



## 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 2012

		Individual quarter Quarter ended		Individual quarter Quarter ended	
		30.09.2012	30.09.2011	30.09.2012	30.09.2011
				(Note a)	(Note a)
	Note	RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	130,796	169,595	63,658	82,542
Cost of sales		(102,280)	(127,967)	(49,780)	(62,282)
Gross profit		28,516	41,628	13,878	20,260
Other income		181	567	88	276
Selling and distribution expenses	B1	(58,223)	(19,131)	(28,337)	(9,311)
Administrative expenses	B1	(4,226)	(7,290)	(2,057)	(3,548)
Finance costs		(511)	(427)	(249)	(208)
(Loss)/Profit before taxation	B1	(34,263)	15,347	(16,677)	7,469
Taxation		-	(4,211)	-	(2,049)
Total (loss)/profit for the period	B1	(34,263)	11,136	(16,677)	5,420
Other comprehensive income after tax		-	-	-	-
Total comprehensive (loss)/income for the period		(34,263)	11,136	(16,677)	5,420
Attributable to :					
- Equity holders of the Company		(34,263)	11,136	(16,677)	5,420
<b>(Loss)/Earnings per share attributable to equity holders of the Company :</b>					
Basic (RMB cents/RM sen)	B9	(12.86)	4.18	(6.26)	2.03
Diluted (RMB cents/RM sen)	B9	(12.86)	4.18	(6.26)	2.03

#### 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 2012 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4867 as at 30 September 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 NINE (9) MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

		Cumulative quarter		Cumulative quarter	
		Current	Preceding	Current	Preceding
		Year	Year	Year	Year
		to date	to date	to date	to date
		30.09.2012	30.09.2011	30.09.2012	30.09.2011
				(Note a)	(Note a)
	Note	RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	377,969	525,835	183,958	255,924
Cost of sales		(291,543)	(391,402)	(141,894)	(190,495)
Gross profit		86,426	134,433	42,064	65,429
Other income		763	929	371	452
Selling and distribution expenses	B1	(75,656)	(35,201)	(36,822)	(17,132)
Administrative expenses	B1	(12,441)	(14,729)	(6,055)	(7,169)
Finance costs		(1,678)	(722)	(817)	(352)
(Loss)/Profit before taxation	B1	(2,586)	84,710	(1,259)	41,228
Taxation		(8,297)	(21,983)	(4,038)	(10,699)
Total (loss)/profit for the period	B1	(10,883)	62,727	(5,297)	30,529
Other comprehensive income after tax		-	-	-	-
Total comprehensive (loss)/income for the period		(10,883)	62,727	(5,297)	30,529
Attributable to :					
-Equity holders of the Company		(10,883)	62,727	(5,297)	30,529
<b>(Loss)/Earnings per share attributable to equity holders of the Company :</b>					
Basic (RMB cents/RM sen)	B9	(4.09)	23.55	(1.99)	11.46
Diluted (RMB cents/RM sen)	B9	(4.09)	23.55	(1.99)	11.46

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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 2011 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 2012

