



(Incorporated in Bermuda under the Companies Act 1981 of Bermuda (Company Registration No. 42756))
 (Registered as a foreign company in Malaysia under the Companies Act 1965 of Malaysia
 (Company No. 995177-V))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE THIRD QUARTER ENDED 31 MARCH 2011**

	Note	Individual quarter Quarter ended		Individual quarter Quarter ended	
		31.3.2011	31.3.2010	31.3.2011 (note a)	31.3.2010 (note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	386,082	355,484	178,486	164,340
Cost of sales		(262,381)	(236,965)	(121,299)	(109,549)
Gross Profit		123,701	118,519	57,187	54,791
Other income		3,372	408	1,559	189
Selling and distribution expenses	B1	(36,994)	(28,836)	(17,102)	(13,331)
Administrative expenses		(9,856)	(8,599)	(4,556)	(3,975)
Finance costs		(1,224)	(660)	(566)	(305)
Profit before taxation	B1	78,999	80,832	36,522	37,369
Income tax expenses		(17,094)	(13,552)	(7,903)	(6,265)
Profit after taxation	B1	61,905	67,280	28,619	31,104
Other comprehensive income, net of tax					
- Translation differences arising from foreign currency financial statements recognised directly in equity		678	1,119	313	517
Total comprehensive income for the period		62,583	68,399	28,932	31,621
Attributable to :					
- Equity holders of the Company		62,583	68,399	28,932	31,621
Earnings per share attributable to equity holders of the Company :					
Basic (RMB/RM)	B11	0.20	0.22	0.09	0.10
Diluted (RMB/RM)	B11	N/A	N/A	N/A	N/A

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the quarter ended 31 March 2011 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4623 at 31 March 2011. This translation should not be construed as a representation that the RMB amounts actually represented have been or could be converted into RM at this or any other rate.

(b) The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

	Note	Cumulative Quarter Current year-to-date		Cumulative Quarter Current year-to-date	
		31.3.2011 RMB'000	31.3.2010 RMB'000	31.3.2011 (note a) RM'000	31.3.2010 (note a) RM'000
Revenue	B1	1,141,391	975,512	527,665	450,979
Cost of sales		(766,718)	(634,603)	(354,454)	(293,377)
Gross Profit		374,673	340,909	173,211	157,602
Other income		9,618	997	4,446	461
Selling and distribution expenses	B1	(130,581)	(84,512)	(60,368)	(39,070)
Administrative expenses		(31,914)	(41,498)	(14,754)	(19,185)
Finance costs		(3,129)	(1,777)	(1,447)	(822)
Profit before taxation	B1	218,667	214,119	101,088	98,986
Income tax expenses		(55,421)	(38,461)	(25,621)	(17,781)
Profit after taxation	B1	163,246	175,658	75,467	81,205
Other comprehensive income, net of tax - Translation differences arising from foreign currency financial statements recognised directly in equity		910	197	421	91
Total comprehensive income for the year		164,156	175,855	75,888	81,296
Attributable to :					
- Equity holders of the Company		164,156	175,855	75,888	81,296
Earnings per share attributable to equity holders of the Company :					
Basic (RMB/RM)	B11	0.53	0.58	0.25	0.27
Diluted (RMB/RM)	B11	N/A	N/A	N/A	N/A

Notes:

