

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 JUNE 2012
 Quarter : 2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

PARTICULARS	NOTE	UNAUDITED AS AT 30-Jun-12 RMB'000	AUDITED AS AT 31-Dec-11 RMB'000	UNAUDITED AS AT 30-Jun-12 RM'000 (1)	AUDITED AS AT 31-Dec-11 RM'000 (1)
ASSETS					
Non-current assets					
Property, plant and equipment		236,914	243,760	119,902	123,367
Intangible assets		18,705	18,954	9,467	9,593
		<u>255,619</u>	<u>262,714</u>	<u>129,369</u>	<u>132,960</u>
Current assets					
Inventories		13,494	13,462	6,829	6,813
Trade receivables		72,115	92,966	36,497	47,050
Prepayment and other receivables		587	81	297	41
Cash and bank balances		530,944	462,356	268,711	233,998
		<u>617,140</u>	<u>568,865</u>	<u>312,334</u>	<u>287,902</u>
Total assets		<u>872,759</u>	<u>831,579</u>	<u>441,703</u>	<u>420,862</u>
EQUITY AND LIABILITY					
Capital and Reserves					
Share capital		175,361	175,361	88,750	88,750
Reserve		594,610	528,532	300,932	267,490
Total equity		<u>769,971</u>	<u>703,893</u>	<u>389,682</u>	<u>356,240</u>
Current liabilities					
Trade payables		35,632	47,208	18,033	23,892
Accrued liabilities and other payables		28,778	36,357	14,565	18,400
Amount owing to a shareholder cum director		-	246	-	125
Income tax payable		10,878	16,375	5,505	8,287
Interest-bearing bank borrowings		27,500	27,500	13,918	13,918
		<u>102,788</u>	<u>127,686</u>	<u>52,021</u>	<u>64,622</u>
Total equity and liabilities		<u>872,759</u>	<u>831,579</u>	<u>441,703</u>	<u>420,862</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	B12	148.79	136.02	75.30	68.84

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 RM0.5061 as at 30 June 2012.

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 JUNE 2012
 Quarter : 2

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2012

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 30-Jun-12 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-11 RMB'000	UNAUDITED CURRENT QUARTER 30-Jun-12 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-11 RM'000 (1)
Revenue		190,739	235,653	96,533	119,264
Cost of sales		(138,989)	(164,035)	(70,342)	(83,018)
Gross Profit		51,750	71,618	26,191	36,246
Other income		563	1,003	285	508
Selling and distribution expenses		(3,013)	(2,903)	(1,525)	(1,469)
Administrative expenses		(6,076)	(6,509)	(3,075)	(3,295)
Finance costs		(362)	(881)	(183)	(446)
Profit before taxation		42,862	62,328	21,693	31,544
Income tax expenses		(11,069)	(17,691)	(5,602)	(8,953)
Profit after taxation		31,793	44,637	16,091	22,591
Total comprehensive income for the period		31,793	44,637	16,091	22,591
Profit attributable to :					
- Equity holders of the Group		31,793	44,637	16,091	22,591
Total comprehensive income attributable to :					
- Equity holders of the Group		31,793	44,637	16,091	22,591

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 30-Jun-12 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-11 RMB'000	UNAUDITED CURRENT QUARTER 30-Jun-12 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-11 RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B12	6.14	9.92	3.11	5.02
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 2011 and the accompanying explanatory notes attached to the financial statements.

Note :

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Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 JUNE 2012
 Quarter : 2

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2012

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-Jun-12	PERIOD	30-Jun-12	PERIOD
			30-Jun-11		30-Jun-11
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
Revenue		385,695	383,634	195,200	194,157
Cost of sales		(278,756)	(269,404)	(141,078)	(136,345)
Gross Profit		106,939	114,230	54,122	57,812
Other income		1,099	1,246	556	631
Selling and distribution expenses		(6,004)	(5,422)	(3,039)	(2,744)
Administrative expenses		(12,231)	(11,976)	(6,190)	(6,061)
Finance costs		(823)	(1,492)	(416)	(756)
Profit before taxation		88,980	96,586	45,033	48,882
Income tax expenses		(22,902)	(27,366)	(11,591)	(13,850)
Profit after taxation		66,078	69,220	33,442	35,032
Total comprehensive income for the year		66,078	69,220	33,442	35,032
Profit attributable to :					
- Equity holders of the Group		66,078	69,220	33,442	35,032
Total comprehensive income attributable to :					
- Equity holders of the Group		66,078	69,220	33,442	35,032

