2,398
Construction in progress	49,109	22,600	106,908	49,199
Intangible asset	-	-	960	442
	<u>50,894</u>	<u>23,421</u>	<u>113,079</u>	<u>52,039</u>

The Group disposed of property, plant and equipment as follow:

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Property, plant and equipment	<u>-</u>	<u>-</u>	<u>(56)</u>	<u>(26)</u>

12. Capital commitments

Capital expenditure contracted for as at 30 September 2010 but not recognised in the interim financial report is as follow:

	RMB'000	RM'000
Capital commitments in respect of Property, plant and equipment	<u>26,869</u>	<u>12,365</u>

13. Related party transactions

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Rental paid to a related party	<u>273</u>	<u>126</u>	<u>819</u>	<u>377</u>

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

B. INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD UNDER LISTING REQUIREMENTS

1. Review of the performance of the Group

For current period performance, the Group recorded revenue of RMB 442.0 (RM 203.4) million and profit after taxation of RMB 106.9 (RM 49.2) million. The growth in revenue by 40.7% compared to last year corresponding period was mainly due to the increased demand of EVA MD products from our customers.

Gross profit margin for nine months ended 30 September 2010 has decreased to 32.3% from 33.6% for last year same period as this was mainly due to the higher production cost arising from wages increment in Jan 2010. The Group decided to revise the workers' wages upward in view of increasing orders being received by the Group.

The Group's profit after taxation improved by 1.5% from 22.7% in last year corresponding period compared to 24.2% in current period. In addition, if the listing expenses of RMB 9.8 million were to be excluded from nine months ended 30 September 2009, the profit after taxation in current period would have been reduced by 1.6% rather than an increase of 1.5%, which is in line with the drop in gross profit margin.

2. Variation of results against immediate preceding quarter

	Current quarter 30-Sept-10 RMB'000	Preceding quarter 30-Jun-10 RMB'000	Current quarter 30-Sept-10 RM'000	Preceding quarter 30-Jun-10 RM'000
Revenue	152,715	155,606	70,279	71,610
Gross profit	49,646	50,463	22,847	23,223
Profit after taxation	35,776	38,664	16,464	17,793

For third quarter performance, the Group recorded revenue of RMB 152.7 (RM 70.3) million and profit after taxation of RMB 35.8 (RM 16.5) million.

As compared to Q2 2010, revenue for the current quarter decreased slightly by 1.9%. The gross profit margin improved by 0.1% to 32.5% as compared to 32.4% in the last corresponding quarter. However, the Group's profit after taxation dropped to 23.4% as compared to 24.9% in the last corresponding quarter, which was mainly attributed to the foreign exchange loss on fundraising from rights share issue and higher finance costs on additional short-term loan drawdown.

3. Prospects for FYE 2011

We are optimistic that FYE 2011 will be another promising year for our Group, as the growth rate for China's sports-footwear market should continue to improve in tandem with the economic growth in China, which continues to be robust. As China's per capita disposable income continues to grow, we are optimistic that average consumption of sports shoes per person per annum will continue to grow with the increasing purchasing power of the average person in China. This will bode well for our Group, especially in view of the size of the domestic consumer market in China.

We have fast-tracked our expansion plans, the construction of all factories and dormitories on our new production centre on Xibin Land have been completed in November 2010. With the completion of our new production centre, the operations in Yanshang Industry Zone will be ceased eventually and shifted to our new plants on Xibin land. Our annualised production capacity is expected to increase up to 79.6 million pairs in FYE 2011 from approximately 32.5 million pairs this year. The commencement of operations on the new production centre is anticipated to contribute positively to our growth in forthcoming years.

The demand for our EVA MD products continues to show growth, we aim to continue to ramp up production capacity for EVA MD products in FYE 2011. We expect the performance of the Group to further improve in FYE 2011, as we continue to increase our production capacity to fulfil customer demand, increase our new range of design offerings to fulfil forecasted market trends and expand the sales and marketing networks in China. Apart from fashion trends, our R&D efforts are also focused on continuing to develop sport-shoe soles with improved ergonomics and functional features.

Whilst we are optimistic about demand conditions for our sports-shoe soles and sports shoes in China for FYE 2011, we continue to exercise discipline in managing our operating cost base. Despite promising conditions for continued growth in FYE 2011, we believe that prudent financial management will be fundamental to sustainable long-term growth for our Group, and will be essential to weathering any unexpected challenging conditions.

4. Profit forecast and guarantee

Bursa Malaysia Securities Berhad queried on the article appearing in New Strait Times, page 12 on Wednesday, 25 August 2010 on the following statements:-

- (1) 'Multi Sports expects to register a 20% growth in net profit this year, driven by higher sales volume.'
- (2) 'It had also anticipated its 2011 net profit growth to be a higher 30-40% than this year, on additional capacity which will lead to higher production and sales volume.'

The Company clarified to Bursa Malaysia Securities Berhad that the above said net profit growth for year 2010 and 2011 is an internal target and inspiration of the Company. Thus, it does not tantamount to a profit forecast or projection of the Company.

