

Company Name : MULTI SPORTS HOLDINGS LTD
Stock Name : MSPORTS
Financial Period Ended : 31 MARCH 2011
Quarter : 1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

PARTICULARS	NOTE	UNAUDITED	AUDITED	UNAUDITED	AUDITED
		AS AT 31-Mar-11 RMB'000	AS AT 31-Dec-10 RMB'000	AS AT 31-Mar-11 RM'000 (1)	AS AT 31-Dec-10 RM'000 (1)
ASSETS					
Non-current assets					
Property, plant and equipment		255,880	258,463	118,319	119,513
Intangible assets		23,833	23,981	11,020	11,089
		<u>279,713</u>	<u>282,444</u>	<u>129,339</u>	<u>130,602</u>
Current assets					
Inventories		12,603	11,144	5,828	5,153
Trade receivables		90,432	83,154	41,816	38,450
Prepayment and other receivables	A12	47,589	65,364	22,005	30,224
Cash and bank balances		294,911	242,718	136,367	112,233
Deposit pledged for bill payables		45,660	37,200	21,113	17,201
		<u>491,195</u>	<u>439,580</u>	<u>227,129</u>	<u>203,261</u>
Total assets		<u>770,908</u>	<u>722,024</u>	<u>356,468</u>	<u>333,863</u>
EQUITY AND LIABILITY					
Capital and Reserves					
Share capital		153,898	153,898	71,162	71,162
Reserve		389,400	364,817	180,059	168,691
Total equity		<u>543,298</u>	<u>518,715</u>	<u>251,221</u>	<u>239,853</u>
Non-current liability					
Deferred tax liability		3,500	3,000	1,618	1,387
Current liabilities					
Trade payables and bill payables		142,630	117,598	65,952	54,377
Accrued liabilities and other payables		28,088	32,839	12,988	15,185
Amount owing to a shareholder cum director		265	263	123	122
Income tax payable		13,127	9,609	6,070	4,443
Interest-bearing bank borrowings		40,000	40,000	18,496	18,496
		<u>227,610</u>	<u>203,309</u>	<u>105,247</u>	<u>94,010</u>
Total equity and liabilities		<u>770,908</u>	<u>722,024</u>	<u>356,468</u>	<u>333,863</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	B13	120.73	115.27	55.83	53.3

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 RM0.4624 as at 31 March 2011.

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 31 MARCH 2011
 Quarter : 1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2011

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 31-Mar-11 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-10 RMB'000	UNAUDITED CURRENT QUARTER 31-Mar-11 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-10 RM'000 (1)
Revenue		147,981	133,720	68,426	61,832
Cost of sales		(105,369)	(90,902)	(48,723)	(42,033)
Gross Profit		42,612	42,818	19,703	19,799
Other income		243	329	112	152
Selling and distribution expenses		(2,519)	(2,478)	(1,164)	(1,146)
Administrative expenses		(5,467)	(2,993)	(2,528)	(1,384)
Finance costs		(611)	(201)	(282)	(93)
Profit before taxation		34,258	37,475	15,841	17,328
Income tax expenses		(9,675)	(5,056)	(4,473)	(2,338)
Profit after taxation		24,583	32,419	11,368	14,990
Total comprehensive income for the period		24,583	32,419	11,368	14,990
Profit attributable to :					
- Equity holders of the Group		24,583	32,419	11,368	14,990
Total comprehensive income attributable to :					
- Equity holders of the Group		24,583	32,419	11,368	14,990

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 31-Mar-11 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-10 RMB'000	UNAUDITED CURRENT QUARTER 31-Mar-11 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-10 RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	5.46	9.01	2.53	4.16
Diluted (sen in RMB / RM)	B13	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 2010 and the accompanying explanatory notes attached to the financial statements.

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Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 31 MARCH 2011
 Quarter : 1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2011

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT	PRECEDING	CURRENT	PRECEDING
		YEAR	YEAR	YEAR	YEAR
		TO DATE	CORRESPONDING	TO DATE	CORRESPONDING
		31-Mar-11	PERIOD	31-Mar-11	PERIOD
			31-Mar-10		31-Mar-10
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
Revenue		147,981	133,720	68,426	61,832
Cost of sales		(105,369)	(90,902)	(48,723)	(42,033)
Gross Profit		42,612	42,818	19,703	19,799
Other income		243	329	112	152
Selling and distribution expenses		(2,519)	(2,478)	(1,164)	(1,146)
Administrative expenses		(5,467)	(2,993)	(2,528)	(1,384)
Finance costs		(611)	(201)	(282)	(93)
Profit before taxation		34,258	37,475	15,841	17,328
Income tax expenses		(9,675)	(5,056)	(4,473)	(2,338)
Profit after taxation		24,583	32,419	11,368	14,990
Total comprehensive income for the year		24,583	32,419	11,368	14,990
Profit attributable to :					
- Equity holders of the Group		24,583	32,419	11,368	14,990
Total comprehensive income attributable to :					
- Equity holders of the Group		24,583	32,419	11,368	14,990