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(b) The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Unaudited As At 31.3.2011	Audited As at 30.6.2010	Unaudited As At 31.3.2011 <i>(note a)</i>	Audited As at 30.6.2010 <i>(note a)</i>
	RMB'000	RMB'000	RM'000	RM'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	283,103	165,425	130,879	76,476
Land use rights	13,909	14,121	6,430	6,528
	<u>297,012</u>	<u>179,546</u>	<u>137,309</u>	<u>83,004</u>
Current assets				
Inventories	54,158	39,487	25,037	18,255
Trade and other receivables (note c)	406,687	118,358	188,011	54,717
Cash and bank balances	365,238	587,367	168,850	271,540
	<u>826,083</u>	<u>745,212</u>	<u>381,898</u>	<u>344,512</u>
Current liabilities				
Trade and other payables	130,817	114,876	60,477	53,108
Interest-bearing bank borrowings	78,000	63,300	36,059	29,262
Corporate income tax payable	17,122	10,187	7,916	4,710
	<u>225,939</u>	<u>188,363</u>	<u>104,452</u>	<u>87,080</u>
Net current assets	600,144	556,849	277,446	257,432
Non-current liabilities				
Deferred income tax liabilities	16,778	3,550	7,756	1,641
Net assets	<u>880,378</u>	<u>732,845</u>	<u>406,999</u>	<u>338,795</u>
EQUITY				
Share capital	211,715	211,715	97,876	97,876
Reserves	668,663	521,130	309,123	240,919
TOTAL EQUITY	<u>880,378</u>	<u>732,845</u>	<u>406,999</u>	<u>338,795</u>
Net assets per share attributable to equity holders of the Company (RMB/RM)(Note b)	<u>2.86</u>	<u>2.38</u>	<u>1.32</u>	<u>1.10</u>

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the quarter ended 31 March 2011 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4623 at 31 March 2011. This translation should not be construed as a representation that the RMB amounts actually represented have been or could be converted into RM at this or any other rate.

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

(b) The net assets per share attributable to equity holders of the Company is calculated based on the net assets divided by the number of ordinary shares of 307,330,000.

(c) The higher trade and other receivables balance as at 31 March 2011 is mainly due to:

i) higher trade receivables amounting to approximately RMB279million as a result of higher revenue generated in February and March 2011 amounting to RMB251 million. The trade receivables are within our credit period and approximately 52% of the total outstanding trade receivables have been collected as at 30 April 2011;

ii) higher prepayments which relates to (i) higher down payment to suppliers for apparel and outsourced shoe manufacturers in order to obtain better discounts from suppliers amounting to approximately RMB96.2 million and (ii) deposit for the acquisition of part of the existing factory amounting to approximately RMB25.2 million.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

	Attributable to Equity Holders of the Company					Distributable	Total Equity RMB'000	
	Non - distributable				Currency translation reserve RMB'000			Retained earnings RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000				
At 30 June 2009	148,716	-	12,371	(81,403)	(11)	154,922	234,595	
Issue of new shares pursuant to the initial public offering	62,999	251,334	-	-	-	-	314,333	
Share issue expenses	-	(17,835)	-	-	-	-	(17,835)	
Total comprehensive income for the year	-	-	-	-	197	175,658	175,855	
Statutory reserve	-	-	12,709	-	-	(12,709)	-	
Dividends	-	-	-	-	-	(15,314)	(15,314)	
At 31 March 2010	211,715	233,499	25,080	(81,403)	186	302,557	691,634	
At 30 June 2010	211,715	233,499	34,375	(81,403)	617	334,042	732,845	
Statutory reserve	-	-	34,526	-	-	(34,526)	-	
Total comprehensive income for the period	-	-	-	-	910	163,246	164,156	
Dividends	-	-	-	-	-	(16,623)	(16,623)	
At 31 March 2011	211,715	233,499	68,901	(81,403)	1,527	446,139	880,378	

	Attributable to Equity Holders of the Company					Distributable	Total Equity RM'000	
	Non - distributable				Currency translation reserve RM'000			Retained earnings RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000				
At 30 June 2009	68,751	-	5,719	(37,633)	(5)	71,620	108,452	
Issue of new shares pursuant to the initial public offering	29,125	116,192	-	-	-	-	145,317	
Share issue expenses	-	(8,245)	-	-	-	-	(8,245)	
Total comprehensive income for the year	-	-	-	-	91	81,207	81,298	
Statutory reserve	-	-	5,875	-	-	(5,875)	0	
Dividends	-	-	-	-	-	(7,080)	(7,080)	
At 31 March 2010 (note a)	97,876	107,947	11,594	(37,633)	86	139,872	319,742	
At 30 June 2010	97,876	107,947	15,892	(37,633)	285	154,428	338,795	
Statutory reserve	-	-	15,961	-	-	(15,961)	-	
Total comprehensive income for the period	-	-	-	-	421	75,467	75,888	
Dividends	-	-	-	-	-	(7,684)	(7,684)	
At 31 March 2011 (note a)	97,876	107,947	31,853	(37,633)	706	206,250	406,999	

