

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 SEPTEMBER 2011

	<u>Note</u>	Individual quarter Quarter ended		Individual quarter Quarter ended	
		30.9.2011	30.9.2010	30.9.2011 (Note a)	30.9.2010 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	169,595	191,479	84,831	95,778
Cost of sales		<u>(127,967)</u>	<u>(140,058)</u>	<u>(64,009)</u>	<u>(70,057)</u>
Gross Profit		41,628	51,421	20,822	25,721
Other income		567	101	284	51
Selling and distribution expenses		(19,131)	(5,938)	(9,569)	(2,970)
Administrative expenses	B1	(7,290)	(3,855)	(3,646)	(1,928)
Finance costs		<u>(427)</u>	<u>(181)</u>	<u>(214)</u>	<u>(91)</u>
Profit before taxation	B1	15,347	41,548	7,677	20,783
Taxation		<u>(4,211)</u>	<u>(10,390)</u>	<u>(2,107)</u>	<u>(5,197)</u>
Total profit for the period	B1	<u>11,136</u>	<u>31,158</u>	<u>5,570</u>	<u>15,586</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive income for the period		<u>11,136</u>	<u>31,158</u>	<u>5,570</u>	<u>15,586</u>
Attributable to :					
- Equity holders of the Company		<u>11,136</u>	<u>31,158</u>	<u>5,570</u>	<u>15,586</u>
Earnings per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B11	4.18	11.70	2.09	5.85
Diluted (RMB cents/RM sen)	B11	4.18	11.70	2.09	5.85

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 September 2011 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5002 as at 30 September 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 NINE (9) MONTHS ENDED 30 SEPTEMBER 2011

	<u>Note</u>	Cumulative Quarter		Cumulative Quarter	
		Current Year To date 30.9.2011	Preceding Year Corresponding Period 30.9.2010	Current Year To date 30.9.2011 <i>(Note a)</i>	Preceding Year Corresponding Period 30.9.2010 <i>(Note a)</i>
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	525,835	510,704	263,023	255,454
Cost of sales		<u>(391,402)</u>	<u>(375,367)</u>	<u>(195,780)</u>	<u>(187,759)</u>
Gross Profit		134,433	135,337	67,243	67,695
Other income		929	246	465	123
Selling and distribution expenses		(35,201)	(19,479)	(17,608)	(9,743)
Administrative expenses	B1	(14,729)	(23,169)	(7,367)	(11,589)
Finance costs		<u>(722)</u>	<u>(501)</u>	<u>(361)</u>	<u>(251)</u>
Profit before taxation	B1	84,710	92,434	42,372	46,235
Taxation		<u>(21,983)</u>	<u>(26,768)</u>	<u>(10,996)</u>	<u>(13,389)</u>
Total profit for the period	B1	<u>62,727</u>	<u>65,666</u>	<u>31,376</u>	<u>32,846</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive income for the period		<u>62,727</u>	<u>65,666</u>	<u>31,376</u>	<u>32,846</u>
Attributable to :					
-Equity holders of the Company		<u>62,727</u>	<u>65,666</u>	<u>31,376</u>	<u>32,846</u>
Earnings per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B11	23.55	28.40	11.78	14.21
Diluted (RMB cents/RM sen)	B11	23.55	28.40	11.78	14.21

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 SEPTEMBER 2011

	Unaudited As at 30.9.2011	Audited As at 31.12.2010	Unaudited As at 30.9.2011 <i>(Note a)</i>	Audited As at 31.12.2010 <i>(Note a)</i>
	RMB'000	RMB'000	RM'000	RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	69,763	63,265	34,896	31,645
Land use rights	35,983	36,317	17,999	18,166
	105,746	99,582	52,895	49,811
Current Assets				
Inventories	13,372	13,494	6,689	6,750
Trade and other receivables	268,419	226,389	134,263	113,240
Cash and bank balances	154,810	124,078	77,436	62,064
	436,601	363,961	218,388	182,054
Total assets	542,347	463,543	271,283	231,865
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	285,075	285,075	142,595	142,595
Retained earnings	345,072	291,474	172,605	145,795
Other reserves	(156,040)	(156,040)	(78,051)	(78,051)
	474,107	420,509	237,149	210,339
Current Liabilities				
Borrowings	17,680	15,300	8,844	7,653
Income tax payable	4,094	8,432	2,048	4,218
Trade and other payables	46,466	19,302	23,242	9,655
	68,240	43,034	34,134	21,526
Total equity and liabilities	542,347	463,543	271,283	231,865
Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)	177.97	157.85	89.02	78.96