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PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT YEAR TO DATE 31-Mar-11 RMB'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-10 RMB'000	CURRENT YEAR TO DATE 31-Mar-11 RM'000 (1)	PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-10 RM'000 (1)
Earnings per share attributable to equity holders of the Group:					
Basic (sen in RMB / RM)	B13	5.46	9.01	2.53	4.16
Diluted (sen in RMB / RM)	B13	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 2010 and the accompanying explanatory notes attached to the financial statements.

Note :

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Company Name : MULTI SPORTS HOLDINGS LTD
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 Financial Period Ended : 31 MARCH 2011
 Quarter : 1

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2011

	← 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 2011	153,898	111,164	23,353	(54,916)	285,216	518,715
Net profit for the period	-	-	-	-	24,583	24,583
At 31 March 2011	153,898	111,164	23,353	(54,916)	309,799	543,298

	← 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 2011	71,162	51,402	10,798	(25,393)	131,884	239,853
Net profit for the period	-	-	-	-	11,368	11,368
At 31 March 2011	71,162	51,402	10,798	(25,393)	143,252	251,221

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 2010 and the accompanying explanatory notes attached to the financial statements.

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Company Name : MULTI SPORTS HOLDINGS LTD
Stock Name : MSPORTS
Financial Period Ended : 31 MARCH 2011
Quarter : 1

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 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	-	-	-	-	32,419	32,419
At 31 March 2010	123,178	69,689	23,353	(54,916)	178,494	339,798

	← 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	56,958	32,224	10,798	(25,393)	67,545	142,132
Net profit for the period	-	-	-	-	14,990	14,990
At 31 March 2010	56,958	32,224	10,798	(25,393)	82,535	157,122

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 2010 and the accompanying explanatory notes attached to the financial statements.

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Company Name : MULTI SPORTS HOLDINGS LTD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 31 MARCH 2011

	UNAUDITED CURRENT YEAR 31-Mar-11 RMB'000	UNAUDITED PRECEDING YEAR 31-Mar-10 RMB'000	UNAUDITED CURRENT YEAR 31-Mar-11 RM'000 (1)	UNAUDITED PRECEDING YEAR 31-Mar-10 RM'000 (1)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	34,258	37,475	15,841	17,328
Adjustments for :-				
Depreciation of property, plant and equipment	5,269	2,368	2,436	1,095
Amortisation of intangible assets	148	48	68	22
Interest income	(243)	(154)	(112)	(71)
Interest expense	611	201	282	93
Operating profit before working capital changes	40,043	39,938	18,515	18,467
(Increase)/ decrease in inventories	(1,459)	96	(675)	44
(Increase)/decrease in trade receivables	(7,278)	4,443	(3,365)	2,054
Increase in prepayments and other receivables	17,775	759	8,219	351
Increase/(decrease) in trade payables	25,032	(535)	11,575	(247)
(Decrease) in accrued liabilities and other payables	(4,749)	(4,473)	(2,196)	(2,068)
Net cash generated from operations	69,364	40,228	32,073	18,601
Income tax paid	(5,657)	(11,387)	(2,615)	(5,265)
Interest received	243	154	112	71
Interest paid	(611)	(201)	(282)	(93)
Net cash generated from operating activities	63,339	28,794	29,288	13,314
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(2,704)	(12,540)	(1,250)	(5,798)
Acquisition of intangible asset	-	(960)	-	(444)
Proceed from disposal of property, plant and equipment	18	17	8	8
Net cash used in investing activities	(2,686)	(13,483)	(1,242)	(6,234)
CASH FLOW FROM FINANCING ACTIVITIES				
Bank loan obtained	-	15,700	-	7,260
Deposit pledged with bank	(8,460)	-	(3,912)	-
Net cash (used in)/ generated from financing activities	(8,460)	15,700	(3,912)	7,260

	UNAUDITED CURRENT YEAR 31-Mar-11 RMB'000	UNAUDITED PRECEDING YEAR 31-Mar-10 RMB'000	UNAUDITED CURRENT YEAR 31-Mar-11 RM'000 (1)	UNAUDITED PRECEDING YEAR 31-Mar-10 RM'000 (1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	52,193	31,011	24,134	14,340
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	242,718	160,706	112,233	74,310
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	294,911	191,717	136,367	88,650

Cash and cash equivalents comprise:

Cash and bank balances	340,571	191,717	157,480	88,650
Less: Deposit pledged with bank	(45,660)	-	(21,113)	-
	294,911	191,717	136,367	88,650

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements. .