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PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT YEAR TO DATE 30-Jun-12 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-11 RMB'000	UNAUDITED CURRENT YEAR TO DATE 30-Jun-12 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-11 RM'000 (1)
Earnings per share attributable to equity holders of the Group:					
Basic (sen in RMB / RM)	B12	12.77	15.38	6.46	7.78
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 2011 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 : 30 JUNE 2012
 Quarter : 2

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2012

	← 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 2012	175,361	137,426	23,353	(54,916)	422,669	703,893
Net profit for the period	-	-	-	-	66,078	66,078
At 30 June 2012	175,361	137,426	23,353	(54,916)	488,747	769,971

	← 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 2012	88,750	69,551	11,819	(27,793)	213,913	356,240
Net profit for the period	-	-	-	-	33,442	33,442
At 30 June 2012	88,750	69,551	11,819	(27,793)	247,355	389,682

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 2011 and the accompanying explanatory notes attached to the financial statements.

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Company Name : MULTI SPORTS HOLDINGS LTD
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 Financial Period Ended : 30 JUNE 2012
 Quarter : 2

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 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	-	-	-	-	69,220	69,220
At 30 June 2011	153,898	111,164	23,353	(54,916)	354,436	587,935

	← 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	77,888	56,260	11,819	(27,793)	144,348	262,522
Net profit for the period	-	-	-	-	35,032	35,032
At 30 June 2011	77,888	56,260	11,819	(27,793)	179,380	297,554

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 2011 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 : 30 JUNE 2012
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2012

	UNAUDITED CURRENT PERIOD 30-Jun-12 RMB'000	UNAUDITED PRECEDING PERIOD 30-Jun-11 RMB'000	UNAUDITED CURRENT PERIOD 30-Jun-12 RM'000 (1)	UNAUDITED PRECEDING PERIOD 30-Jun-11 RM'000 (1)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	88,980	96,586	45,033	48,882
Adjustments for :-				
Depreciation of property, plant and equipment	9,958	10,527	5,040	5,328
Amortisation of intangible assets	249	280	126	142
Gain on disposal of property, plant & equipment and intangible asset	-	(110)	-	(56)
Interest income	(1,087)	(986)	(550)	(499)
Interest expense	823	1,492	416	755
Operating profit before working capital changes	98,923	107,789	50,065	54,552
Increase in inventories	(31)	(3,549)	(16)	(1,796)
Decrease/ (increase) in trade receivables	20,851	(10,049)	10,553	(5,086)
(Increase)/ decrease in prepayments and other receivables	(506)	63,506	(256)	32,140
Decrease in trade payables	(11,576)	(50,428)	(5,859)	(25,521)
Decrease in accrued liabilities and other payables	(7,581)	(1,911)	(3,837)	(967)
Net cash generated from operations	100,080	105,358	50,650	53,322
Income tax paid	(28,399)	(14,426)	(14,373)	(7,301)
Interest received	1,087	986	550	499
Interest paid	(823)	(1,492)	(416)	(755)
Net cash generated from operating activities	71,945	90,426	36,411	45,765
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(3,112)	(3,913)	(1,575)	(1,980)
Proceed from disposal of property, plant & equipment and intangible asset	-	5,228	-	2,645
Net cash (used in)/ from investing activities	(3,112)	1,315	(1,575)	665
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment to a director	(245)	-	(124)	-
Repayment of bank loan	(27,500)	(12,500)	(13,918)	(6,326)
Obtained of bank loan	27,500	-	13,918	-
Deposit refunded from bank	-	28,740	-	14,545
Net cash (used in)/ from financing activities	(245)	16,240	(124)	8,219

	UNAUDITED CURRENT PERIOD 30-Jun-12 RMB'000	UNAUDITED PRECEDING PERIOD 30-Jun-11 RMB'000	UNAUDITED CURRENT PERIOD 30-Jun-12 RM'000 (1)	UNAUDITED PRECEDING PERIOD 30-Jun-11 RM'000 (1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	68,588	107,981	34,712	54,649
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	462,356	242,718	233,999	122,840
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	530,944	350,699	268,711	177,489