Notes:

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(b) The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011				
	9 months Ended 31.3.2011	9 months Ended 31.3.2010	9 months Ended 31.3.2011 <i>(note a)</i>	9 months Ended 31.3.2010 <i>(note a)</i>
	RMB'000	RMB'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	218,667	214,119	101,088	98,986
Adjustment for:				
Depreciation of property, plant and equipment	10,899	9,162	5,039	4,236
Amortisation of land use rights	1	141	-	65
Write off of property, plant and equipment	1,909	-	883	-
Interest expenses on bank borrowings	2,956	1,777	1,367	822
Interest income	(1,217)	(996)	(563)	(460)
Operating profit before working capital changes	233,215	224,203	107,814	103,649
(Increase)/Decrease in inventories	(14,671)	3,835	(6,782)	1,773
Increase in trade and other receivables (refer to note c in condensed consolidated statements of financial position for the explanation for the increase)	(262,010)	(19,470)	(121,128)	(9,001)
Increase in trade and other payables	15,941	9,370	7,370	4,332
Cash (used in)/ generated from operations	(27,525)	217,938	(12,726)	100,753
Interest paid	(2,956)	(1,777)	(1,367)	(822)
Income tax paid	(35,257)	(34,019)	(16,300)	(15,727)
Interest received	1,217	996	563	460
Net cash (used in)/ generated from operating activities	(64,521)	183,138	(29,830)	84,664
Cash flows from investing activities				
Acquisition of property, plant and equipment	(130,487)	(57,222)	(60,324)	(26,454)
Deposit for property, plant and equipment	(25,200)	(13,512)	(11,650)	(6,247)
Cash used in investing activities	(155,687)	(70,734)	(71,974)	(32,701)
Cash flows from financing activities				
Repayment of director's loan	-	(4,623)	-	(2,137)
Dividends paid	(16,621)	-	(7,684)	-
Bank loans obtained	48,000	101,000	22,190	46,692
Repayment of bank loans	(33,300)	(108,900)	(15,395)	(50,344)
Fixed deposit pledged with bank	(7,500)	16,120	(3,467)	7,452
Proceeds from issue of shares pursuant to the initial public offering	-	314,333	-	145,316
Share issue expenses written off to share premium account	-	(17,835)	-	(8,245)
Net cash generated from financing activities	(9,421)	300,095	(4,356)	138,734
Net (decrease)/increase in cash and cash equivalents	(229,629)	412,499	(106,160)	190,697
Cash and cash equivalents at beginning of the financial period	585,667	183,347	270,754	84,761
Effect of exchange rate fluctuations on cash and bank balances	-	197	-	91
Cash and cash equivalents at end of financial period	356,038	596,043	164,594	275,549
Notes:				
<i>(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the quarter ended 31 March 2011 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4623 at 31 March 2011. This translation should not be construed as a representation that the RMB amounts actually represented have been or could be converted into RM at this or any other rate.</i>				
<i>(b) The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.</i>				

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

A1. Basis of accounting and changes in accounting policies

a) Basis of accounting

The interim financial statements of Xingquan International Sports Holdings Limited (the "Company") for the quarter ended 31 March 2011 are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

The Group has adopted IAS 1(Revised) and IFRS 8 for the quarter ended 31 March 2011 and provides comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, that is, the statement of comprehensive income.

