

# 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 31 DECEMBER 2012

		Individual quarter Quarter ended		Individual quarter Quarter ended	
		31.12.2012	31.12.2011	31.12.2012	31.12.2011
				(Note a)	(Note a)
	Note	RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	119,751	126,718	58,762	62,181
Cost of sales		<u>(102,589)</u>	<u>(105,238)</u>	<u>(50,340)</u>	<u>(51,640)</u>
Gross profit		17,162	21,480	8,422	10,541
Other income		152	227	75	111
Selling and distribution expenses	B1	(23,061)	(34,983)	(11,316)	(17,166)
Administrative expenses	B1	(8,002)	(7,802)	(3,927)	(3,828)
Finance costs		<u>(388)</u>	<u>(403)</u>	<u>(190)</u>	<u>(198)</u>
Loss before taxation	B1	(14,137)	(21,481)	(6,936)	(10,540)
Taxation		<u>(1,585)</u>	<u>3,011</u>	<u>(778)</u>	<u>1,477</u>
Total loss for the period	B1	<u>(15,722)</u>	<u>(18,470)</u>	<u>(7,714)</u>	<u>(9,063)</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive loss for the period		<u>(15,722)</u>	<u>(18,470)</u>	<u>(7,714)</u>	<u>(9,063)</u>
Attributable to :					
- Equity holders of the Company		<u>(15,722)</u>	<u>(18,470)</u>	<u>(7,714)</u>	<u>(9,063)</u>
<b>Loss per share attributable to equity holders of the Company :</b>					
Basic (RMB cents/RM sen)	B9	(5.90)	(6.93)	(2.90)	(3.40)
Diluted (RMB cents/RM sen)	B9	(5.90)	(6.93)	(2.90)	(3.40)

#### 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 2012 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4907 as at 31 December 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 FINANCIAL YEAR ENDED 31 DECEMBER 2012

	<u>Note</u>	Cumulative quarter		Cumulative quarter	
		Current Year to date 31.12.2012	Preceding Year to date 31.12.2011	Current Year to date 31.12.2012 (Note a)	Preceding Year to date 31.12.2011 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	497,720	652,553	244,231	320,208
Cost of sales		(394,132)	(496,640)	(193,401)	(243,701)
Gross profit		103,588	155,913	50,830	76,507
Other income		915	752	449	369
Selling and distribution expenses	B1	(98,717)	(70,184)	(48,440)	(34,439)
Administrative expenses	B1	(20,443)	(22,127)	(10,031)	(10,858)
Finance costs		(2,066)	(1,125)	(1,014)	(552)
(Loss)/Profit before taxation	B1	(16,723)	63,229	(8,206)	31,027
Taxation		(9,882)	(18,972)	(4,849)	(9,310)
Total (loss)/profit for the period	B1	(26,605)	44,257	(13,055)	21,717
Other comprehensive income after tax		-	-	-	-
Total comprehensive (loss)/income for the period		(26,605)	44,257	(13,055)	21,717
Attributable to :					
-Equity holders of the Company		(26,605)	44,257	(13,055)	21,717
<b>(Loss)/Earnings per share attributable to equity holders of the Company :</b>					
Basic (RMB cents/RM sen)	B9	(9.99)	16.61	(4.90)	8.15
Diluted (RMB cents/RM sen)	B9	(9.99)	16.61	(4.90)	8.15