Cash and cash equivalents comprise:

Cash and bank balances	530,944	359,159	268,711	181,771
Less: Deposit pledged with bank	-	(8,460)	-	(4,282)
	530,944	350,699	268,711	177,489

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 30 JUNE 2012

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 2011, and the accompanying explanatory notes attached to this interim financial report.

b) Changes in accounting policies

On 1 January 2012, 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
Amendments to IFRS 7	Disclosures – Transfers of Financial Assets	01.07.2011
IFRS 9	Financial Instruments – Clarification and Measurement	01.01.2013
IFRS 10	Consolidated Financial Statements	01.01.2013
IFRS 12	Disclosure of interests in Other Entities	01.01.2013
IFRS 13	Fair value measurement	01.01.2013
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	01.07.2012
Amendments to IAS 12	Deferred Tax – Recovery of Underlying Assets	01.01.2012
IAS 19 (as revised in 2011)	Employee Benefits – Amended Standard resulting from the Post- Employment Benefits and Termination Benefits projects	01.01.2013

The management does not anticipate that the adoption of the above those IFRSs that have been issued but not yet effective (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 a 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.

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7. Segment Information

Business Segments

	Financial period ended 30 June 2012 (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	21,732	10,470	71,748	281,745	385,695
Segment results	5,230	2,455	16,747	66,384	90,816
Unallocated interest income					-
Unallocated other expenses					(1,836)
Profit from operations					88,980
Other information:					
Interest income	63	29	201	794	1,087
Interest expenses	(47)	(22)	(152)	(602)	(823)
Additions to non-current assets *	179	84	574	2,275	3,112
Depreciation and amortisation	(588)	(276)	(1,882)	(7,461)	(10,207)

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

	Financial period ended 30 June 2012 (Unaudited)				
Segment assets	47,637	22,357	152,547	604,670	827,211
Segment liabilities	5,238	2,459	16,775	66,493	90,965

	As at 30 June 2012 RMB'000 (Unaudited)
Segment assets are reconciled to total assets as follows:	
Segment assets	827,211
Unallocated prepayment and other receivable	37
Unallocated cash at bank and on hand	45,511
Total assets	872,759
Segment liabilities are reconciled to total liabilities as follows:	
Segment liabilities	90,965
Unallocated income tax payable	10,878
Unallocated accruals and other payables	945
Total liabilities	102,788

Business Segments

	Financial period ended 30 June 2012 (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	10,998	5,299	36,312	142,591	195,200
Segment results	2,647	1,242	8,476	33,597	45,962
Unallocated interest income					-
Unallocated other expenses					(929)
Profit from operations					45,033
Other information:					
Interest income	32	15	101	402	550
Interest expenses	(24)	(11)	(77)	(304)	(416)
Additions to non-current assets *	91	43	290	1,151	1,575
Depreciation and amortisation	(298)	(140)	(952)	(3,776)	(5,166)

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

**Financial period ended 30 June 2012
(Unaudited)**

Segment assets	24,109	11,315	77,204	306,023	418,651
Segment liabilities	2,651	1,245	8,490	33,652	46,038

**As at
30 June 2012
RM'000
(Unaudited)**

Segment assets are reconciled to total assets as follows:

Segment assets	418,651
Unallocated prepayment and other receivable	19
Unallocated cash at bank and on hand	23,033
Total assets	441,703

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	46,038
Unallocated income tax payable	5,505
Unallocated accruals and other payables	478
Total liabilities	52,021

Business Segments

	Financial period ended 30 June 2011 (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	25,405	9,090	79,008	270,131	383,634
Segment results	6,429	2,342	19,951	68,883	97,605
Unallocated interest income					-
Unallocated other expenses					(1,019)
Profit from operations					96,586
Other information:					
Interest income	65	24	201	696	986
Interest expenses	(98)	(36)	(305)	(1,053)	(1,492)
Additions to non-current assets *	258	94	800	2,761	3,913
Depreciation and amortisation	(712)	(259)	(2,209)	(7,627)	(10,807)