The requirements of IAS 1 (Revised) and IFRS 8 are as follows:

1. changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income;
2. components of comprehensive income to be excluded from statement of changes in equity;
3. items of income and expenses and components of other comprehensive income to be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income);
4. presentation of restated balance sheet as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information;
5. segment information is presented on the same basis as that used for internal reporting process and;
6. segment revenue, segment profit and segment assets are also measured on a basis that is consistent with internal reporting.

The revisions also include changes in the titles of some of the financial statements primary statements.

b) Changes in accounting policies

There are no changes in accounting policies for the quarter ended 31 March 2011.

c) Basis of consolidation

The consolidated financial statements of the Group have been prepared using the historical cost method similar to the “pooling-of-interest” as acquisition of subsidiary is accounted for as reconstructions of businesses. Under the historical cost method, the acquired assets and liabilities are recorded at their existing carrying amounts.

The consolidated financial statements include the results of operations, and the assets and liabilities of the pooled enterprises as part of the Group for the whole of the current period.

Other than accounting of subsidiaries using the historical cost method as disclosed above, the results of the subsidiaries acquired during the financial year are included in the consolidated statement of comprehensive income from the effective date in which control is transferred to the Group.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Acquisitions of subsidiaries, if any, are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Where accounting policies of a subsidiary do not conform with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated statement of comprehensive income from the effective date in which control is transferred to the Group.

d) Functional currency and translation to presentation currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Renminbi.

(ii) Transactions and balances

Foreign currency transactions are measured and recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rates ruling at the respective statement of financial position dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) **Group companies**

The results and financial positions of the Group entities that have functional currencies different from the presentation currency are translated into the presentation currency as follows:

- (1) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
- (2) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (3) All resulting exchange differences are recognised as a separate component of equity.

A2. Audit report of the Group's preceding annual financial statements

The Group's audited consolidated financial statements for the financial year ended 30 June 2010 were not subject to any audit qualification.

A3. Seasonal or cyclical factors

There are no seasonal or cyclical factors which materially affect the Group during the quarter under review.

A4. Unusual items

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

A5. Material changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the results of the current quarter under review.

A6. Changes in share capital and debts

There were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current financial year to date.

A7. Subsequent material events

There are no other material events as at the date of this announcement that will affect the results in the financial year under review.

A8. Financial instruments with off-balance sheet risks

There are no financial instruments with off-balance sheet risks as at the date of this report.

A9. Segment information

a) Operating segments

	9 months ended 31 March 2011			
	Design, manufacture and sale of shoe soles RMB 000	Design, manufacture and sale of footwear RMB 000	Design and sale of apparels and accessories RMB 000	Total RMB 000
External revenue	213,857	506,636	420,898	1,141,391
Inter-segment revenue	54,951	-	-	54,951
Interest income	565	353	294	1,212
Interest expense	2,123	833	-	2,956
Depreciation and amortisation	7,059	3,548	293	10,900
Reportable segments profit before tax	76,962	91,530	55,515	224,007
Reportable segment assets	350,873	467,792	166,121	984,785
Capital expenditure	14,235	116,241	11	130,487
Reportable segment liabilities	108,130	24,432	20,298	152,860
Reconciliation of reportable segment revenue and profit or loss				
Revenue				
Total revenue for reportable segments				1,196,342
Elimination of inter-segment revenue				(54,951)
Consolidated revenue				1,141,391
Profit or loss				
Total profit or loss for reportable segments				224,007
Unallocated amounts				(5,340)
Consolidated profit before income tax				218,667
Assets				
Total assets for reportable segments				984,785
Unallocated amounts				138,310
Consolidated total assets				1,123,095
Liabilities				
Total liabilities for reportable segments				152,860
Unallocated amounts				89,857
Consolidated total liabilities				242,717

A9. Segment information (continued)

a) Operating segments (continued)

