

K-Star

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 2012

		Individual quarter Quarter ended		Individual quarter Quarter ended	
		30.06.2012	30.06.2011	30.06.2012	30.06.2011
				(Note a)	(Note a)
	Note	RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	139,063	204,699	69,518	102,329
Cost of sales		<u>(108,340)</u>	<u>(151,502)</u>	<u>(54,159)</u>	<u>(75,736)</u>
Gross profit		30,723	53,197	15,359	26,593
Other income		289	224	144	112
Selling and distribution expenses	B1	(9,204)	(9,086)	(4,601)	(4,542)
Administrative expenses	B1	(3,703)	(3,811)	(1,851)	(1,905)
Finance costs		<u>(550)</u>	<u>(79)</u>	<u>(275)</u>	<u>(39)</u>
Profit before taxation	B1	17,555	40,445	8,776	20,219
Taxation		<u>(4,730)</u>	<u>(10,330)</u>	<u>(2,365)</u>	<u>(5,164)</u>
Total profit for the period	B1	<u>12,825</u>	<u>30,115</u>	<u>6,411</u>	<u>15,055</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive income for the period		<u>12,825</u>	<u>30,115</u>	<u>6,411</u>	<u>15,055</u>
Attributable to :					
- Equity holders of the Company		<u>12,825</u>	<u>30,115</u>	<u>6,411</u>	<u>15,055</u>
Earnings per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B9	4.81	11.30	2.41	5.65
Diluted (RMB cents/RM sen)	B9	4.81	11.30	2.41	5.65

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 2012 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4999 as at 30 June 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.

K-Star

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 SIX (6) MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2012

	<u>Note</u>	Cumulative quarter		Cumulative quarter	
		Current Year to date 30.06.2012	Preceding Year to date 30.06.2011	Current Year to date 30.06.2012 (Note a)	Preceding Year to date 30.06.2011 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	247,173	356,240	123,562	178,084
Cost of sales		(189,263)	(263,435)	(94,613)	(131,691)
Gross profit		57,910	92,805	28,949	46,393
Other income		582	362	291	181
Selling and distribution expenses	B1	(17,433)	(16,070)	(8,715)	(8,033)
Administrative expenses	B1	(8,215)	(7,439)	(4,107)	(3,719)
Finance costs		(1,167)	(295)	(583)	(148)
Profit before taxation	B1	31,677	69,363	15,835	34,674
Taxation		(8,297)	(17,772)	(4,148)	(8,884)
Total profit for the period	B1	23,380	51,591	11,687	25,790
Other comprehensive income after tax		-	-	-	-
Total comprehensive income for the period		23,380	51,591	11,687	25,790
Attributable to :					
-Equity holders of the Company		23,380	51,591	11,687	25,790
Earnings per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B9	8.78	19.37	4.39	9.68
Diluted (RMB cents/RM sen)	B9	8.78	19.37	4.39	9.68

Notes:

(a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the six (6) months financial period ended 30 June 2012 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4999 as at 30 June 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 unaudited interim financial statements.

K-Star

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)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Unaudited As at 30.06.2012	Audited As at 31.12.2011	Unaudited As at 30.06.2012 (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	792	792
Property, plant and equipment	67,011	70,373	33,499	35,180
Land use rights	43,724	35,796	21,858	17,894
	<u>112,320</u>	<u>107,754</u>	<u>56,149</u>	<u>53,866</u>
Current Assets				
Inventories	10,455	12,107	5,226	6,052
Trade and other receivables	236,799	191,461	118,376	95,712
Income tax recoverable	-	2,425	-	1,212
Cash and bank balances	200,871	216,975	100,415	108,466
	<u>448,125</u>	<u>422,968</u>	<u>224,017</u>	<u>211,442</u>
Total assets	<u>560,445</u>	<u>530,722</u>	<u>280,166</u>	<u>265,308</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	285,075	285,075	142,509	142,509
Retained earnings	343,386	320,006	171,658	159,971
Other reserves	(149,444)	(149,444)	(74,707)	(74,707)
	<u>479,017</u>	<u>455,637</u>	<u>239,460</u>	<u>227,773</u>
Current Liabilities				
Borrowings	22,126	24,980	11,061	12,488
Income tax payable	4,730	-	2,364	-
Trade and other payables	54,572	50,105	27,281	25,047
	<u>81,428</u>	<u>75,085</u>	<u>40,706</u>	<u>37,535</u>
Total equity and liabilities	<u>560,445</u>	<u>530,722</u>	<u>280,166</u>	<u>265,308</u>
Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)	<u>179.81</u>	<u>171.03</u>	<u>89.89</u>	<u>85.50</u>