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

	Financial year ended 31 December 2011 (Audited)				
Segment assets	51,682	21,580	151,956	557,980	783,198
Segment liabilities	7,170	2,995	21,084	77,419	108,668

**As at
31 December 2011
RMB'000
(Audited)**

Segment assets are reconciled to total assets as follows:

Segment assets	783,198
Unallocated prepayment and other receivables	31
Unallocated cash and cash balances	48,350
Total assets	831,579

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	108,668
Unallocated amount owing to a shareholder cum director	246
Unallocated income tax payable	16,375
Unallocated other payables	2,397
Total liabilities	127,686

Business Segments

	Financial period ended 30 June 2011				
	(Unaudited)				
	TPR	RB	MD1	MD2	TOTAL
	Shoe soles	Shoe soles	Shoe soles	Shoe soles	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue:					
- External sales	12,858	4,600	39,986	136,713	194,157
Segment results					
	3,254	1,185	10,097	34,862	49,398
Unallocated interest income					-
Unallocated other expenses					(516)
Profit from operations					48,882
Other information:					
Interest income	33	12	102	352	499
Interest expenses	(50)	(18)	(154)	(533)	(755)
Additions to non-current assets *	131	47	405	1,397	1,980
Depreciation and amortisation	(361)	(131)	(1,118)	(3,860)	(5,470)

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

	Financial year ended 31 December 2011				
	(Audited)				
Segment assets	26,156	10,922	76,905	282,394	396,377
Segment liabilities	3,629	1,515	10,671	39,182	54,997

	As at
	31 December 2011
	RM'000
	(Audited)
Segment assets are reconciled to total assets as follows:	
Total assets for reportable segments	396,377
Unallocated prepayment and other receivables	15
Unallocated cash and cash balances	24,470
Total assets	420,862

Segment liabilities are reconciled to total liabilities as follows:	
Total liabilities for reportable segments	54,997
Unallocated amount owing to a shareholder cum director	125
Unallocated income tax payable	8,287
Unallocated other payables	1,213
Total liabilities	64,622

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 as follow:

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Property, plant and equipment	1,902	963	3,112	1,575
	<u>1,902</u>	<u>963</u>	<u>3,112</u>	<u>1,575</u>

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

1. Review of the performance of the Group

	Financial period ended		Change
	Unaudited 30-Jun-2012 RMB' 000	Unaudited 30-Jun-2011 RMB' 000	
<u>Revenue</u>			
TPR shoe soles	21,732	25,405	-14.5%
RB shoe soles	10,470	9,090	+15.2%
MD1 shoe soles	71,748	79,008	-9.2%
MD2 shoe soles	281,745	270,131	+4.3%
Total	385,695	383,634	+0.5%

	Financial period ended		Change
	Unaudited 30-Jun-2012 Pair ('000)	Unaudited 30-Jun-2011 Pair ('000)	
<u>Sale volume</u>			
TPR shoe soles	1,857	2,222	-16.4%
RB shoe soles	727	675	+7.7%
MD1 shoe soles	2,993	3,355	-10.8%
MD2 shoe soles	12,362	12,163	+1.6%
Total	17,939	18,415	-2.6%

For current period performance, the Group recorded revenue of RMB385.7 (RM195.2) million and profit after taxation of RMB66.1 (RM33.4) million. The revenue grew slightly by 0.5% compared with 1H 2011. Sale volume for RB and MD2 increased by 7.7% and 1.6% respectively. On the other hand, TPR and MD1 declined by 16.4% and 10.8% respectively. The changed in sales mix was mainly due to the market trend and demand. Our production capacity has currently reached 45.0 million pairs annually. The production utilisation rate maintains at a moderate level of 77.5% in the current quarter.

Gross profit margin for six months ended 30 June 2012 has decreased to 27.7% from 29.8% for last year corresponding period as this was mainly due to the higher production costs arising from rises in labour and overhead costs.

In line with the decreased in gross profit margin, the Group's profit after taxation declined by 0.9% from 18.0% in the last year corresponding period compared to 17.1% in the current quarter.