	9 months ended 31 March 2010			
	Design, manufacture and sale of shoe soles RMB 000	Design, manufacture and sale of footwear RMB 000	Design and sale of apparels and accessories RMB 000	Total RMB 000
External revenue	159,877	474,725	340,910	975,512
Inter-segment revenue	81,014	-	-	81,014
Interest income	287	404	290	981
Interest expense	824	551	395	1,770
Depreciation and amortisation	6,833	2,200	270	9,303
Reportable segments profit				
before tax	44,343	139,035	54,647	238,025
Reportable segment assets	223,546	117,390	60,731	401,667
Capital expenditure	5,767	97	-	5,864
Reportable segment Liabilities	69,580	44,832	32,195	146,607
Reconciliation of reportable segment revenue and profit or loss				
Revenue				
Total revenue for reportable segments				1,056,526
Elimination of inter-segment revenue				<u>(81,014)</u>
Consolidated revenue				<u>975,512</u>
Profit or loss				
Total profit or loss for reportable segments				238,025
Unallocated amounts				<u>(23,906)</u>
Consolidated profit before income tax				<u>214,119</u>
Assets				
Total assets for reportable segments				401,667
Unallocated amounts				<u>522,970</u>
Consolidated total assets				<u>924,637</u>
Liabilities				
Total liabilities for reportable segments				146,607
Unallocated amounts				<u>86,396</u>
Consolidated total liabilities				<u>233,003</u>

b) Geographical segments

As the business of the Group is engaged entirely in the People's Republic of China, no reporting by geographical location of operation is presented.

A10. Property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the Company's audited consolidated financial statements for the year ended 30 June 2010.

A11. Utilisation of proceeds

The status of the utilization of the gross proceeds from the Initial Public Offering amounting to RM164.577 million are as follows:

	Estimated time for utilisation	Proposed Utilisation RM 000	Actual Utilisation RM 000	Deviation RM 000
Marketing and advertising activities	24 months	32,000	23,411	-
Expansion of our sales and distribution network	24 months	33,000	33,000	-
Expansion of our production capacity	24 months	55,452	55,452	-
Expansion of our research and development capabilities	24 months	15,000	4,491	-
Working capital	12 months	17,125	17,125	-
Estimated listing expenses	6 months	12,000	12,000	-
Total gross proceeds		164,577	145,479	-

A12. Contingent liabilities

There were no material changes in the contingent liabilities or contingent assets since the last financial year ended 30 June 2010.

A13. Capital commitments

Authorised capital expenditure not provided for in the financial statements as at 31 March 2011 are as follows:

- contracted RMB 000

45,085

A14. Changes in the composition of the Group

There are no other changes in the composition of the Group during the financial year-to-date save as announced on 14 September 2010, whereby the Company's wholly-owned subsidiary, Addnice Holdings Limited, had established a new subsidiary, Germany Top (Fujian) Outdoor Products Co. Ltd ("GTF"). GTF, a company incorporated in PRC, has a registered capital of HKD8.0 million (approximately equivalent to RM3.304 million at the rate of RM41.30:HKD100) and the intended principal activities of GTF are manufacturing of shoes, sports wear and sports related products.

A15. Reserves

Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the subsidiaries of the Company established in the PRC are required to transfer 10% of its profit after taxation prepared in accordance with the accounting regulation of the PRC to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. Such reserve may be used to offset accumulated losses or increase the registered capital of these subsidiaries, subject to the approval from the PRC authorities, and are not available for dividend distribution to the shareholders.

Merger reserve

The merger reserve arises from the difference between the nominal value of shares issued by the Company and the net tangible assets of subsidiaries acquired under the pooling interest method of accounting.

Currency translation reserve

Currency translation reserve represents translation differences arising from translation of foreign currency financial statements into presentation currency of the Group.

A16. Related party transactions

There is no related party transactions during the current quarter.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1. Review of performance

The Group achieved a revenue and profit before taxation ("PBT") of RMB386.1 million and RMB79.0 million respectively for the current quarter ("Q3FY2011"), representing an increase of 8.6% and a decrease of 2.2% respectively as compared to the corresponding period in the preceding year.

