

K-STAR SPORTS LIMITED

(Incorporated in Singapore under the Companies Act (Chapter 50) of Singapore)(Company Registration Number 200820976H)
(Registered as a foreign company in Malaysia under the Companies Act 1965 of Malaysia)
(Malaysian Branch Registration Number 995214-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2011

	<u>Note</u>	Individual quarter Quarter ended		Individual quarter Quarter ended	
		30.6.2011	30.6.2010	30.6.2011 (Note a)	30.6.2010 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	204,699	175,185	95,574	81,794
Cost of sales		<u>(151,502)</u>	<u>(129,446)</u>	<u>(70,736)</u>	<u>(60,438)</u>
Gross Profit		53,197	45,739	24,838	21,356
Other income		224	133	105	62
Selling and distribution expenses		(9,086)	(7,794)	(4,242)	(3,639)
Administrative expenses	B1	(3,811)	(16,525)	(1,780)	(7,716)
Finance costs		<u>(79)</u>	<u>(178)</u>	<u>(37)</u>	<u>(83)</u>
Profit before taxation	B1	40,445	21,375	18,884	9,980
Taxation		<u>(10,330)</u>	<u>(8,927)</u>	<u>(4,823)</u>	<u>(4,168)</u>
Total profit for the period	B1	<u>30,115</u>	<u>12,448</u>	<u>14,061</u>	<u>5,812</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive income for the period		<u>30,115</u>	<u>12,448</u>	<u>14,061</u>	<u>5,812</u>
Attributable to :					
- Equity holders of the Company		<u>30,115</u>	<u>12,448</u>	<u>14,061</u>	<u>5,812</u>
Earnings per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B11	11.30	5.27	5.28	2.46
Diluted (RMB cents/RM sen)	B11	11.30	5.27	5.28	2.46

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the quarter ended 30 June 2011 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4669 as at 30 June 2011. This translation should not be construed as a representation that the RMB amounts 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 31 December 2010 and the accompanying explanatory notes attached to the interim unaudited financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX (6) MONTHS ENDED 30 JUNE 2011

	<u>Note</u>	Cumulative Quarter		Cumulative Quarter	
		Current Year To date 30.6.2011	Preceding Year Corresponding Period 30.6.2010	Current Year To date 30.6.2011 <i>(Note a)</i>	Preceding Year Corresponding Period 30.6.2010 <i>(Note a)</i>
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	356,240	319,225	166,329	149,046
Cost of sales		<u>(263,435)</u>	<u>(235,309)</u>	<u>(122,998)</u>	<u>(109,866)</u>
Gross Profit		92,805	83,916	43,331	39,180
Other income		362	145	169	68
Selling and distribution expenses		(16,070)	(13,541)	(7,503)	(6,322)
Administrative expenses	B1	(7,439)	(19,314)	(3,473)	(9,018)
Finance costs		<u>(295)</u>	<u>(320)</u>	<u>(138)</u>	<u>(149)</u>
Profit before taxation	B1	69,363	50,886	32,386	23,759
Taxation		<u>(17,772)</u>	<u>(16,378)</u>	<u>(8,298)</u>	<u>(7,647)</u>
Total profit for the period	B1	<u>51,591</u>	<u>34,508</u>	<u>24,088</u>	<u>16,112</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive income for the period		<u>51,591</u>	<u>34,508</u>	<u>24,088</u>	<u>16,112</u>
Attributable to :					
-Equity holders of the Company		<u>51,591</u>	<u>34,508</u>	<u>24,088</u>	<u>16,112</u>
Earnings per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B11	19.37	16.18	9.04	7.55
Diluted (RMB cents/RM sen)	B11	19.37	16.18	9.04	7.55

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 31 December 2010 and the accompanying explanatory notes attached to the unaudited interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Unaudited As At 30.6.2011	Audited As at 31.12.2010	Unaudited As At 30.6.2011 (Note a)	Audited As at 31.12.2010 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	66,573	63,265	31,083	29,539
Land use rights	36,174	36,317	16,890	16,956
	102,747	99,582	47,973	46,495
Current Assets				
Inventories	12,330	13,494	5,757	6,300
Trade and other receivables	304,164	226,389	142,014	105,701
Cash and bank balances	136,535	124,078	63,748	57,932
	453,029	363,961	211,519	169,933
Total assets	555,776	463,543	259,492	216,428
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	285,075	285,075	133,101	133,102
Retained earnings	333,936	291,474	155,915	136,089
Other reserves	(156,040)	(156,040)	(72,855)	(72,855)
	462,971	420,509	216,161	196,336
Current Liabilities				
Borrowings	12,300	15,300	5,743	7,143
Income tax payable	10,136	8,432	4,733	3,937
Trade and other payables	70,369	19,302	32,855	9,012
	92,805	43,034	43,331	20,092
Total equity and liabilities	555,776	463,543	259,492	216,428
Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)	173.79	157.85	81.14	73.70

Notes:

