

# 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 2015

	<u>Note</u>	Individual quarter Quarter ended		Individual quarter Quarter ended	
		30.06.2015	30.06.2014	30.06.2015 (Note a)	30.06.2014 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	74,279	78,910	45,102	47,914
Cost of sales		<u>(69,092)</u>	<u>(72,874)</u>	<u>(41,953)</u>	<u>(44,249)</u>
Gross profit		5,187	6,036	3,149	3,665
Other income		41	69	25	42
Selling and distribution expenses	B1	(11,808)	(11,964)	(7,170)	(7,265)
Administrative expenses	B1	(5,667)	(5,126)	(3,441)	(3,113)
Finance costs		<u>(385)</u>	<u>(375)</u>	<u>(234)</u>	<u>(228)</u>
Loss before taxation	B1	(12,632)	(11,360)	(7,671)	(6,899)
Taxation		-	-	-	-
Total loss for the period	B1	<u>(12,632)</u>	<u>(11,360)</u>	<u>(7,671)</u>	<u>(6,899)</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive loss for the period		<u>(12,632)</u>	<u>(11,360)</u>	<u>(7,671)</u>	<u>(6,899)</u>
Attributable to :					
- Equity holders of the Company		<u>(12,632)</u>	<u>(11,360)</u>	<u>(7,671)</u>	<u>(6,899)</u>
<b>Loss per share attributable to equity holders of the Company :</b>					
Basic (RMB cents/RM sen)	B9	(4.74)	(4.26)	(2.88)	(2.59)
Diluted (RMB cents/RM sen)	B9	(4.74)	(4.26)	(2.88)	(2.59)

#### 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 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6072 as at 30 June 2015. 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 2014 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 2015

		Cumulative quarter		Cumulative quarter	
		Current	Preceding	Current	Preceding
		year	year	year	year
		to date	to date	to date	to date
		30.06.2015	30.06.2014	30.06.2015	30.06.2014
				(Note a)	(Note a)
	Note	RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	138,059	147,234	83,829	89,400
Cost of sales		(128,653)	(136,204)	(78,118)	(82,703)
Gross profit		9,406	11,030	5,711	6,697
Other income		92	161	56	98
Selling and distribution expenses	B1	(19,011)	(19,049)	(11,543)	(11,567)
Administrative expenses	B1	(10,964)	(9,800)	(6,657)	(5,951)
Finance costs		(756)	(738)	(459)	(448)
Loss before taxation	B1	(21,233)	(18,396)	(12,892)	(11,171)
Taxation		-	-	-	-
Total loss for the period	B1	(21,233)	(18,396)	(12,892)	(11,171)
Other comprehensive income after tax		-	-	-	-
Total comprehensive loss for the period		(21,233)	(18,396)	(12,892)	(11,171)
Attributable to :					
-Equity holders of the Company		(21,233)	(18,396)	(12,892)	(11,171)
<b>Loss per share attributable to equity holders of the Company :</b>					
Basic (RMB cents/RM sen)	B9	(7.97)	(6.91)	(4.84)	(4.20)
Diluted (RMB cents/RM sen)	B9	(7.97)	(6.91)	(4.84)	(4.20)

#### 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 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6072 as at 30 June 2015. 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 2014 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 2015