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A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011

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 2010, and the accompanying explanatory notes attached to this interim financial report.

b) Changes in accounting policies

On 1 January 2011, the Group adopted the new or revised Financial Reporting Standard (“IFRS”) and interpretations that are mandatory for application on that date. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS.

(i) IFRS and IFRIC Interpretations that are issued, not yet effective and have not been adopted early

The Group has not adopted the following revised IFRS, amendments to IFRS, new IFRS and IFRIC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group:-

Reference	Description	Effective for financial periods beginning on or after
IAS 24 (revised)	Related Party Disclosure	01.01.2011
Amendments to IAS 32	Classification of Rights Issues	01.02.2010
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters	01.07.2010
Amendments to IFRIC 4	Prepayments of a Minimum Funding Requirement	01.01.2011
IFRIC 5	Agreements for Construction of Real Estate	01.01.2011
IFRIC 9	Extinguishing Financial Liabilities with Equity Instruments	01.07.2010
Improvements to IFRSs 2010		01.07.2010/ 01.01.2011

IAS 24 (Revised) Related Party Disclosures

The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party. However, the revised definition of a related party will also mean that some entities will have more related parties and will be required to make additional disclosures.

Management is currently considering the revised definition to determine whether any additional disclosures will be required and has yet to put systems in place to capture the necessary information. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Company when implemented in 2011.

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 2011 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 Group experienced lower level of production activities due to fewer working days as the result of Lunar New Year holidays in the first quarter of the year. Other than the mentioned factor, the business of the Group was not affected by any significant seasonal and cyclical factors.

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 dividends paid during the period under review.

7. Segment Information

Business Segments

	Financial period ended 31 March 2011 (Unaudited)				TOTAL RMB'000
	TPR Shoe soles RMB'000	RB Shoe soles RMB'000	MD1 Shoe soles RMB'000	MD2 Shoe soles RMB'000	
Segment revenue					
- External sales	9,955	2,554	34,346	101,126	147,981
Segment results	2,318	600	7,961	23,808	34,687
Unallocated interest income					-
Unallocated other expenses					(429)
Profit from operations					34,258
Other information:					
Interest income	16	4	56	167	243
Interest expenses	(41)	(10)	(140)	(420)	(611)
Additions to non-current assets *	181	47	620	1,856	2,704
Depreciation and amortisation	(362)	(94)	(1,243)	(3,718)	(5,417)

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

Financial period ended 31 March 2011 (Unaudited)

Segment assets	51,352	13,290	176,334	527,333	768,309
Segment liabilities	14,235	3,684	48,881	146,181	212,981

**As at
31 March 2011
RMB'000
(Unaudited)**

Segment assets are reconciled to total assets as follows:

Segment assets	768,309
Unallocated prepayment and other receivable	849
Unallocated cash at bank and on hand	1,750
Total assets	770,908

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	212,981
Unallocated amount owing to a shareholder	265
Unallocated income tax payable	13,127
Unallocated accruals and other payables	1,237
Total liabilities	227,610

Business Segments

	Financial period ended 31 March 2011 (Unaudited)				
	TPR Shoe soles RM'000	RB Shoe soles RM'000	MD1 Shoe soles RM'000	MD2 Shoe soles RM'000	TOTAL RM'000
Segment revenue					
- External sales	4,603	1,181	15,881	46,761	68,426
Segment results	1,072	277	3,681	11,009	16,039
Unallocated interest income					-
Unallocated other expenses					(198)
Profit from operations					15,841
Other information:					
Interest income	7	2	26	77	112
Interest expenses	(19)	(4)	(65)	(194)	(282)
Additions to non-current assets *	84	21	287	858	1,250
Depreciation and amortisation	(167)	(43)	(575)	(1,719)	(2,504)

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

	Financial period ended 31 March 2011 (Unaudited)				
Segment assets	23,745	6,145	81,537	243,839	355,266
Segment liabilities	6,582	1,703	22,603	67,594	98,482

**As at
31 March 2011
RM'000
(Unaudited)**

Segment assets are reconciled to total assets as follows:

Segment assets	355,266
Unallocated prepayment and other receivable	393
Unallocated cash at bank and on hand	809
Total assets	356,468

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	98,482
Unallocated amount owing to a shareholder	123
Unallocated income tax payable	6,070
Unallocated accruals and other payables	572
Total liabilities	105,247