Notes:

- (a) *The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") as at 30 September 2011 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5002 as at 30 September 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 September 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 NINE (9) MONTHS ENDED 30 SEPTEMBER 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	-	-	-	65,666	-	65,666
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 September 2010	285,102	(174,156)	7,556	279,453	-	397,955
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	-	-	-	62,727	-	62,727
At 30 September 2011	285,075	(174,156)	18,116	345,072	-	474,107

	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	94,672	(87,113)	3,780	106,936	734	119,009
Total comprehensive income for the period	-	-	-	32,846	-	32,846
Issue of new shares due to conversion of convertible loans	14,555	-	-	-	-	14,555
Issue of new shares due to initial public offering	34,509	-	-	-	-	34,509
Shares issue expenses pursuant to initial public offering	(1,128)	-	-	-	(734)	(1,862)
At 30 September 2010 (note a)	142,608	(87,113)	3,780	139,782	-	199,057
At 31 December 2010	142,595	(87,113)	9,062	145,795	-	210,339
Dividend	-	-	-	(4,566)	-	(4,566)
Total comprehensive income for the period	-	-	-	31,376	-	31,376
At 30 September 2011 (note a)	142,595	(87,113)	9,062	172,605	-	237,149

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 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 NINE (9) MONTHS ENDED 30 SEPTEMBER 2011

	Nine (9) months Ended 30.9.2011 RMB'000	Nine (9) months Ended 30.9.2010 RMB'000	Nine (9) months Ended 30.9.2011 (Note a) RM'000	Nine (9) months Ended 30.9.2010 (Note a) RM'000
Cash flows from operating activities				
Profit before taxation	84,710	92,434	42,372	46,235
Adjustments for:				
Interest income	(525)	(226)	(263)	(113)
Interest expenses	722	501	361	251
Depreciation of property, plant and equipment	4,020	3,148	2,011	1,575
Amortisation of land use rights	566	286	283	143
Operating profit before working capital changes	89,493	96,143	44,764	48,091
Decrease/(Increase) in inventories	122	(1,655)	61	(828)
Increase in trade and other receivables	(42,030)	(42,854)	(21,023)	(21,436)
Decrease in other current assets	-	6,829	-	3,416
Increase/(Decrease) in trade and other payables	26,816	(7,793)	13,413	(3,898)
Foreign exchange loss	-	-	-	-
Cash generated from operations	74,401	50,670	37,215	25,345
Interest paid	(722)	(501)	(361)	(251)
Income tax paid	(26,321)	(24,405)	(13,166)	(12,207)
Net cash generated from operating activities	47,358	25,764	23,688	12,887
Cash flows from investing activities				
Purchase of property, plant and equipment	(10,518)	(370)	(5,261)	(185)
Acquisition of land use right	(232)	(20,543)	(116)	(10,276)
Interest received	525	226	263	113
Net cash used in investing activities	(10,225)	(20,687)	(5,114)	(10,348)
Cash flows from financing activities				
Proceeds from issuance of shares arising from initial public offering	-	68,990	-	34,509
Shares issue expenses pursuant to initial public offering	-	(2,255)	-	(1,128)
Proceeds from bank borrowings	17,680	28,600	8,844	14,306
Repayment of bank borrowings	(15,300)	(28,600)	(7,653)	(14,306)
Dividend paid	(8,781)	-	(4,392)	-
Decrease/(increase) of fixed deposit pledged	270	(420)	134	(210)
Net cash (used in)/generated from financing activities	(6,131)	66,315	(3,067)	33,171
Net increase in cash and cash equivalents	31,002	71,392	15,507	35,710
Cash and cash equivalents at beginning of financial period	123,808	34,642	61,929	17,328
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-
Cash and cash equivalents at end of financial period	154,810	106,034	77,436	53,038

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(b) The Unaudited Condensed Consolidated Statements of Cash Flow 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.