

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 31 DECEMBER 2011

	<u>Note</u>	Individual quarter Quarter ended		Individual quarter Quarter ended	
		31.12.2011	31.12.2010	31.12.2011 (Note a)	31.12.2010 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	126,718	160,164	63,803	80,643
Cost of sales		<u>(105,238)</u>	<u>(118,303)</u>	<u>(52,987)</u>	<u>(59,566)</u>
Gross Profit		21,480	41,861	10,816	21,077
Other income		227	112	114	56
Selling and distribution expenses	B1	(34,983)	(5,157)	(17,614)	(2,596)
Administrative expenses	B1	(7,802)	(5,573)	(3,928)	(2,806)
Finance costs		<u>(403)</u>	<u>(230)</u>	<u>(203)</u>	<u>(116)</u>
(Loss)/Profit before taxation	B1	(21,481)	31,013	(10,815)	15,615
Taxation		<u>3,011</u>	<u>(8,432)</u>	<u>1,516</u>	<u>(4,245)</u>
Total (loss)/profit for the period	B1	<u>(18,470)</u>	<u>22,581</u>	<u>(9,299)</u>	<u>11,370</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive (loss)/income for the period		<u>(18,470)</u>	<u>22,581</u>	<u>(9,299)</u>	<u>11,370</u>
Attributable to :					
- Equity holders of the Company		<u>(18,470)</u>	<u>22,581</u>	<u>(9,299)</u>	<u>11,370</u>
(Loss)/Earnings per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B9	(6.93)	8.48	(3.49)	4.27
Diluted (RMB cents/RM sen)	B9	(6.93)	8.48	(3.49)	4.27

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 December 2011 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5035 as at 31 December 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 FINANCIAL YEAR ENDED 31 DEMCEMBER 2011

		Current Year To date 31.12.2011	Preceding Year To date 31.12.2010	Current Year To date 31.12.2011 <i>(Note a)</i>	Preceding Year To date 31.12.2010 <i>(Note a)</i>
	<u>Note</u>	RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	652,553	670,868	328,560	337,782
Cost of sales		<u>(496,640)</u>	<u>(493,670)</u>	<u>(250,058)</u>	<u>(248,563)</u>
Gross Profit		155,913	177,198	78,502	89,219
Other income		752	358	379	180
Selling and distribution expenses	B1	(70,184)	(24,636)	(35,338)	(12,404)
Administrative expenses	B1	(22,127)	(28,742)	(11,141)	(14,472)
Finance costs		<u>(1,125)</u>	<u>(731)</u>	<u>(566)</u>	<u>(368)</u>
Profit before taxation	B1	63,229	123,447	31,836	62,155
Taxation		<u>(18,972)</u>	<u>(35,200)</u>	<u>(9,552)</u>	<u>(17,723)</u>
Total profit for the period	B1	<u>44,257</u>	<u>88,247</u>	<u>22,284</u>	<u>44,432</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive income for the period		<u>44,257</u>	<u>88,247</u>	<u>22,284</u>	<u>44,432</u>
Attributable to :					
-Equity holders of the Company		<u>44,257</u>	<u>88,247</u>	<u>22,284</u>	<u>44,432</u>
Earnings per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B9	16.61	36.76	8.36	18.51
Diluted (RMB cents/RM sen)	B9	16.61	36.76	8.36	18.51

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 31 DECEMBER 2011

	Unaudited As at 31.12.2011 RMB'000	Audited As at 31.12.2010 RMB'000	Unaudited As at 31.12.2011 RM'000 (Note a)	Audited As at 31.12.2010 RM'000 (Note a)
ASSETS				
Non-Current Assets				
Deferred tax assets	1,585	-	798	-
Property, plant and equipment	70,373	63,265	35,433	31,854
Land use rights	35,796	36,317	18,023	18,286
	<u>107,754</u>	<u>99,582</u>	<u>54,254</u>	<u>50,140</u>
Current Assets				
Inventories	12,107	13,494	6,096	6,794
Trade and other receivables	191,461	226,389	96,401	113,987
Income tax recoverable	2,425	-	1,220	-
Cash and bank balances	216,975	124,078	109,247	62,473
	<u>422,968</u>	<u>363,961</u>	<u>212,964</u>	<u>183,254</u>
Total assets	<u>530,722</u>	<u>463,543</u>	<u>267,218</u>	<u>233,394</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	285,075	285,075	143,535	143,535
Retained earnings	320,006	291,474	161,123	146,757
Other reserves	(149,444)	(156,040)	(75,245)	(78,566)
	<u>455,637</u>	<u>420,509</u>	<u>229,413</u>	<u>211,726</u>
Current Liabilities				
Borrowings	24,980	15,300	12,577	7,704
Income tax payable	-	8,432	-	4,245
Trade and other payables	50,105	19,302	25,228	9,719
	<u>75,085</u>	<u>43,034</u>	<u>37,805</u>	<u>21,668</u>
Total equity and liabilities	<u>530,722</u>	<u>463,543</u>	<u>267,218</u>	<u>233,394</u>
Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)	<u>171.03</u>	<u>157.85</u>	<u>86.11</u>	<u>79.48</u>