Business Segments

	Financial period ended 31 March 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
Segment revenue					
- External sales	12,283	4,212	43,662	73,563	133,720
Segment results	3,443	1,205	12,263	21,011	37,922
Unallocated other expenses					(447)
Profit from operations					37,475
Other information:					
Interest income	14	5	50	85	154
Interest expenses	(18)	(6)	(65)	(112)	(201)
Additions to non-current assets *	12,500	5,211	44,227	80,945	142,883
Depreciation and amortisation	(220)	(77)	(781)	(1,338)	(2,416)

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

	Financial year ended 31 December 2010 (Audited)				
Segment assets	62,816	26,185	222,253	406,774	718,028
Segment liabilities	16,555	6,901	58,576	107,207	189,239

	As at 31 December 2010 RMB'000 (Audited)
Segment assets are reconciled to total assets as follows:	
Segment assets	718,028
Unallocated prepayment and other receivables	13
Unallocated cash and cash balances	2,875
Total assets	720,916

Segment liabilities are reconciled to total liabilities as follows:	
Segment liabilities	189,239
Unallocated amount owing to a shareholder cum director	263
Unallocated income tax payable	9,609
Unallocated other payables	1,198
Total liabilities	200,309

Business Segments

	Financial period ended 31 March 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
Segment revenue:					
- External sales	5,680	1,948	20,189	34,015	61,832
Segment results	1,592	557	5,670	9,716	17,535
Unallocated other expenses					(207)
Profit from operations					17,328
Other information:					
Interest income	6	2	23	40	71
Interest expenses	(8)	(3)	(30)	(52)	(93)
Additions to non-current assets *	5,780	2,409	20,451	37,429	66,069
Depreciation and amortisation	(102)	(35)	(361)	(619)	(1,117)

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

	Financial year ended 31 December 2010				
	(Audited)				
Segment assets	29,046	12,108	102,770	188,092	332,016
Segment liabilities	7,655	3,191	27,085	49,573	87,504

	As at 31 December 2010 RM'000 (Audited)
Segment assets are reconciled to total assets as follows:	
Total assets for reportable segments	332,016
Unallocated prepayment and other receivables	6
Unallocated cash and cash balances	1,329
Total assets	333,351

Segment liabilities are reconciled to total liabilities as follows:	
Total liabilities for reportable segments	87,504
Unallocated amount owing to a shareholder cum director	122
Unallocated income tax payable	4,443
Unallocated other payables	554
Total liabilities	92,623

8. Subsequent events

Except for the event disclosed below, there were no other material events subsequent to the end of the financial period under review.

Taiwan Depository Receipts offer

On 5 April 2011, the Company has applied to Bursa Malaysia Securities Berhad (“Bursa Malaysia”) for a proposed sponsoring of a depository receipt programme in Taiwan, which entail the issuance of Taiwan depository receipts (“TDR”) in Taiwan which will represent up to an aggregate of 67,500,000 new ordinary shares of USD0.05 each in the Company (“Shares”), which will amounts up to 15.0% of the existing issued and fully paid-up share capital of the Company.

On 26 April 2011, the Company received approval from Bank Negara Malaysia (“BNM”) for the proposed TDR Programme. BNM’s approval is subject to Multi Sports obtaining all requisite approvals and meeting all relevant conditions for the Proposals.

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 as follow:

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Property, plant and equipment	2,704	1,250	2,704	1,250
	<u>2,704</u>	<u>1,250</u>	<u>2,704</u>	<u>1,250</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	(23)	(11)	(23)	(11)
	<u>(23)</u>	<u>(11)</u>	<u>(23)</u>	<u>(11)</u>

12. Prepayment and other receivables

	FY2011		FY2010	
	Year-to-date		Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Advance payments to suppliers	46,258	21,390	64,517	29,833
Prepayment and other receivables	1,331	615	847	391
	<u>47,589</u>	<u>22,005</u>	<u>65,364</u>	<u>30,224</u>

Advance payments to suppliers relate to purchase agreements entered into with suppliers to guarantee the purchase of raw materials at a pre-determined price range and to ensure the product quality for a period of six months. Under the terms of the agreements, the Company shall pay the suppliers in advance by means of bank bills. The bills are transferrable, secured by bank deposits pledged and have a maturity period of six months.

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>182</u>	<u>84</u>	<u>182</u>	<u>84</u>

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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 147.9 (RM 68.4) million and profit after taxation of RMB 24.6 (RM 11.4) million. The growth in revenue by 10.7% compared to Q1 2010 was mainly due to the higher demand of EVA MD products from our customers.