The Group achieved a revenue and PBT of RMB1,141.4 million and RMB218.7 million respectively for the 9 months financial period ended 31 March 2011 ("FPE 2011"). The revenue of RMB1,141.4 million represents an increase of 17% as compared to the revenue of RMB975.5 million recorded for the 9 months financial period ended 31 March 2010 ("FPE 2010"). The increase in revenue is contributed by the following:

- (i) Increase in sales volume of shoe sole from approximately 8.9 million pairs in FPE2010 to approximately 11.8 million pairs in FPE2011.
- (ii) Increase in average selling price of shoe from RMB105.0 per pair in FPE2010 to RMB110.6 per pair in FPE2011, and increase in average selling price of apparels from RMB74.0 per piece in FPE2010 to RMB102.1 per piece in FPE2011.

The PBT of RMB218.7 million for FPE2011 represents an increase of 2.1% as compared to the PBT of RMB214.1 million recorded for FPE2010. The increase in PBT was mainly due to the increase in revenue as mentioned above.

The increase in selling and distribution expenses from RMB84.5 million in FPE2010 to RMB130.6 million in FPE2011 is mainly due to higher expenses in relation to renovation subsidies for the outlet amounting to RMB14.8 million, display shelf for the outlet amounting to RM11.8 million and expansion of sales network expenses amounting to RMB38.4 million.

The profit after taxation ("PAT") of RMB163.2 million for FPE2011 represents a decrease of 7.1% as compared to PAT of RMB175.6 million recorded for FPE2010 due to higher effective tax rate. The effective tax rate increases from 18.0% in FPE2010 to 25.3% in FPE2011 due to provision for deferred tax liabilities (at a rate of 10%) of RMB3.5 million and RMB9.7 million provided in FPE2011 relating to (i) additional deferred tax liabilities of 5% on the dividends declared in Financial Year Ended 2010, and (ii) the PAT of Xingquan Plastics and Addnice Sport in the period respectively. Based on the Circular 601 issued by the Chinese State Administration of Taxation on 27th October 2009, a company is deemed to be a non-PRC tax resident enterprise without an office or premises in the PRC or with an office or premises which has no actual relationship with the income of the company, in which case a withholding tax at the rate of 10% will be applied to any dividends paid by PRC resident enterprise to the company, unless the company is entitled to reduction or elimination of such tax, including by tax treaties, pursuant to the PRC Enterprise Income Tax Law which became effective on 1 January 2008.

Based on the Income Tax Law of the PRC for Enterprises with Foreign Investments and Foreign Enterprises, Addnice Sports, Addnice China and Xingquan Plastic are entitled to full exemption from income tax for the first two years and a 50% reduction in income tax for the next three years starting from their first profitable year of operation. Addnice China is exempted from the state corporate income tax for its first two profitable calendar years of operation (i.e. from 1 January 2008 to 31 December 2009) and thereafter, is entitled to a 50% relief from the state corporate income tax for the third to fifth consecutive years (i.e. from 1 January 2010 to 31 December 2012). Addnice Sports and Xingquan Plastic had fully utilised its tax incentives and are subject to the full state corporate income tax.

B2. Variation of results against immediate preceding quarter

	Current quarter 31 March 2011 RMB 000	Preceding quarter 31 December 2010 RMB 000
Revenue	386,082	408,511
Profit before taxation	78,999	71,116
Profit after taxation	61,905	45,964
Other comprehensive income:		
- Translation differences arising from foreign currency financial statements recognized directly in equity	678	(397)
Total comprehensive income for the period	62,583	45,567

The Group recorded a revenue of RMB386.1 million for Q3FY2011, representing a decrease of 5.5% as compared to the revenue of RMB408.5 million recorded for the quarter ended 31 December 2010 ("Q2FY2011"). The decrease in revenue was due to a slight decrease in the sales of the shoes, apparels and accessories as the contribution for Q3FY2011 is mainly from Summer/Spring products that has lower selling prices as compared to Autumn/Winter products. Autumn/Winter products such as jackets, sweaters and leather-based shoes will have higher selling prices as compared to Spring/Summer such as T-shirt and shirt.