Notes:

- (a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") as at 30 June 2012 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4999 as at 30 June 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 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 30 June 2012 divided by the number of ordinary shares of 266,400,000.

K-Star

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 CHANGES IN EQUITY FOR THE SIX (6) MONTHS FINANCIAL PERIOD ENDED 30 JUNE 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
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
At 31 December 2011	285,075	(174,156)	24,712	320,006	455,637
Total comprehensive income for the period	-	-	-	23,380	23,380
At 30 June 2012	285,075	(174,156)	24,712	343,386	479,017

	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	142,509	(87,061)	9,056	145,708	210,212
Dividend	-	-	-	(4,564)	(4,564)
Total comprehensive income for the period	-	-	-	25,790	25,790
At 30 June 2011 (note a)	142,509	(87,061)	9,056	166,934	231,438
At 31 December 2011	142,509	(87,061)	12,354	159,971	227,773
Total comprehensive income for the period	-	-	-	11,687	11,687
At 30 June 2012 (note a)	142,509	(87,061)	12,354	171,658	239,460

Notes:

(a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the six (6) months financial period ended 30 June 2012 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4999 as at 30 June 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 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.

K-Star

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 CASH FLOW FOR THE SIX (6) MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2012

	Six (6) months ended 30.06.2012	Six (6) months ended 30.06.2011	Six (6) months ended 30.06.2012 (Note a)	Six (6) months ended 30.06.2011 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
Cash flows from operating activities				
Profit before taxation	31,677	69,363	15,835	34,674
Adjustments for:				
Interest income	(577)	(362)	(288)	(181)
Interest expenses	1,167	295	583	148
Depreciation of property, plant and equipment	3,674	2,616	1,837	1,308
Loss on disposal of property, plant and equipment	11	-	5	-
Amortisation of land use rights	420	375	210	187
Operating profit before working capital changes	36,372	72,287	18,182	36,136
Decrease in inventories	1,652	1,164	826	582
Increase in trade and other receivables	(45,338)	(77,775)	(22,665)	(38,880)
Increase in trade and other payables	4,467	38,228	2,233	19,110
Cash generated from operations	(2,847)	33,904	(1,424)	16,948
Interest paid	(1,167)	(295)	(583)	(147)
Income tax paid	(1,142)	(16,068)	(571)	(8,032)
Net cash (used in)/generated from operating activities	(5,156)	17,541	(2,578)	8,769
Cash flows from investing activities				
Purchase of property, plant and equipment	(329)	(2,214)	(164)	(1,107)
Acquisition of land use rights	(8,348)	(232)	(4,173)	(116)
Proceeds from disposal of property, plant and equipment	6	-	3	-
Interest received	577	362	288	181
Net cash used in investing activities	(8,094)	(2,084)	(4,046)	(1,042)
Cash flows from financing activities				
Proceeds from bank borrowings	21,104	2,000	10,550	1,000
Repayment of bank borrowings	(23,958)	(5,000)	(11,977)	(2,500)
Decrease of fixed deposit pledged	-	270	-	135
Net cash used in financing activities	(2,854)	(2,730)	(1,427)	(1,365)
Net (decrease)/increase in cash and cash equivalents	(16,104)	12,727	(8,051)	6,362
Cash and cash equivalents at beginning of financial period	216,975	123,808	108,466	61,892
Cash and cash equivalents at end of financial period	200,871	136,535	100,415	68,254

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the six (6) months financial period ended 30 June 2012 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4999 as at 30 June 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 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.