

# 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 MARCH 2013

	<u>Note</u>	Individual quarter Quarter ended		Individual quarter Quarter ended	
		31.03.2013	31.03.2012	31.03.2013 (Note a)	31.03.2012 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	85,592	108,110	42,634	53,850
Cost of sales		<u>(75,997)</u>	<u>(80,923)</u>	<u>(37,854)</u>	<u>(40,308)</u>
Gross profit		9,595	27,187	4,780	13,542
Other income		120	293	60	146
Selling and distribution expenses	B1	(4,355)	(8,229)	(2,169)	(4,099)
Administrative expenses	B1	(4,679)	(4,512)	(2,331)	(2,247)
Finance costs		<u>(359)</u>	<u>(617)</u>	<u>(179)</u>	<u>(307)</u>
Profit before taxation	B1	322	14,122	161	7,035
Taxation		<u>(168)</u>	<u>(3,567)</u>	<u>(84)</u>	<u>(1,777)</u>
Total profit for the period	B1	<u>154</u>	<u>10,555</u>	<u>77</u>	<u>5,258</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive income for the period		<u>154</u>	<u>10,555</u>	<u>77</u>	<u>5,258</u>
Attributable to :					
- Equity holders of the Company		<u>154</u>	<u>10,555</u>	<u>77</u>	<u>5,258</u>
<b>Earnings per share attributable to equity holders of the Company :</b>					
Basic (RMB cents/RM sen)	B9	0.06	3.96	0.03	1.97
Diluted (RMB cents/RM sen)	B9	0.06	3.96	0.03	1.97

#### 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 2013 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4981 as at 31 March 2013. 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 financial year ended 31 December 2012 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 2013

	<u>Note</u>	Cumulative quarter		Cumulative quarter	
		Current Year to date 31.03.2013	Preceding Year to date 31.03.2012	Current Year to date 31.03.2013 (Note a)	Preceding Year to date 31.03.2012 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	85,592	108,110	42,634	53,850
Cost of sales		(75,997)	(80,923)	(37,854)	(40,308)
Gross profit		9,595	27,187	4,780	13,542
Other income		120	293	60	146
Selling and distribution expenses	B1	(4,355)	(8,229)	(2,169)	(4,099)
Administrative expenses	B1	(4,679)	(4,512)	(2,331)	(2,247)
Finance costs		(359)	(617)	(179)	(307)
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Taxation		(168)	(3,567)	(84)	(1,777)
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**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 financial year ended 31 December 2012 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 MARCH 2013

	Unaudited As at 31.03.2013	Audited As at 31.12.2012	Unaudited As at 31.03.2013 (Note a)	Audited As at 31.12.2012 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	70,633	70,927	35,182	35,329
Intangible assets - Patents	11,000	11,000	5,479	5,479
Land use rights	75,021	73,119	37,368	36,421
	<u>156,654</u>	<u>155,046</u>	<u>78,029</u>	<u>77,229</u>
<b>Current Assets</b>				
Inventories	11,770	12,656	5,863	6,304
Trade and other receivables	192,966	194,195	96,117	96,729
Cash and bank balances	135,308	139,268	67,397	69,369
	<u>340,044</u>	<u>346,119</u>	<u>169,377</u>	<u>172,402</u>
<b>Total assets</b>	<u>496,698</u>	<u>501,165</u>	<u>247,406</u>	<u>249,631</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	285,075	285,075	141,996	141,996
Retained earnings	293,555	293,401	146,220	146,143
Other reserves	(149,444)	(149,444)	(74,438)	(74,438)
	<u>429,186</u>	<u>429,032</u>	<u>213,778</u>	<u>213,701</u>
<b>Current Liabilities</b>				
Borrowings	20,719	23,330	10,320	11,621
Income tax payable	168	-	84	-
Trade and other payables	41,704	43,882	20,773	21,858
	<u>62,591</u>	<u>67,212</u>	<u>31,177</u>	<u>33,479</u>
<b>Non-Current Liabilities</b>				
Deferred tax liabilities	4,921	4,921	2,451	2,451
<b>Total liabilities</b>	<u>67,512</u>	<u>72,133</u>	<u>33,628</u>	<u>35,930</u>
<b>Total equity and liabilities</b>	<u>496,698</u>	<u>501,165</u>	<u>247,406</u>	<u>249,631</u>
<b>Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)</b>	<u>161.11</u>	<u>161.05</u>	<u>80.25</u>	<u>83.92</u>

