

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 31 MARCH 2014
 Quarter : 1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

PARTICULARS	NOTE	UNAUDITED AS AT 31-Mar-14 RMB'000	AUDITED AS AT 31-Dec-13 RMB'000	UNAUDITED AS AT 31-Mar-14 RM'000 (1)	AUDITED AS AT 31-Dec-13 RM'000 (1)
ASSETS					
Non-current assets					
Property, plant and equipment		271,069	275,256	143,477	148,308
Intangible assets		18,331	18,490	9,703	9,963
		<u>289,400</u>	<u>293,746</u>	<u>153,180</u>	<u>158,271</u>
Current assets					
Inventories		15,252	24,148	8,073	13,011
Trade receivables		113,802	141,053	60,236	75,999
Prepayment and other receivables		2,560	2,651	1,355	1,428
Cash and bank balances		545,994	501,440	288,994	270,176
		<u>677,608</u>	<u>669,292</u>	<u>358,658</u>	<u>360,614</u>
Total assets		<u>967,008</u>	<u>963,038</u>	<u>511,838</u>	<u>518,885</u>
EQUITY AND LIABILITY					
Capital and Reserves					
Share capital		175,361	175,361	92,818	94,484
Reserve		681,417	663,036	360,674	357,244
Total equity		<u>856,778</u>	<u>838,397</u>	<u>453,492</u>	<u>451,728</u>
Current liabilities					
Trade payables		58,703	61,403	31,072	33,084
Accrued liabilities and other payables		19,209	29,494	10,168	15,892
Amount owing to a shareholder cum director		-	-	-	-
Income tax payable		4,818	6,244	2,550	3,364
Interest-bearing bank borrowings		27,500	27,500	14,556	14,817
		<u>110,230</u>	<u>124,641</u>	<u>58,346</u>	<u>67,157</u>
Total equity and liabilities		<u>967,008</u>	<u>963,038</u>	<u>511,838</u>	<u>518,885</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	B13	165.56	162.01	87.63	87.29

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 RM0.5293 as at 31 March 2014.

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 31 MARCH 2014
 Quarter : 1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2014

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 31-Mar-14 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-13 RMB'000	UNAUDITED CURRENT QUARTER 31-Mar-14 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-13 RM'000 (1)
Revenue		163,043	147,433	86,299	72,773
Cost of sales		(125,385)	(109,827)	(66,367)	(54,211)
Gross Profit		37,658	37,606	19,932	18,562
Other income		533	453	282	224
Selling and distribution expenses		(4,406)	(2,570)	(2,332)	(1,268)
Administrative expenses		(10,153)	(13,004)	(5,374)	(6,419)
Finance costs		(434)	(457)	(230)	(226)
Profit before taxation		23,198	22,028	12,278	10,873
Income tax expenses		(4,817)	(7,097)	(2,550)	(3,503)
Profit after taxation		18,381	14,931	9,728	7,370
Total comprehensive income for the period		18,381	14,931	9,728	7,370
Profit attributable to :					
- Equity holders of the Group		18,381	14,931	9,728	7,370
Total comprehensive income attributable to :					
- Equity holders of the Group		18,381	14,931	9,728	7,370

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT QUARTER 31-Mar-14 RMB'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-13 RMB'000	CURRENT QUARTER 31-Mar-14 RM'000 (1)	PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-13 RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	3.55	2.89	1.88	1.42
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 2013 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 2014
 Quarter : 1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2014

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT YEAR TO-DATE 31-Mar-14 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-13 RMB'000	UNAUDITED CURRENT YEAR TO-DATE 31-Mar-14 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-13 RM'000 (1)
Revenue		163,043	147,433	86,299	72,773
Cost of sales		(125,385)	(109,827)	(66,367)	(54,211)
Gross Profit		37,658	37,606	19,932	18,562
Other income		533	453	282	224
Selling and distribution expenses		(4,406)	(2,570)	(2,332)	(1,268)
Administrative expenses		(10,153)	(13,004)	(5,374)	(6,419)
Finance costs		(434)	(457)	(230)	(226)
Profit before taxation		23,198	22,028	12,278	10,873
Income tax expenses		(4,817)	(7,097)	(2,550)	(3,503)
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- Equity holders of the Group		18,381	14,931	9,728	7,370
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PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT YEAR TO-DATE 31-Mar-14 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-13 RMB'000	UNAUDITED CURRENT YEAR TO-DATE 31-Mar-14 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-13 RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	3.55	2.89	1.88	1.42
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 2012 and the accompanying explanatory notes attached to the financial statements.

