

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 MARCH 2012

		Individual quarter Quarter ended		Individual quarter Quarter ended	
		31.03.2012	31.03.2011	31.03.2012 (Note a)	31.03.2011 (Note a)
	Note	RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	108,110	151,541	52,574	73,694
Cost of sales		(80,923)	(111,932)	(39,353)	(54,432)
Gross Profit		27,187	39,609	13,221	19,262
Other income		293	138	142	67
Selling and distribution expenses	B1	(8,229)	(6,984)	(4,002)	(3,396)
Administrative expenses	B1	(4,512)	(3,629)	(2,194)	(1,765)
Finance costs		(617)	(216)	(300)	(105)
Profit before taxation	B1	14,122	28,918	6,867	14,063
Taxation		(3,567)	(7,442)	(1,734)	(3,619)
Total profit for the period	B1	10,555	21,476	5,133	10,444
Other comprehensive income after tax		-	-	-	-
Total comprehensive (loss)/income for the period		10,555	21,476	5,133	10,444
Attributable to :					
- Equity holders of the Company		10,555	21,476	5,133	10,444
Earnings per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B9	3.96	8.06	1.93	3.92
Diluted (RMB cents/RM sen)	B9	3.96	8.06	1.93	3.92

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 2012 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4863 as at 31 March 2012. 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 2011 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 THREE (3) MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2012

		Current Year to date 31.03.2012	Preceding Year to date 31.03.2011	Current Year to date 31.03.2012 (Note a)	Preceding Year to date 31.03.2011 (Note a)
	<u>Note</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	B1	108,110	151,541	52,574	73,694
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012

	Unaudited As at 31.03.2012	Audited As at 31.12.2011	Unaudited As at 31.03.2012 (Note a)	Audited As at 31.12.2011 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
ASSETS				
Non-Current Assets				
Deferred tax assets	1,585	1,585	771	771
Property, plant and equipment	68,513	70,373	33,318	34,222
Land use rights	35,607	35,796	17,316	17,408
	<u>105,705</u>	<u>107,754</u>	<u>51,405</u>	<u>52,401</u>
Current Assets				
Inventories	7,622	12,107	3,707	5,888
Trade and other receivables	161,549	191,461	78,561	93,107
Income tax recoverable	-	2,425	-	1,179
Cash and bank balances	267,054	216,975	129,868	105,515
	<u>436,225</u>	<u>422,968</u>	<u>212,136</u>	<u>205,689</u>
Total assets	<u>541,930</u>	<u>530,722</u>	<u>263,541</u>	<u>258,090</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	285,075	285,075	138,632	138,632
Retained earnings	330,561	320,006	160,752	155,619
Other reserves	(149,444)	(149,444)	(72,675)	(72,675)
	<u>466,192</u>	<u>455,637</u>	<u>226,709</u>	<u>221,576</u>
Current Liabilities				
Borrowings	29,950	24,980	14,565	12,148
Income tax payable	879	-	428	-
Trade and other payables	44,909	50,105	21,839	24,366
	<u>75,738</u>	<u>75,085</u>	<u>36,832</u>	<u>36,514</u>
Total equity and liabilities	<u>541,930</u>	<u>530,722</u>	<u>263,541</u>	<u>258,090</u>
Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)	<u>175.00</u>	<u>171.03</u>	<u>85.10</u>	<u>83.17</u>

Notes:

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- (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 2011 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 2011 and 31 March 2012 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 THREE (3) MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2012

	Attributable to equity holders of the Company				
	Share capital RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
At 31 December 2010	285,075	(174,156)	18,116	291,474	420,509
Total comprehensive income for the period	-	-	-	21,476	21,476
At 31 March 2011	285,075	(174,156)	18,116	312,950	441,985
At 31 December 2011	285,075	(174,156)	24,712	320,006	455,637
Total comprehensive income for the period	-	-	-	10,555	10,555
Transfer to statutory reserve	-	-	-	-	-
At 31 March 2012	285,075	(174,156)	24,712	330,561	466,192

	Attributable to Equity Holders of the Company				
	Share capital RM'000	Merger reserve RM'000	Statutory reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 31 December 2010	138,632	(84,692)	8,810	141,744	204,494
Total comprehensive income for the period	-	-	-	10,444	10,444
At 31 March 2011 (note a)	138,632	(84,692)	8,810	152,188	214,938
At 31 December 2011	138,632	(84,692)	12,017	155,619	221,576
Total comprehensive income for the period	-	-	-	5,133	5,133
Transfer to statutory reserve	-	-	-	-	-
At 31 March 2012 (note a)	138,632	(84,692)	12,017	160,752	226,709

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 2011 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 THREE (3) MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2012

	Three (3) months ended 31.03.2012 RMB'000	Three (3) months ended 31.03.2011 RMB'000	Three (3) months ended 31.03.2012 (Note a) RM'000	Three (3) months ended 31.03.2011 (Note a) RM'000
Cash flows from operating activities				
Profit before taxation	14,122	28,918	6,867	14,063
Adjustments for:				
Interest income	(290)	(138)	(141)	(67)
Interest expenses	617	216	300	105
Depreciation of property, plant and equipment	1,843	1,247	896	607
Loss on disposal of property, plant and equipment	11	-	5	-
Amortisation of land use rights	189	188	92	91
Operating profit before working capital changes	16,492	30,431	8,019	14,799
Decrease in inventories	4,485	4,211	2,181	2,048
Decrease in trade and other receivables	29,912	26,529	14,546	12,901
(Decrease)/Increase in trade and other payables	(5,196)	35,086	(2,527)	17,062
Cash generated from operations	45,693	96,257	22,219	46,810
Interest paid	(617)	(216)	(300)	(105)
Income tax paid	(263)	(8,550)	(127)	(4,158)
Net cash generated from operating activities	44,813	87,491	21,792	42,547
Cash flows from investing activities				
Purchase of property, plant and equipment	-	(1,052)	-	(512)
Proceeds from disposal of property, plant and equipment	6	-	3	-
Interest received	290	138	141	67
Net cash used in investing activities	296	(914)	144	(445)
Cash flows from financing activities				
Proceeds from bank borrowings	16,650	2,000	8,097	973
Repayment of bank borrowings	(11,680)	(2,000)	(5,680)	(973)
Decrease of fixed deposit pledged	-	120	-	58
Net cash generated from financing activities	4,970	120	2,417	58
Net increase in cash and cash equivalents	50,079	86,697	24,353	42,160
Cash and cash equivalents at beginning of financial period	216,975	123,808	105,515	60,208
Cash and cash equivalents at end of financial period ^	267,054	210,505	129,868	102,368

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 2011 and the accompanying explanatory notes attached to the unaudited interim financial statements.

^ Cash and cash equivalents at the end of the financial period 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	267,054	210,655	129,868	102,441
Fixed deposit pledged	-	(150)	-	(73)
	<u>267,054</u>	<u>210,505</u>	<u>129,868</u>	<u>102,368</u>