**Notes:**

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### CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Unaudited As at 31.12.2012	Audited As at 31.12.2011	Unaudited As at 31.12.2012 (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	-	778
Property, plant and equipment	70,927	70,373	34,804	34,532
Intangible assets - Patents	11,000	-	5,398	-
Land use rights	73,119	35,796	35,880	17,565
	<u>155,046</u>	<u>107,754</u>	<u>76,082</u>	<u>52,875</u>
<b>Current Assets</b>				
Inventories	12,656	12,107	6,210	5,941
Trade and other receivables	194,195	191,461	95,291	93,950
Income tax recoverable	-	2,425	-	1,190
Cash and bank balances	139,268	216,975	68,339	106,470
	<u>346,119</u>	<u>422,968</u>	<u>169,840</u>	<u>207,551</u>
<b>Total assets</b>	<u>501,165</u>	<u>530,722</u>	<u>245,922</u>	<u>260,426</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	285,075	285,075	139,886	139,886
Retained earnings	293,401	320,006	143,972	157,027
Other reserves	(149,444)	(149,444)	(73,332)	(73,332)
	<u>429,032</u>	<u>455,637</u>	<u>210,526</u>	<u>223,581</u>
<b>Current Liabilities</b>				
Borrowings	23,330	24,980	11,448	12,158
Trade and other payables	43,882	50,105	21,533	24,587
	<u>67,212</u>	<u>75,085</u>	<u>32,981</u>	<u>36,745</u>
<b>Non-Current Liabilities</b>				
Deferred tax liabilities	4,921	-	2,415	-
<b>Total liabilities</b>	<u>72,133</u>	<u>75,085</u>	<u>35,396</u>	<u>36,745</u>
<b>Total equity and liabilities</b>	<u>501,165</u>	<u>530,722</u>	<u>245,922</u>	<u>260,326</u>
<b>Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)</b>	<u>161.05</u>	<u>171.03</u>	<u>79.03</u>	<u>83.92</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 December 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 FINANCIAL YEAR ENDED 31 DECEMBER 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)
Transfer to statutory reserve	-	-	6,596	(6,596)	-
Total comprehensive income for the period	-	-	-	44,257	44,257
At 31 December 2011	285,075	(174,156)	24,712	320,006	455,637
At 31 December 2011	285,075	(174,156)	24,712	320,006	455,637
Total comprehensive loss for the period	-	-	-	(26,605)	(26,605)
At 31 December 2012	285,075	(174,156)	24,712	293,401	429,032

	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	139,886	(85,458)	8,890	143,026	206,344
Dividend	-	-	-	(4,480)	(4,480)
Transfer to statutory reserve	-	-	3,236	(3,236)	-
Total comprehensive income for the period	-	-	-	21,717	21,717
At 31 December 2011 (note a)	139,886	(85,458)	12,126	157,027	223,581
At 31 December 2011	139,886	(85,458)	12,126	157,027	223,581
Total comprehensive loss for the period	-	-	-	(13,055)	(13,055)
At 31 December 2012 (note a)	139,886	(85,458)	12,126	143,972	210,526

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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 FINANCIAL YEAR ENDED 31 DECEMBER 2012

	For the financial year ended 31.12.2012	For the financial year ended 31.12.2011	For the financial year ended 31.12.2012 (Note a)	For the financial year ended 31.12.2011 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
(Loss)/Profit before taxation	(16,723)	63,229	(8,206)	31,026
Adjustments for:				
Interest income	(905)	(752)	(444)	(369)
Interest expenses	2,066	1,125	1,014	552
Depreciation of property, plant and equipment	7,407	5,473	3,635	2,686
Impairment of goodwill	2,939	-	1,442	-
Loss on disposal of property, plant and equipment	11	725	5	356
Amortisation of land use rights	943	754	463	370
Operating (loss)/profit before working capital changes	(4,262)	70,554	(2,091)	34,621
(Increase)/Decrease in inventories	(549)	1,387	(269)	681
(Increase)/Decrease in trade and other receivables	(29,734)	61,928	(14,591)	30,388
(Decrease)/Increase in trade and other payables	(6,223)	30,455	(3,054)	14,944
Cash (used in)/generated from operations	(40,768)	164,324	(20,005)	80,634
Interest paid	(2,066)	(1,125)	(1,014)	(552)
Income tax paid	(5,872)	(31,414)	(2,881)	(15,415)
<b>Net cash (used in)/generated from operating activities</b>	<b>(48,706)</b>	<b>131,785</b>	<b>(23,900)</b>	<b>64,667</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(646)	(13,444)	(317)	(6,597)
Addition of intangible assets	(11,000)	-	(5,398)	-
Acquisition of land use rights	(16,616)	(233)	(8,153)	(114)
Proceeds from disposal of property, plant and equipment	6	138	3	68
Prepayment for acquisition of a subsidiary company	-	(27,000)	-	(13,249)
Interest received	905	752	444	369
<b>Net cash used in investing activities</b>	<b>(27,351)</b>	<b>(39,787)</b>	<b>(13,421)</b>	<b>(19,523)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowings	42,434	24,980	20,822	12,258
Repayment of bank borrowings	(44,084)	(15,300)	(21,632)	(7,508)
Dividend paid	-	(8,781)	-	(4,309)
Decrease of fixed deposit pledged	-	270	-	132
<b>Net cash (used in)/generated from financing activities</b>	<b>(1,650)</b>	<b>1,169</b>	<b>(810)</b>	<b>573</b>
Net (decrease)/increase in cash and cash equivalents	(77,707)	93,167	(38,131)	45,717
Cash and cash equivalents at beginning of financial year	216,975	123,808	106,470	60,753
<b>Cash and cash equivalents at end of financial year</b>	<b>139,268</b>	<b>216,975</b>	<b>68,339</b>	<b>106,470</b>

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