Note :

- (2) *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 RM0.5293 as at 31 March 2014.*

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Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 31 MARCH 2014
 Quarter : 1

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2014

	← 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 2014	175,361	137,426	27,203	(54,916)	553,323	838,397
Net profit for the period	-	-	-	-	18,381	18,381
At 31 March 2014	175,361	137,426	27,203	(54,916)	571,704	856,778

	← 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 2014	92,818	72,740	14,398	(29,067)	292,875	443,764
Net profit for the period	-	-	-	-	9,728	9,728
At 31 March 2014	92,818	72,740	14,398	(29,067)	302,603	453,492

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 2013 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 2014
 Quarter : 1

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2013

	← 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 2013	175,361	137,426	23,353	(54,916)	515,255	796,479
Net profit for the period	-	-	-	-	14,931	14,931
At 31 March 2013	175,361	137,426	23,353	(54,916)	530,186	811,410

	← 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 2013	86,558	67,833	11,527	(27,106)	254,330	393,142
Net profit for the period	-	-	-	-	7,370	7,370
At 31 March 2013	86,558	67,833	11,527	(27,106)	261,700	400,512

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 2013 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 2014
Quarter : 1

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2014

	UNAUDITED CURRENT PERIOD 31-Mar-14 RMB'000	UNAUDITED PRECEDING PERIOD 31-Mar-13 RMB'000	UNAUDITED CURRENT PERIOD 31-Mar-14 RM'000 (1)	UNAUDITED PRECEDING PERIOD 31-Mar-13 RM'000 (1)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	23,198	22,028	12,278	10,873
Adjustments for :-				
Depreciation of property, plant and equipment	5,401	5,132	2,859	2,533
Amortisation of intangible assets	159	834	84	412
Amortisation of land use rights	-	-	-	-
Loss on disposal of property, plant & equipment and intangible asset	-	-	-	-
Gain on disposal of land use rights	-	-	-	-
Interest income	(417)	(453)	(221)	(224)
Interest expense	434	457	229	226
Operating profit before working capital changes	28,775	27,998	15,229	13,820
Increase in inventories	8,896	1,499	4,709	740
Decrease/ (increase) in trade receivables	27,251	7,872	14,424	3,885
(Increase)/ decrease in prepayments and other receivables	91	(1,146)	48	(566)
Decrease in trade payables	(2,700)	(3,280)	(1,429)	(1,619)
Decrease in accrued liabilities and other payables	(10,285)	(8,873)	(5,444)	(4,380)
Net cash generated from operations	52,028	24,070	27,537	11,880
Income tax paid	(6,244)	(10,228)	(3,305)	(5,049)
Interest received	417	453	221	224
Interest paid	(434)	(457)	(230)	(226)
Net cash generated from operating activities	45,767	13,838	24,223	6,829
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,213)	(700)	(642)	(345)
Acquisition of trademark	-	(408)	-	(201)
Proceed from disposal of property, plant & equipment and intangible asset	-	-	-	-
Net cash (used in)/ from investing activities	(1,213)	(1,108)	(642)	(546)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceed from issue of shares	-	-	-	-
Share issue expenses written off against share premium account	-	-	-	-
Repayment to a director	-	-	-	-
Repayment of bank loan	-	-	-	-
Obtained of bank loan	-	-	-	-
Ex difference arising from shareholder's loan	-	-	-	-
Deposit refunded from bank	-	-	-	-
Dividends paid	-	-	-	-
Net cash (used in)/ from financing activities	-	-	-	-

	UNAUDITED CURRENT PERIOD 31-Mar-14 RMB'000	UNAUDITED PRECEDING PERIOD 31-Mar-13 RMB'000	UNAUDITED CURRENT PERIOD 31-Mar-14 RM'000 (1)	UNAUDITED PRECEDING PERIOD 31-Mar-13 RM'000 (1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	44,554	12,730	23,581	6,283
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	501,440	488,782	265,413	241,263
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	545,994	501,512	288,994	247,546
Cash and cash equivalents comprise:				
Cash and bank balances	545,994	501,512	288,994	247,546
Less: Deposit pledged with bank	-	-	-	-
	545,994	501,512	288,994	247,546