**Notes:**

- (a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") as at 31 March 2013 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4981 as at 31 March 2013. 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 financial year ended 31 December 2012 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 2012 and 31 March 2013 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 2013

	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 2011	285,075	(174,156)	24,712	320,006	455,637
Total comprehensive income for the period	-	-	-	10,555	10,555
At 31 March 2012	285,075	(174,156)	24,712	330,561	466,192
At 31 December 2012	285,075	(174,156)	24,712	293,401	429,032
Total comprehensive income for the period	-	-	-	154	154
At March 2013	285,075	(174,156)	24,712	293,555	429,186

  

	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 2011	141,996	(86,747)	12,309	159,395	226,953
Total comprehensive income for the period	-	-	-	5,257	5,257
At 31 March 2012 (note a)	141,996	(86,747)	12,309	164,652	232,210
At 31 December 2012	141,996	(86,747)	12,309	146,143	213,701
Total comprehensive income for the period	-	-	-	77	77
At 31 March 2013 (note a)	141,996	(86,747)	12,309	146,220	213,778

#### 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 2012 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 2013

	For the financial year ended 31.03.2013	For the financial year ended 31.03.2012	For the financial year ended 31.03.2013 (Note a)	For the financial year ended 31.03.2012 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	322	14,122	161	7,034
Adjustments for:				
Interest income	(116)	(290)	(58)	(144)
Interest expenses	359	617	179	307
Depreciation of property, plant and equipment	1,992	1,843	992	918
Loss on disposal of property, plant and equipment	1	11	*	6
Amortisation of land use rights	407	189	203	94
Operating profit before working capital changes	2,965	16,492	1,477	8,215
Decrease in inventories	886	4,485	441	2,234
Decrease in trade and other receivables	1,229	29,912	612	14,899
Decrease in trade and other payables	(2,178)	(5,196)	(1,085)	(2,588)
Cash generated from operations	2,902	45,693	1,445	22,760
Interest paid	(359)	(617)	(179)	(307)
Income tax paid	-	(263)	-	(131)
<b>Net cash generated from operating activities</b>	<b>2,543</b>	<b>44,813</b>	<b>1,266</b>	<b>22,322</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(1,709)	-	(851)	-
Acquisition of land use rights	(2,309)	-	(1,150)	-
Proceeds from disposal of property, plant and equipment	10	6	6	3
Interest received	116	290	58	144
<b>Net cash (used in)/generated from investing activities</b>	<b>(3,892)</b>	<b>296</b>	<b>(1,937)</b>	<b>147</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank borrowings	5,619	16,650	2,799	8,294
Repayment of bank borrowings	(8,230)	(11,680)	(4,100)	(5,818)
Increase of fixed deposit pledged	(4,000)	-	(1,992)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(6,611)</b>	<b>4,970</b>	<b>(3,293)</b>	<b>2,476</b>
Net (decrease)/increase in cash and cash equivalents	(7,960)	50,079	(3,964)	24,945
Cash and cash equivalents at beginning of the financial period	139,268	216,975	69,369	108,075
<b>Cash and cash equivalents at end of the financial period ^</b>	<b>131,308</b>	<b>267,054</b>	<b>65,405</b>	<b>133,020</b>

#### 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 financial year ended 31 December 2012 and the accompanying explanatory notes attached to the unaudited interim financial statements.

\* Negligible

^ 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	131,308	267,054	65,405	133,020
Fixed deposit pledged	4,000	-	1,992	-
	<u>135,308</u>	<u>267,054</u>	<u>67,397</u>	<u>133,020</u>