- (a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") as at 30 June 2011 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4669 as at 30 June 2011. This translation should not be construed as a representation that the RMB amounts represented have been or could be converted into RM at this or any other rate.
- (b) The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the unaudited interim financial statements.
- (c) The net assets per share attributable to equity holders of the Company is calculated based on the net assets as at 31 December 2010 and 30 June 2011 divided by the number of ordinary shares of 266,400,000.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX (6) MONTHS ENDED 30 JUNE 2011

	Attributable to Equity Holders of the Company					Total equity RMB'000
	Share capital RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Equity component - convertible loan RMB'000	
At 31 December 2009	189,268	(174,156)	7,556	213,787	1,467	237,922
Total comprehensive income for the period	-	-	-	34,508	-	34,508
Issue of new shares due to conversion of convertible loans	29,099	-	-	-	(1,467)	27,632
Issue of new shares due to initial public offering	68,990	-	-	-	-	68,990
Shares issue expenses pursuant to initial public offering	(2,255)	-	-	-	-	(2,255)
At 30 June 2010	285,102	(174,156)	7,556	248,295	-	366,797
At 31 December 2010	285,075	(174,156)	18,116	291,474	-	420,509
Dividend	-	-	-	(9,129)	-	(9,129)
Total comprehensive income for the period	-	-	-	51,591	-	51,591
At 30 June 2011	285,075	(174,156)	18,116	333,936	-	462,971

	Attributable to Equity Holders of the Company					Total equity RM'000
	Share capital RM'000	Merger reserve RM'000	Statutory reserve RM'000	Retained earnings RM'000	Equity component - convertible loan RM'000	
At 31 December 2009	88,369	(81,313)	3,528	99,817	685	111,086
Total comprehensive income for the period	-	-	-	16,112	-	16,112
Issue of new shares due to conversion of convertible loans	13,586	-	-	-	-	13,586
Issue of new shares due to initial public offering	32,211	-	-	-	-	32,211
Shares issue expenses pursuant to initial public offering	(1,053)	-	-	-	(685)	(1,738)
At 30 June 2010 (note a)	133,113	(81,313)	3,528	115,929	-	171,257
At 31 December 2010	133,101	(81,313)	8,458	136,089	-	196,335
Dividend	-	-	-	(4,262)	-	(4,262)
Total comprehensive income for the period	-	-	-	24,088	-	24,088
At 30 June 2011 (note a)	133,101	(81,313)	8,458	155,915	-	216,161

Notes:

(a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the three months ended 30 June 2011 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4669 as at 30 June 2011. This translation should not be construed as a representation that the RMB amounts represented have been or could be converted into RM at this or any other rate.

(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 31 December 2010 and the accompanying explanatory notes attached to the unaudited interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE SIX (6) MONTHS ENDED 30 JUNE 2011

	Six (6) months Ended 30.6.2011 RMB'000	Six (6) months Ended 30.6.2010 RMB'000	Six (6) months Ended 30.6.2011 (Note a) RM'000	Six (6) months Ended 30.6.2010 (Note a) RM'000
Cash flows from operating activities				
Profit before taxation	69,363	50,886	32,386	23,759
Adjustments for:				
Interest income	(362)	(142)	(169)	(66)
Interest expenses	295	320	138	149
Depreciation of property, plant and equipment	2,616	2,095	1,221	978
Amortisation of land use rights	375	97	175	45
Operating profit before working capital changes	72,287	53,256	33,751	24,865
Decrease in inventories	1,164	3,490	544	1,629
Increase in trade and other receivables	(77,775)	(24,442)	(36,313)	(11,412)
Decrease in other current assets	-	933	-	436
Increase/(Decrease) in trade and other payables	38,228	(7,459)	17,848	(3,483)
Foreign exchange loss	-	1,581	-	738
Cash generated from operations	33,904	27,359	15,830	12,773
Interest paid	(295)	(320)	(138)	(149)
Income tax paid	(16,068)	(14,653)	(7,502)	(6,841)
Net cash generated from operating activities	17,541	12,386	8,190	5,783
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,214)	(370)	(1,034)	(173)
Acquisition of land use right	(232)	-	(108)	-
Interest received	362	142	169	66
Net cash used in investing activities	(2,084)	(228)	(973)	(107)
Cash flows from financing activities				
Proceeds from issuance of shares arising from initial public offering	-	68,990	-	32,211
Shares issue expenses pursuant to initial public offering	-	(2,255)	-	(1,053)
Proceeds from bank borrowings	2,000	8,000	934	3,735
Repayment of bank borrowings	(5,000)	(8,000)	(2,335)	(3,735)
Proceeds from convertible loan	-	-	-	-
Decrease/(increase) of fixed deposit pledged	270	(2,100)	126	(980)
Net cash (used in)/generated from financing activities	(2,730)	64,635	(1,275)	30,178
Net increase in cash and cash equivalents	12,727	76,793	5,942	35,854
Cash and cash equivalents at beginning of financial period	123,808	34,642	57,806	16,174
Effect of exchange rate changes on cash and cash equivalents	-	(1,363)	-	(635)
Cash and cash equivalents at end of financial period	136,535	110,072	63,748	51,393

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