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 FINANCIAL PERIOD ENDED 31 MARCH 2014

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 2013, 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 31 March 2014						
	(Unaudited)						
	TPR	RB	MD 1	MD 2	Apparels	Accessories	Total
	Shoe soles	Shoe soles	Shoe soles	Shoe soles	Apparels	Accessories	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue							
- External sales	6,197	3,925	23,597	100,822	27,361	1,141	163,043
Segment profit	871	552	3,400	14,445	4,157	213	23,638
Unallocated interest income							-
Unallocated other expenses							(440)
Profit from operations							23,198
Other information:							
Interest income	16	10	62	261	65	3	417
Interest expense	(16)	(10)	(64)	(272)	(68)	(4)	(434)
Additions to non-current assets*	55	35	214	909	-	-	1,213
Depreciation and amortisation	(249)	(158)	(973)	(4,131)	(47)	(2)	(5,560)

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

	Financial period ended 31 March 2014						
	(Unaudited)						
Segment assets	40,753	25,815	159,166	675,972	28,379	1,458	931,543
Segment liabilities	4,623	2,929	18,058	76,691	1,082	56	103,439

As at
31 March 2014
RMB'000
Unaudited

Segment assets are reconciled to total assets as follows:

Segment assets	931,543
Unallocated prepayment and other receivable	280
Unallocated cash at bank and on hand	35,185
Total assets	967,008

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	103,439
Unallocated income tax payable	4,817
Unallocated accruals and other payables	1,974
Total liabilities	110,230

Business Segments

	Financial period ended 31 March 2014						
	(Unaudited)						
	TPR	RB	MD 1	MD 2	Apparels	Accessories	Total
	Shoe soles	Shoe soles	Shoe soles	Shoe soles	Apparels	Accessories	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue							
- External sales	3,280	2,078	12,490	53,365	14,482	604	86,299
Segment profit	460	292	1,800	7,646	2,200	113	12,511
Unallocated interest income							-
Unallocated other expenses							(233)
Profit from operations							12,278
Other information:							
Interest income	8	5	33	138	35	2	221
Interest expense	(8)	(5)	(34)	(144)	(36)	(2)	229
Additions to non-current assets*	30	18	113	481	-	-	642
Depreciation and amortisation	(132)	(83)	(515)	(2,187)	(25)	(1)	(2,943)

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

	Financial period ended 31 March 2014						
	(Unaudited)						
Segment assets	21,571	13,664	84,247	357,792	15,021	771	493,066
Segment liabilities	2,447	1,550	9,558	40,593	573	30	54,751

As at
31 March 2014
RM'000
Unaudited

Segment assets are reconciled to total assets as follows:

Segment assets	493,066
Unallocated prepayment and other receivable	148
Unallocated cash at bank and on hand	18,624
Total assets	511,838

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	54,751
Unallocated income tax payable	2,550
Unallocated accruals and other payables	1,045
Total liabilities	58,346

Business Segments

	Financial period ended 31 March 2013 (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	5,672	3,826	26,477	111,458	147,433
Segment results	1,068	716	4,995	21,071	27,850
Unallocated interest income					62
Unallocated other expenses					(5,884)
Profit from operations					22,028
Other information:					
Interest income	17	12	81	343	453
Interest expenses	(17)	(12)	(82)	(346)	(457)
Additions to non-current assets *	42	28	199	839	1,108
Depreciation and amortisation	(229)	(153)	(1,070)	(4,514)	(5,966)

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

	Financial period ended 31 March 2013 (Unaudited)				
Segment assets	32,157	21,553	150,398	634,451	838,559
Segment liabilities	3,163	2,120	14,792	62,401	82,476

	As at 31 March 2013 RMB'000 (Unaudited)
Segment assets are reconciled to total assets as follows:	
Segment assets	838,559
Unallocated prepayment and other receivable	2,328
Unallocated cash at bank and on hand	44,684
Unallocated property, plant and equipment	107
Unallocated intangible assets	17,495
Total assets	903,173
Segment liabilities are reconciled to total liabilities as follows:	
Segment liabilities	82,476
Unallocated income tax payable	7,097
Unallocated accruals and other payables	2,190
Total liabilities	91,763