	Unaudited As at 30.09.2012	Audited As at 31.12.2011	Unaudited As at 30.09.2012 (Note a)	Audited As at 31.12.2011 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Deferred tax assets	1,585	1,585	771	771
Property, plant and equipment	65,482	70,373	31,870	34,251
Intangible assets - Patents	8,653	-	4,211	-
Land use rights	43,737	35,796	21,287	17,422
	<u>119,457</u>	<u>107,754</u>	<u>58,139</u>	<u>52,444</u>
<b>Current Assets</b>				
Inventories	10,245	12,107	4,986	5,892
Trade and other receivables	206,607	191,461	100,555	93,184
Income tax recoverable	-	2,425	-	1,180
Cash and bank balances	187,051	216,975	91,038	105,602
	<u>403,903</u>	<u>422,968</u>	<u>196,579</u>	<u>205,858</u>
<b>Total assets</b>	<u>523,360</u>	<u>530,722</u>	<u>254,718</u>	<u>258,302</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	285,075	285,075	138,746	138,746
Retained earnings	309,123	320,006	150,450	155,747
Other reserves	(149,444)	(149,444)	(72,735)	(72,735)
	<u>444,754</u>	<u>455,637</u>	<u>216,461</u>	<u>221,758</u>
<b>Current Liabilities</b>				
Borrowings	27,784	24,980	13,522	12,158
Trade and other payables	50,822	50,105	24,735	24,386
	<u>78,606</u>	<u>75,085</u>	<u>38,257</u>	<u>36,544</u>
<b>Total equity and liabilities</b>	<u>523,360</u>	<u>530,722</u>	<u>254,718</u>	<u>258,302</u>
<b>Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)</b>	<u>166.95</u>	<u>171.03</u>	<u>81.25</u>	<u>83.24</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 30 September 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 NINE (9) MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	-	62,727	62,727
At 30 September 2011	285,075	(174,156)	18,116	345,072	474,107
At 31 December 2011	285,075	(174,156)	24,712	320,006	455,637
Total comprehensive loss for the period	-	-	-	(10,883)	(10,883)
At 30 September 2012	285,075	(174,156)	24,712	309,123	444,754

	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	138,746	(84,762)	8,817	141,860	204,662
Dividend	-	-	-	(4,443)	(4,443)
Total comprehensive income for the period	-	-	-	30,529	30,529
At 30 September 2011 (note a)	138,746	(84,762)	8,817	167,946	230,748
At 31 December 2011	138,746	(84,762)	12,027	155,747	221,758
Total comprehensive loss for the period	-	-	-	(5,297)	(5,297)
At 30 September 2012 (note a)	138,746	(84,762)	12,027	150,450	216,461

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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 NINE (9) MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	Nine (9) months ended 30.09.2012	Nine (9) months ended 30.09.2011	Nine (9) months ended 30.09.2012 (Note a)	Nine (9) months ended 30.09.2011 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
(Loss)/Profit before taxation	(2,586)	84,710	(1,259)	41,228
Adjustments for:				
Interest income	(758)	(525)	(369)	(255)
Interest expenses	1,678	722	817	351
Depreciation of property, plant and equipment	5,520	4,020	2,687	1,957
Loss on disposal of property, plant and equipment	11	-	5	-
Amortisation of patents	147	-	72	-
Amortisation of land use rights	651	566	317	275
Operating profit before working capital changes	4,663	89,493	2,270	43,556
Decrease in inventories	1,862	122	906	59
Increase in trade and other receivables	(15,146)	(42,030)	(7,372)	(20,456)
Increase in trade and other payables	717	26,816	349	13,051
Cash generated from operations	(7,904)	74,401	(3,847)	36,210
Interest paid	(1,678)	(722)	(817)	(351)
Income tax paid	(5,872)	(26,321)	(2,858)	(12,810)
<b>Net cash (used in)/generated from operating activities</b>	<b>(15,454)</b>	<b>47,358</b>	<b>(7,522)</b>	<b>23,049</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(646)	(10,518)	(314)	(5,119)
Acquisition of patents	(8,800)	-	(4,283)	-
Acquisition of land use rights	(8,592)	(232)	(4,182)	(113)
Proceeds from disposal of property, plant and equipment	6	-	3	-
Interest received	758	525	369	256
<b>Net cash used in investing activities</b>	<b>(17,274)</b>	<b>(10,225)</b>	<b>(8,407)</b>	<b>(4,976)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowings	40,634	17,680	19,777	8,605
Repayment of bank borrowings	(37,830)	(15,300)	(18,412)	(7,446)
Dividend paid	-	(8,781)	-	(4,274)
Decrease of fixed deposit pledged	-	270	-	131
<b>Net cash used in financing activities</b>	<b>2,804</b>	<b>(6,131)</b>	<b>1,365</b>	<b>(2,984)</b>
Net (decrease)/increase in cash and cash equivalents	(29,924)	31,002	(14,564)	15,089
Cash and cash equivalents at beginning of financial period	216,975	123,808	105,602	60,257
<b>Cash and cash equivalents at end of financial period</b>	<b>187,051</b>	<b>154,810</b>	<b>91,038</b>	<b>75,346</b>

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