Gross profit margin for three months ended 31 March 2011 has decreased to 28.8% from 32.0% for last year corresponding quarter as this was mainly due to the higher production cost arising from rises in raw material costs.

The Group's profit after taxation declined by 7.6% from 24.2% in Q1 2010 compared to 16.6% in current quarter, which is in line with the drop in gross profit margin, and higher Enterprise Income Tax rate mentioned in B2 below.

2. Variation of results against immediate preceding quarter

	Current quarter 31-Mar-11 RMB'000	Preceding quarter 31-Dec-10 RMB'000	Current quarter 31-Mar-11 RM'000	Preceding quarter 31-Dec-10 RM'000
Revenue	147,981	171,417	68,426	79,263
Gross profit	42,612	54,732	19,703	25,308
Profit after taxation	24,583	34,174	11,368	15,802

For first quarter performance, the Group recorded revenue of RMB 147.9 (RM 68.4) million and profit after taxation of RMB 24.6 (RM 11.4) million.

As compared to Q4 2010, the decrease in revenue for the current quarter by 13.7% was mainly due to fewer working days as the result of Lunar New Year holidays. The gross profit margin declined by 3.1% to 28.8% as compared to 31.9% in the preceding quarter. The Group's profit after taxation dropped to 16.6% as compared to 19.9% in the last corresponding quarter, which was mainly attributed to its subsidiary is subject to the Enterprise Income Tax (EIT) rate at 25% rather than 12.5% in the prior year after the lapse of "Regular Tax Reduction and Exemption Treatment".

3. Prospects for FYE 2011

Our new production centre on Xibin Land has been completed in November 2010. The commencement of operations in the new production centre since February 2011 is anticipated to contribute positively to our growth in FYE 2011 as we step up our production capacity in the new production centre progressively.

On the other hand, we are aware the rising labour cost and raw material price may deliver pressure on our profit margin, we will continue to exercise discipline in managing our operating cost base. Barring any unforeseen circumstances, we cautiously optimistic the results for FYE 2011 to be satisfactory.

4. Profit forecast and guarantee

No profit forecast or guarantee were previously announced and disclosed by the Group in a public document.

5. Income tax

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
PRC income tax	9,675	4,473	9,675	4,473

The effective tax rate of the Group for the current quarter was 28.2% as compared to the current Enterprise Income Tax (EIT) rate of 25.0%. The higher effective tax rate is mainly due to the provision for withholding tax on dividend and deferred tax expense.

6. Retained earnings

	Current Quarter Ended		Preceding Quarter Ended	
	RMB'000	RM'000	RMB'000	RM'000
Realised	316,409	146,308	290,996	134,557
Unrealised	(8,067)	(3,730)	(7,287)	(3,370)
	308,342	142,578	283,709	131,187
Consolidation adjustments	1,457	674	1,507	697
Total Group retained profits as per Consolidated accounts	309,799	143,252	285,216	131,884

7. 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.

8. 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.

9. 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)
(iii)	Advertising and branding	Within 24 months	3,000	1,447	1,553	(2)
(iv)	Enhancement of product development capabilities	Within 24 months	4,000	879	3,121	(2)
(v)	Working capital	Within 24 months	1,000	1,000	Nil	
(vi)	Estimated Listing expenses	Immediate	7,000	7,695	(695)	(3)
	Total proceeds		48,960	106,428		

Notes :

- (1) The construction of a new production centre has been completed and the total cost of production centre 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.
- (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 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 & Production line	33,200	27,364	5,836	
(ii)	Estimated issuance expenses	1,000	935	65	(1)
	Total proceeds	34,200	28,299		

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

10. Group borrowings and debts securities

Our Group's borrowings and debts securities as at 31 March 2011 were as follow : -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	40,000	18,496

The bank loans were guaranteed by third parties.

11. Off-balance sheet financial instruments risks

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

12. 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.

13. Net asset and earnings per share

The Company and the Group	Weighted average no. of shares	
	31 March 2011	31 December 2010
At beginning of period/ year	360,000,000	360,000,000
Right shares issue	90,000,000	90,000,000
Total	<u>450,000,000</u>	<u>450,000,000</u>

Net asset per share are calculated based on net asset attributable to equity holders of the Group and weighted average number of 450,000,000 ordinary shares in issue for the financial year ended 31 March 2011 and 31 December 2010.

Basic earnings per share are calculated based on profit attributable to equity holders of the Group and weighted average number of 450,000,000 ordinary shares fully in issue for the financial year ended 31 March 2011 and weighted average number of 360,000,000 ordinary shares in issue for the financial year ended 31 March 2010.

There is no potential dilutive effect on earnings per share.

14. 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 2010.