Business Segments

	Financial period ended 31 March 2013 (Unaudited)				
	TPR	RB	MD1	MD2	TOTAL
	Shoe soles RM'000	Shoe soles RM'000	Shoe soles RM'000	Shoe soles RM'000	RM'000
Segment revenue					
- External sales	2,800	1,888	13,069	55,016	72,773
Segment results	527	353	2,465	10,401	13,746
Unallocated interest income					30
Unallocated other expenses					(2,903)
Profit from operations					10,873
Other information:					
Interest income	9	6	40	169	224
Interest expenses	(9)	(6)	(40)	(171)	(226)
Additions to non-current assets *	21	14	98	413	546
Depreciation and amortization	(113)	(76)	(528)	(2,228)	(2,945)

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

	Financial period ended 31 March 2013 (Unaudited)				
Segment assets	15,873	10,639	74,237	313,165	413,914
Segment liabilities	1,561	1,046	7,302	30,801	40,710

	As at 31 March 2013 RM'000 (Unaudited)
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Segment assets are reconciled to total assets as follows:

Segment assets	413,914
Unallocated prepayment and other receivable	1,149
Unallocated cash at bank and on hand	22,056
Unallocated property, plant and equipment	52
Unallocated intangible assets	8,636
Total assets	445,807

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	40,710
Unallocated income tax payable	3,503
Unallocated accruals and other payables	1,082
Total liabilities	45,295

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	5,401	2,859	5,401	2,859
Intangible asset	159	84	159	84
	<u>5,560</u>	<u>2,943</u>	<u>5,560</u>	<u>2,943</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 31-Mar-2014 RMB' 000	Unaudited 31-Mar-2013 RMB' 000	
Revenue			
TPR shoe soles	6,197	5,672	9.3%
RB shoe soles	3,925	3,826	2.6%
MD1 shoe soles	23,597	26,477	-10.9%
MD2 shoe soles	100,822	111,458	-9.5%
	<u>134,541</u>	<u>147,433</u>	<u>-8.7%</u>
Apparels	27,361	-	-
Accessories	1,141	-	-
	<u>28,502</u>	<u>-</u>	<u>-</u>
Total	<u>163,043</u>	<u>147,433</u>	<u>10.6%</u>

	Financial period ended		Change
	Unaudited 31-Mar-2014 Pair ('000)	Unaudited 31-Mar-2013 Pair ('000)	
Sale volume			
TPR shoe soles	514	483	6.4%
RB shoe soles	290	254	14.2%
MD1 shoe soles	1,066	1,115	-4.4%
MD2 shoe soles	4,395	4,917	-10.6%
	<u>6,265</u>	<u>6,769</u>	<u>-7.5%</u>
Apparels (units)	107	-	-
Accessories (units)	10	-	-
	<u>117</u>	<u>-</u>	<u>-</u>
Total	<u>6,382</u>	<u>6,769</u>	<u>-5.7%</u>

Overall:

For current period performance, the Group recorded revenue of RMB163.0 (RM86.3) million and profit after taxation of RMB18.4 (RM9.7) million. Total revenue increased by 10.6% compared to Q1 2013 because of sales of fashion apparels and accessories, the business of which only commenced in preceding quarter. Profit after tax increased by RMB3.5 (RM2.3) mainly due to no amortisation of Evidoma trademark, lower advertisement and income expenses.

Sport-shoe soles:

The revenue and sales volume dropped by 8.7% and 7.5% respectively compared with corresponding period last year. The production utilisation rate maintains at a moderate level of 55.5% in the current quarter.

Gross profit margin for three months ended 31 March 2014 has decreased to 21.2% from 25.5% in corresponding period last year mainly due to higher production costs arising from rises in labour and overhead costs.

In line with decrease in gross profit margin, profit after taxation declined from 14.1% last year to 10.7% in current year.

Apparels and accessories:

The Group commenced trading of apparels under the brand name "Evidoma" during fourth quarter of year 2013. Hence, there was no revenue from trading of apparels and accessories in corresponding period last year.

