

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 2013

		Individual quarter Quarter ended		Individual quarter Quarter ended	
		30.06.2013	30.06.2012	30.06.2013	30.06.2012
				(Note a)	(Note a)
	Note	RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	88,943	139,063	45,779	71,576
Cost of sales		<u>(79,067)</u>	<u>(108,340)</u>	<u>(40,696)</u>	<u>(55,763)</u>
Gross profit		9,876	30,723	5,083	15,813
Other income		115	289	59	149
Selling and distribution expenses	B1	(12,033)	(9,204)	(6,193)	(4,737)
Administrative expenses	B1	(4,740)	(3,703)	(2,440)	(1,906)
Finance costs		<u>(285)</u>	<u>(550)</u>	<u>(147)</u>	<u>(283)</u>
(Loss)/Profit before taxation	B1	(7,067)	17,555	(3,638)	9,036
Taxation		<u>(4)</u>	<u>(4,730)</u>	<u>(2)</u>	<u>(2,435)</u>
Total (loss)/profit for the period	B1	<u>(7,071)</u>	<u>12,825</u>	<u>(3,640)</u>	<u>6,601</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive (expense)/income for the period		<u>(7,071)</u>	<u>12,825</u>	<u>(3,640)</u>	<u>6,601</u>
Attributable to :					
- Equity holders of the Company		<u>(7,071)</u>	<u>12,825</u>	<u>(3,640)</u>	<u>6,601</u>
(Loss)/Earnings per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B9	(2.65)	4.81	(1.36)	2.48
Diluted (RMB cents/RM sen)	B9	(2.65)	4.81	(1.36)	2.48

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 2013 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5147 as at 30 June 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 SIX (6) MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2013

	<u>Note</u>	Cumulative quarter		Cumulative quarter	
		Current year to date 30.06.2013	Preceding year to date 30.06.2012	Current year to date 30.06.2013 (Note a)	Preceding year to date 30.06.2012 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	174,535	247,173	89,833	127,220
Cost of sales		(155,064)	(189,263)	(79,811)	(97,414)
Gross profit		19,471	57,910	10,022	29,806
Other income		235	582	121	300
Selling and distribution expenses	B1	(16,388)	(17,433)	(8,435)	(8,973)
Administrative expenses	B1	(9,419)	(8,215)	(4,848)	(4,228)
Finance costs		(644)	(1,167)	(331)	(601)
(Loss)/Profit before taxation	B1	(6,745)	31,677	(3,471)	16,304
Taxation		(172)	(8,297)	(89)	(4,270)
Total (loss)/profit for the period	B1	(6,917)	23,380	(3,560)	12,034
Other comprehensive income after tax		-	-	-	-
Total comprehensive (expense)/income for the period		(6,917)	23,380	(3,560)	12,034
Attributable to :					
-Equity holders of the Company		(6,917)	23,380	(3,560)	12,034
(Loss)/Earnings per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B9	(2.60)	8.78	(1.34)	4.52
Diluted (RMB cents/RM sen)	B9	(2.60)	8.78	(1.34)	4.52

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 2013 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5147 as at 30 June 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 unaudited interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Unaudited As at 30.06.2013	Audited As at 31.12.2012	Unaudited As at 30.06.2013 (Note a)	Audited As at 31.12.2012 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	68,864	70,927	35,444	36,506
Patents	19,617	11,000	10,097	5,662
Land use rights	74,614	73,119	38,404	37,634
	<u>163,095</u>	<u>155,046</u>	<u>83,945</u>	<u>79,802</u>
Current Assets				
Inventories	11,233	12,656	5,782	6,514
Trade and other receivables	181,410	194,195	93,372	99,952
Cash and bank balances	129,459	139,268	66,632	71,681
	<u>322,102</u>	<u>346,119</u>	<u>165,786</u>	<u>178,147</u>
Total assets	<u>485,197</u>	<u>501,165</u>	<u>249,731</u>	<u>257,949</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	285,075	285,075	146,728	146,728
Retained earnings	286,484	293,401	147,453	151,013
Other reserves	(149,444)	(149,444)	(76,919)	(76,919)
	<u>422,115</u>	<u>429,032</u>	<u>217,262</u>	<u>220,822</u>
Current Liabilities				
Borrowings	15,949	23,330	8,209	12,008
Trade and other payables	42,212	43,882	21,727	22,586
	<u>58,161</u>	<u>67,212</u>	<u>29,936</u>	<u>34,594</u>
Non-Current Liability				
Deferred tax liability	4,921	4,921	2,533	2,533
Total liabilities	<u>63,082</u>	<u>72,133</u>	<u>32,469</u>	<u>37,127</u>
Total equity and liabilities	<u>485,197</u>	<u>501,165</u>	<u>249,731</u>	<u>257,949</u>
Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)	<u>158.45</u>	<u>161.05</u>	<u>81.55</u>	<u>82.89</u>