Notes:

- (a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") as at 31 December 2011 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5035 as at 31 December 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 31 December 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 FINANCIAL YEAR ENDED 31 DECEMBER 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	-	-	-	88,247	-	88,247
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	(2,282)	-	-	-	-	(2,282)
Transfer to statutory reserve	-	-	10,560	(10,560)	-	-
At 31 December 2010	285,075	(174,156)	18,116	291,474	-	420,509
At 1 January 2011	285,075	(174,156)	18,116	291,474	-	420,509
Dividend	-	-	-	(9,129)	-	(9,129)
Total comprehensive income for the period	-	-	-	44,257	-	44,257
Transfer to statutory reserve	-	-	6,596	(6,596)	-	-
At 31 December 2011	285,075	(174,156)	24,712	320,006	-	455,637

	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	95,297	(87,687)	3,804	107,642	739	119,795
Total comprehensive income for the period	-	-	-	44,432	-	44,432
Issue of new shares due to conversion of convertible loans	14,651	-	-	-	(739)	13,912
Issue of new shares due to initial public offering	34,736	-	-	-	-	34,736
Shares issue expenses pursuant to initial public offering	(1,149)	-	-	-	-	(1,149)
Transfer to statutory reserve	-	-	5,317	(5,317)	-	-
At 31 December 2010 (note a)	143,535	(87,687)	9,121	146,757	-	211,726
At 1 January 2011	143,535	(87,687)	9,121	146,757	-	211,726
Dividend	-	-	-	(4,596)	-	(4,596)
Total comprehensive income for the period	-	-	-	22,283	-	22,283
Transfer to statutory reserve	-	-	3,321	(3,321)	-	-
At 31 December 2011 (note a)	143,535	(87,687)	12,442	161,123	-	229,413

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 FINANCIAL YEAR ENDED 31 DECEMBER 2011

	For the financial year ended 31.12.2011 RMB'000	For the financial year ended 31.12.2010 RMB'000	For the financial year ended 31.12.2011 (Note a) RM'000	For the financial year ended 31.12.2010 (Note a) RM'000
Cash flows from operating activities				
Profit before taxation	63,229	123,447	31,835	62,156
Adjustments for:				
Interest income	(752)	(329)	(379)	(166)
Interest expenses	1,125	731	566	368
Depreciation of property, plant and equipment	5,473	4,209	2,756	2,119
Loss on disposal of property, plant and equipment	725	179	365	90
Amortisation of land use rights	754	474	380	239
Operating profit before working capital changes	70,554	128,711	35,523	64,806
Decrease/(Increase) in inventories	1,387	(2,488)	698	(1,253)
Decrease/(Increase) in trade and other receivables	61,928	(29,253)	31,181	(14,729)
Increase/(Decrease) in trade and other payables	30,455	(7,119)	15,335	(3,584)
Cash generated from operations	164,324	89,851	82,737	45,240
Interest paid	(1,125)	(731)	(566)	(368)
Income tax paid	(31,414)	(34,795)	(15,817)	(17,519)
Net cash generated from operating activities	131,785	54,325	66,354	27,353
Cash flows from investing activities				
Purchase of property, plant and equipment	(13,444)	(5,112)	(6,769)	(2,574)
Proceeds from disposal of property, plant and equipment	138	29	70	15
Acquisition of land use right	(233)	(27,743)	(117)	(13,969)
Prepayment for the Acquisition*	(27,000)	-	(13,595)	-
Interest received	752	329	379	166
Net cash used in investing activities	(39,787)	(32,497)	(20,032)	(16,362)
Cash flows from financing activities				
Proceeds from issuance of shares arising from initial public offering	-	68,990	-	34,736
Shares issue expenses pursuant to initial public offering	-	(2,282)	-	(1,149)
Proceeds from bank borrowings	24,980	28,600	12,577	14,400
Repayment of bank borrowings	(15,300)	(28,600)	(7,704)	(14,400)
Dividend paid	(8,781)	-	(4,421)	-
Decrease/(increase) of fixed deposit pledged	270	630	136	317
Net cash generated from financing activities	1,169	67,338	588	33,904
Net increase in cash and cash equivalents	93,167	89,166	46,910	44,895
Cash and cash equivalents at beginning of financial period	123,808	34,642	62,337	17,442
Cash and cash equivalents at end of financial period ^	216,975	123,808	109,247	62,337

Notes:

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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.

* Arising from the corporate exercise as disclosed in Note A11 of this quarterly report.

^ Cash and cash equivalents at the end of the financial year comprise the following balance sheet amount:

	<u>RMB'000</u>	<u>RMB'000</u>	<u>RM'000</u>	<u>RM'000</u>
Cash and bank balances	216,975	124,078	109,247	62,473
Fixed deposit pledged	-	(270)	-	(136)
	<u>216,975</u>	<u>123,808</u>	<u>109,247</u>	<u>62,337</u>