The profit before taxation of RMB78.9 million for Q3FY2011 represents an increase of 11.0% as compared to the profit before taxation of RMB71.1 million recorded for Q2FY2011. This was mainly due to the lower selling and distribution costs.

There is an increase in profit after taxation from RMB45.9 million for Q2FY2011 to RMB61.9 million for Q3FY2011 which is mainly due to the lower selling and distribution costs as explained above.

B3. Prospects for FYE 2011

Our new factory has started production in February 2011. The factory will provide additional capacity for our shoe products. In addition, our expansion in new sales outlets and branding initiative are progressing as planned. In view of this, our Board of Directors believes that the Group's prospects for the financial year ending 30 June 2011 would remain positive.

B4. Profit forecast and profit guarantee

The Group has not provided any profit forecast or profit guarantee in any public document for the current financial quarter.

B5. Taxation

Taxation comprises the following:

	Current Quarter RMB 000	Current year to date RMB 000
Deferred tax expenses	-	13,228
PRC income tax	17,094	42,193
	<u>17,904</u>	<u>55,421</u>

The effective income tax rate of the Group for the current quarter and current year to date was 21.6% and 25.3% respectively as compared to the applicable tax rate of 25%. The higher effective tax rate was due to the provision of additional deferred tax liabilities in respect of undistributed profits of the PRC subsidiaries. Please see Note B1 for details.

B6. Sale of unquoted investments and/or properties

There were no changes in the unquoted investments and/or properties of the Group in the current quarter and financial year to date.

B7. Quoted Securities

There was no purchase or disposal of quoted securities by the Group in the current quarter and financial year to date and there is no investment in quoted securities as at the end of the quarter.

B8. Group borrowings

The Group's borrowings as at 31 March 2011 were as follows:

	Total RMB 000
Short term bank loans – secured	<u>78,000</u>

B9. Changes in material litigation

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

B10. Dividend

On 16 August 2010, the Board of Directors proposed a tax exempt final dividend of 2.5 sen per share in respect of the financial year ended 30 June 2010 which was approved by the shareholders at the Annual General Meeting on 15 December 2010. This tax exempt final dividend was paid on 18 January 2011.

B11. Earnings per share**a) Basic**

Basic earnings per share is calculated by dividing profits for the period attributable to equity holders of the Company before other comprehensive income by weighted average number of ordinary shares in issue during the period:-

	Individual Quarter Ended		Individual Quarter Ended	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
	RMB	RMB	RM	RM
Profit attributable to equity holders of the Company before other comprehensive income	61,905,000	67,280,000	28,619,000	31,104,000
Weighted average number of ordinary shares in issue	307,330,000	307,330,000	307,330,000	307,330,000
Basic earnings per share	0.20	0.22	0.09	0.10
	Cumulative Quarter 9 Months Ended		Cumulative Quarter 6 Months Ended	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
	RMB	RMB	RM	RM
Profit attributable to equity holders of the Company before other comprehensive income	163,246,000	175,658,000	75,467,000	81,205,000
Weighted average number of ordinary shares in issue	307,330,000	303,965,036	307,330,000	303,965,036
Basic earnings per share	0.53	0.58	0.25	0.27

b) Diluted

There is no diluted earnings per share as there were no potential dilutive ordinary shares outstanding as at end of the current and preceding quarter under review.

B12 Realised and unrealised profits/(losses)

	Cumulative Quarter		Cumulative Quarter	
	9 Months Ended		9 Months Ended	
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
	RMB 000	RMB 000	RM 000	RM 000
Total Retained Profit/(Loss)				
Realised	466,139	304,777	215,496	140,898
Unrealised	(20,000)	(2,220)	(9,246)	(1,026)
	<u>446,139</u>	<u>302,557</u>	<u>206,250</u>	<u>139,872</u>

By Order of the Board

Kang Shew Meng
Seow Fei San
Secretaries

18 May 2011