5. Income tax charge

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
PRC income tax	5,873	2,703	17,011	7,828

The effective tax rate of the Group for the current quarter was 14.1% and for the financial year-to-date was 13.7% as compared to the current Enterprise Income Tax (EIT) rate of 25.0%. The lower effective tax rate is mainly due to Baixing enjoys an EIT rate of 12.5% up to 31 December 2010 under Regular Tax Reduction and Exemption Treatment” (二免三減半) and this has however partially offset by the provision for withholding tax on dividend.

6. Sales of unquoted investments and/or properties

No sales of unquoted investments and/or properties of the Group in the current quarter and financial year-to-date.

7. Purchase or disposal of quoted securities

No purchase or disposal of quoted securities by the Group in the current quarter and financial year-to-date.

8. Status of corporate proposals and utilisation of proceeds

(a) Utilisation of IPO proceeds

The Public Issue raised gross proceeds of RM48.96 million and we have utilised the proceeds raised in the following manner: -

		Estimated timeframe for utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Explanations
(i)	Expansion of production capacity	Within 24 months				
	- Production Centre		25,000	89,807	(64,807)	(1)
	- Production Line		5,000	5,600	(600)	(1), (2)
			<u>30,000</u>	<u>95,407</u>	<u>(65,407)</u>	
(ii)	Expansion of sales and marketing network in China	Within 18 months	3,960	-	3,960	(2),(3)
(iii)	Advertising and branding	Within 24 months	3,000	864	2,136	(2)
(iv)	Enhancement of product development capabilities	Within 24 months	4,000	723	3,277	(2)
(v)	Working capital	Within 24 months	1,000	1,000	Nil	
(vi)	Estimated Listing expenses	Immediate	7,000	7,695	(695)	(4)
	Total proceeds		48,960	105,689		

Notes :

- (1) The new production centre is still in the course of construction and the total expansion cost of production centre increase up to period end was RM89.8 million, out of which RM25 million was financed via the IPO proceeds and the deviation of RM64.8 million was financed via funds generated internally by the Group. The total expansion cost of machinery and equipment amounting to RM5 million was financial via IPO proceeds and the deviation of RM0.6 million was financed via internal generated funds.

8. Status of corporate proposals and utilisation of proceeds (Continued)

- (2) IPO proceeds will be utilised within the estimated timeframe given and the Group does not expect any material deviation as at the date of this report.
- (3) The Company will write in to Securities Commission to seek their approval to extend the utilisation timeframe for another six months.
- (4) The total listing expenses were RM7.7 million, out of which RM2.7 million was offset against share premium as these transaction costs were directly relating to the public initial offering and the issuance of equity instrument. The deviation of RM0.7 million was financed via the funds generated internally by the Group.

(b) Utilisation of Rights share proceeds

The Rights share Issue raised gross proceeds of RM34.20 million and we have utilised the proceeds raised in the following manner: -

	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Explanations
(i) Expansion of production capacity				
- Production Centre	33,200	14,093	19,107	
(ii) Estimated issuance expenses	1,000	935	65	(1)
Total proceeds	34,200	15,028		

Note :

- (1) The total Rights share expenses amounting to RM0.94 million were offset against share premium as these transaction costs were directly relating to the issuance of Rights share. The deviation of RM0.06 million was utilized as working capital by the Group

9. Group borrowings and debts securities

Our Group's borrowings and debts securities as at 30 September 2010 were as follow : -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	45,700	21,031

The bank loans were pledged by the Group's land use rights and guaranteed by a third party.

10. Off-balance sheet financial instruments risks

As at the date of this report, we do not have nor are we using any financial instruments.

11. Changes in material litigation

As at the date of this report, our Group is not engaged whether as plaintiff or defendant in any legal action, proceedings, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of our Group, and our Directors are not aware of any proceedings pending or threatening or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

12. Net asset and earnings per share

The Company and the Group	Weighted average no. of shares	
	30 September 2010	31 December 2009
Consolidation and increase (20 ordinary shares for 12 months) ⁽¹⁾	20	20
Acquisition of Pak Sing (302,399,980 ordinary shares for 12 months) ⁽¹⁾	302,399,980	302,399,980
Subtotal	302,400,000	302,400,000
Public issue (57,600,000 ordinary shares for 4.5 months on 31 December 2009)	57,600,000	21,600,000
Subtotal	360,000,000	324,000,000
Right shares issue (90,000,000 ordinary shares for 1.8 months on 30 September 2010)	13,500,000	-
Total	373,500,000	324,000,000

Net asset per share are calculated based on net asset attributable to equity holders of the Group and weighted average number of 373,500,000 and 324,000,000 ordinary shares in issue and for the financial year ended 30 September 2010 and 31 December 2009 respectively.

Basic earnings per share are calculated based on profit attributable to equity holders of the Group and the number of 373,500,000 ordinary shares fully in issue for the financial periods ended 30 September 2010 and the number of 315,120,000 ordinary shares in issue for the financial periods ended 30 September 2009.

Comparative figures for the weighted average number of ordinary shares for basic earnings per share have been restated to reflect the adjustment arising from the Rights share issue for the period ended 30 September 2010.

There is no potential dilutive effect on earnings per share.

- (1) Ordinary shares arising from the Reorganisation exercise are assumed to be issued throughout the financial year 31 December 2009 as the Reorganisation exercise was accounted for under common control using the "pooling of interest" method of consolidation

13. Audit report of the Group's preceding annual financial statements

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2009.