The business recorded revenue of RMB28.5 (RM15.1) million for the current period with gross profit margin of 32.3% and net profit margin of 15.3%.

2. Variation of results against immediate preceding quarter

	Current quarter 31-Mar-14 RMB'000	Preceding quarter 31-Dec-13 RMB'000	Current quarter 31-Mar-14 RM'000	Preceding quarter 31-Dec-13 RM'000
Revenue	163,043	198,202	86,299	106,791
Gross profit	37,658	49,519	19,932	26,681
Profit after taxation	18,381	4,467	9,728	2,406

As compared with Q4 2013, revenue for the current quarter decreased by 17.7% attributable to fewer working days as a result of Lunar New Year holidays. The gross profit margin decreased by 1.9% to 23.1% as compared with 25.0% in the preceding quarter due to higher production costs arising from rises in labour and overhead costs. The Group's profit after taxation is at RMB18.4 (RM9.7) million as compared to RMB4.5 (RM2.4) million in the immediate preceding quarter. Profit after taxation in the immediate preceding quarter was adversely affected by impairment loss on intangible asset.

3. Prospects for FYE 2014

Our Company believes that the demand for sports-shoe soles and sports shoes in China will increase in the future. However, in the near term, the Group expects challenging market conditions to persist, plagued by de-stocking of inventories and continued discounting by several market players. Instead of focusing on closing book orders which might not be too profitable to the Group, the Group would undertake necessary reforms and adjustments, focus on higher margin orders, manage its overheads and other operating costs in order to improve its operating performance. Barring any unforeseen circumstances, the results for FYE 2014 would still be profitable.

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	4,817	2,550	4,817	2,550

The effective tax rate of the Group for current quarter was 20.8% as compared to the current Enterprise Income Tax (EIT) rate of 25.0%. The lower effective tax rate in current quarter was due to no provision of income tax in apparels and accessories business because of tax losses brought forward.

6. Retained earnings

	Current Quarter Ended		Preceding Quarter Ended	
	RMB'000	RM'000	RMB'000	RM'000
Realised	571,161	302,316	553,054	297,985
Unrealised	(971)	(514)	(1,245)	(670)
	<u>570,190</u>	<u>301,802</u>	<u>551,809</u>	<u>297,315</u>
Consolidation adjustments	1,514	801	1,514	816
Total Group retained profits as per Consolidated accounts	<u>571,704</u>	<u>302,603</u>	<u>553,323</u>	<u>298,131</u>

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	(417)	(221)	(417)	(221)
Other income	-	-	-	-
Interest expenses	434	229	434	229
Depreciation and amortisation	1,213	642	1,213	642
Foreign exchange (gain)/ loss	(276)	(146)	(276)	(146)

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)
			<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	1,286	2,674	(2)
(iii)	Advertising and branding	Within 24 months	3,000	3,000	Nil	
(iv)	Enhancement of product development capabilities	Within 24 months	4,000	5,245	(1,245)	(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	113,633		

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 yet to be fully utilised and the Group intends to speed up expansion of sales and marketing network in China in 2nd half of year 2014.
- (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	33,296	(96)	(1)
(ii)	Estimated issuance expenses	1,000	1,000	-	(2)
	Total proceeds	34,200	34,296		

Note :

- (1) The total expansion cost of machinery and equipment amounting to RM33.2 million was financed via rights share issue proceeds and the deviation of RM0.10 million was financed via internal generated funds.
- (2) 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	3,738	10,857	(1)
(ii) Working capital	7,873	-	7,873	(2)
(iii) Estimated issuance expenses	2,300	2,653	(353)	(3)
Total proceeds	24,768	6,391		

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. Due to exchange controls, the Company is currently in the midst of converting the proceeds into share capital of its subsidiary for utilization as working capital.
- (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 31 March 2014 were as follow: -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	27,500	14,556

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. Proposed dividend

The Board of Directors does not recommend any dividends for the current financial quarter under review.

13. Net asset and earnings per share

The Company and the Group	Weighted average no. of shares	
	31 March 2014	31 December 2013
At beginning of year	517,500,000	517,500,000
Underlying shares for TDR issue	-	-
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 31 March 2014 and 31 December 2013 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 ordinary shares fully in issue for the financial period ended 31 March 2014 and 31 March 2013 respectively.

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 2013.