2. Variation of results against immediate preceding quarter

	Current quarter 30-Jun-12 RMB'000	Preceding quarter 31-Mar-12 RMB'000	Current quarter 30-Jun-12 RM'000	Preceding quarter 31-Mar-12 RM'000
Revenue	190,739	194,956	96,533	98,667
Gross profit	51,750	55,189	26,191	27,931
Profit after taxation	31,793	34,285	16,091	17,352

For second quarter performance, the Group recorded revenue of RMB190.7 (RM96.5) million and profit after taxation of RMB31.8 (RM16.1) million.

As compared with Q1 2012, revenue for the current quarter decreased slightly by 2.2%. The gross profit margin decreased by 1.2% to 27.1% as compared with 28.3% in the preceding quarter. The Group's profit after taxation declined to 16.7% as compared with 17.6% in the immediate preceding quarter.

3. Prospects for FYE 2012

Our Company continues to be optimistic on the demand conditions for sports-shoe soles and sports shoes in China. The prudent management of our Group's financial resources will be fundamental to our Group's sustainable long-term growth, and essential to weathering any unexpected conditions. Barring any unforeseen circumstances, we are cautiously optimistic that the results for FYE 2012 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	11,069	5,602	22,902	11,591

The effective tax rate of the Group for the current quarter was 25.8% and for the financial year-to-date was 25.7% as compared to the current Enterprise Income Tax (EIT) rate of 25.0%. The higher effective tax rate in both current quarter and financial year-to-date are mainly due to the higher operating expenses incurred by the holding company.

6. Retained earnings

	Current Quarter Ended		Preceding Quarter Ended	
	RMB'000	RM'000	RMB'000	RM'000
Realised	492,167	249,086	460,383	233,000
Unrealised	(4,927)	(2,494)	(4,936)	(2,498)
	487,240	246,592	455,447	230,502
Consolidation adjustments	1,507	763	1,507	763
Total Group retained profits as per Consolidated accounts	488,747	247,355	456,954	231,265

7. Profit before taxation

The Group's profit before taxation is arrived after charging/ (crediting):

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Interest income	(563)	(285)	(1,087)	(550)
Other income	-	-	(12)	(6)
Interest expenses	362	183	823	416
Depreciation and amortisation	5,072	2,567	10,207	5,166
Foreign exchange (gain)/ loss	1	-	364	184

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)	
		30,000	95,407	(65,407)		
(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	3,000	-	(2)
(iv)	Enhancement of product development capabilities	Within 24 months	4,000	1,264	2,736	(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	108,366			

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 financed 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	30,367	2,833	
(ii) Estimated issuance expenses	1,000	1,000	-	(1)
Total proceeds	34,200	31,367		

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 has been utilized as working capital by the Group

(C) Utilisation of TDR proceeds

The TDR Issue raised gross proceeds of TWD236.25 (RM24.768) 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 line	14,595	-	14,595	(1)
(ii) Working capital	7,873	-	7,873	(2)
(iii) Estimated issuance expenses	2,300	2,653	(353)	(3)
Total proceeds	24,768	2,653		

Note :

- (1) The Company has completed its TDR issuance and listing on 30 December 2011.
- (2) TDR proceeds have been deposited into a bank in Hong Kong and will be transferred to its subsidiary as working capital in due course.
- (3) The total listing expenses were RM2.653 million, out of which RM0.94 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 RM0.353 million was financed via the funds generated internally by the Group

9. Group borrowings and debts securities

Our Group's borrowings and debts securities as at 30 June 2012 were as follow : -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	27,500	13,918

The bank loans were pledged by the Group's land use rights.

10. Off-balance sheet financial instruments risks

As at the date of this report, neither do we 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 either 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, our Directors are also 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 June 2012	31 December 2011
At beginning of year	517,500,000	450,000,000
Underlying shares for TDR issue	-	67,500,000
Total	517,500,000	517,500,000

Net asset per share are calculated based on net asset attributable to equity holders of the Group and weighted average number of 517,500,000 ordinary shares in issue for the financial period/ year ended 30 June 2012 and 31 December 2011 respectively.

Basic earnings per share are calculated based on profit attributable to equity holders of the Group and weighted average number of 517,500,000 and 450,000,000 ordinary shares fully in issue for the financial period ended 30 June 2012 and 30 June 2011 respectively.

There is no potential dilutive effect on earnings per share.

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 2011.