Notes:

- (a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") as at 30 June 2013 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5147 as at 30 June 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 30 June 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 SIX (6) MONTHS FINANCIAL PERIOD ENDED 30 JUNE 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	-	-	-	23,380	23,380
At 30 June 2012	285,075	(174,156)	24,712	343,386	479,017
At 31 December 2012	285,075	(174,156)	24,712	293,401	429,032
Total comprehensive expense for the period	-	-	-	(6,917)	(6,917)
At 30 June 2013	285,075	(174,156)	24,712	286,484	422,115

	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	146,728	(89,638)	12,719	164,707	234,516
Total comprehensive income for the period	-	-	-	12,034	12,034
At 30 June 2012 (note a)	146,728	(89,638)	12,719	176,741	246,550
At 31 December 2012	146,728	(89,638)	12,719	151,013	220,822
Total comprehensive expense for the period	-	-	-	(3,560)	(3,560)
At 30 June 2013 (note a)	146,728	(89,638)	12,719	147,453	217,262

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 financial 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 SIX (6) MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2013

	Six (6) months ended 30.06.2013	Six (6) months ended 30.06.2012	Six (6) months ended 30.06.2013 (Note a)	Six (6) months ended 30.06.2012 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
Cash flows from operating activities				
(Loss)/Profit before taxation	(6,745)	31,677	(3,471)	16,304
Adjustments for:				
Interest income	(235)	(577)	(121)	(297)
Interest expenses	644	1,167	331	601
Depreciation of property, plant and equipment	3,974	3,674	2,046	1,891
Loss on disposal of property, plant and equipment	1	11	*	6
Amortisation of land use rights	813	420	418	216
Amortisation of patents	183	-	94	-
Operating (loss)/profit before working capital changes	(1,365)	36,372	(703)	18,721
Decrease in inventories	1,423	1,652	732	850
Decrease/(Increase) in trade and other receivables	12,785	(45,338)	6,582	(23,335)
(Decrease)/Increase in trade and other payables	(1,670)	4,467	(860)	2,299
Cash generated/(used) from operations	11,173	(2,847)	5,751	(1,465)
Interest paid	(644)	(1,167)	(331)	(601)
Income tax paid	(172)	(1,142)	(89)	(588)
Net cash generated from/(used in) operating activities	10,357	(5,156)	5,331	(2,654)
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,922)	(329)	(989)	(169)
Acquisition of land use rights	(2,308)	(8,348)	(1,188)	(4,297)
Acquisition of patents	(8,800)	-	(4,529)	-
Proceeds from disposal of property, plant and equipment	10	6	5	3
Interest received	235	577	121	297
Net cash used in investing activities	(12,785)	(8,094)	(6,580)	(4,166)
Cash flows from financing activities				
Proceeds from bank borrowings	7,619	21,104	3,921	10,862
Repayment of bank borrowings	(15,000)	(23,958)	(7,721)	(12,331)
Increase in fixed deposit pledged	(4,000)	-	(2,059)	-
Net cash used in financing activities	(11,381)	(2,854)	(5,859)	(1,469)
Net decrease in cash and cash equivalents	(13,809)	(16,104)	(7,108)	(8,289)
Cash and cash equivalents at beginning of the financial period	139,268	216,975	71,681	111,677
Cash and cash equivalents at end of the financial period ^	125,459	200,871	64,573	103,388

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:

	RMB'000	RMB'000	RM'000	RM'000
Cash and bank balances	125,459	200,871	64,573	103,388
Fixed deposit pledged	4,000	-	2,059	-
	<u>129,459</u>	<u>200,871</u>	<u>66,632</u>	<u>103,388</u>