	Unaudited As at 30.06.2015	Audited As at 31.12.2014	Unaudited As at 30.06.2015 (Note a)	Audited As at 31.12.2014 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	57,248	59,121	34,761	35,898
Patents	25,850	17,417	15,696	10,576
Prepayment of patents	8,800	11,000	5,344	6,679
Land use rights	71,362	72,175	43,331	43,825
	<u>163,260</u>	<u>159,713</u>	<u>99,132</u>	<u>96,978</u>
<b>Current Assets</b>				
Inventories	8,079	6,229	4,906	3,782
Trade and other receivables	147,409	145,486	89,507	88,339
Cash and bank balances	21,950	47,938	13,328	29,108
	<u>177,438</u>	<u>199,653</u>	<u>107,741</u>	<u>121,229</u>
<b>Total assets</b>	<u>340,698</u>	<u>359,366</u>	<u>206,873</u>	<u>218,207</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	285,075	285,075	173,098	173,098
Retained earnings	147,724	168,957	89,699	102,591
Other reserves	(149,444)	(149,444)	(90,743)	(90,742)
	<u>283,355</u>	<u>304,588</u>	<u>172,054</u>	<u>184,947</u>
<b>Current Liabilities</b>				
Borrowings	23,900	23,900	14,512	14,512
Trade and other payables	28,522	25,957	17,319	15,761
	<u>52,422</u>	<u>49,857</u>	<u>31,831</u>	<u>30,273</u>
<b>Non-Current Liability</b>				
Deferred tax liability	4,921	4,921	2,988	2,988
<b>Total liabilities</b>	<u>57,343</u>	<u>54,778</u>	<u>34,819</u>	<u>33,261</u>
<b>Total equity and liabilities</b>	<u>340,698</u>	<u>359,366</u>	<u>206,873</u>	<u>218,208</u>
<b>Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)</b>	<u>106.36</u>	<u>114.33</u>	<u>64.58</u>	<u>69.42</u>

**Notes:**

- (a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") as at 30 June 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6072 as at 30 June 2015. 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 2014 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 2014 and 30 June 2015 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 2015

	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 2013	285,075	(174,156)	24,712	210,840	346,471
Total comprehensive loss for the financial period	-	-	-	(18,396)	(18,396)
At 30 June 2014	285,075	(174,156)	24,712	192,444	328,075
At 31 December 2014	285,075	(174,156)	24,712	168,957	304,588
Total comprehensive loss for the financial period	-	-	-	(21,233)	(21,233)
At 30 June 2015	285,075	(174,156)	24,712	147,724	283,355

	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 2013	173,098	(105,748)	15,005	128,022	210,377
Total comprehensive loss for the financial period	-	-	-	(11,171)	(11,171)
At 30 June 2014 (note a)	173,098	(105,748)	15,005	116,851	199,206
At 31 December 2014	173,098	(105,748)	15,005	102,591	184,946
Total comprehensive loss for the financial period	-	-	-	(12,892)	(12,892)
At 30 June 2015 (note a)	173,098	(105,748)	15,005	89,699	172,054

#### 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 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6072 as at 30 June 2015. 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 financial year ended 31 December 2014 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 2015

	For the financial period ended 30.06.2015	For the financial period ended 30.06.2014	For the financial period ended 30.06.2015 (Note a)	For the financial period ended 30.06.2014 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Loss before taxation	(21,233)	(18,396)	(12,892)	(11,170)
Adjustments for:				
Interest income	(92)	(149)	(56)	(90)
Interest expenses	719	738	437	448
Depreciation of property, plant and equipment	3,613	4,013	2,194	2,437
Property, plant and equipment written off	61	-	37	-
Amortisation of land use rights	813	813	494	494
Amortisation of patents	2,567	1,100	1,559	668
Operating loss before working capital changes	(13,552)	(11,881)	(8,227)	(7,213)
Increase/(decrease) in inventories	(1,850)	97	(1,124)	59
Increase in trade and other receivables	(1,923)	(9,135)	(1,168)	(5,547)
Increase/(Decrease) in trade and other payables	2,565	(1,343)	1,557	(815)
Cash used in operations	(14,760)	(22,262)	(8,962)	(13,516)
Income tax paid	-	-	-	-
<b>Net cash generated from operating activities</b>	<b>(14,760)</b>	<b>(22,262)</b>	<b>(8,962)</b>	<b>(13,516)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(1,801)	(232)	(1,094)	(141)
Prepayment of patents	(8,800)	-	(5,343)	-
Interest received	92	149	56	90
<b>Net cash used in investing activities</b>	<b>(10,509)</b>	<b>(83)</b>	<b>(6,381)</b>	<b>(51)</b>
<b>Cash flows from financing activities</b>				
Interest paid	(719)	(738)	(437)	(448)
Proceeds from bank borrowings	8,000	8,000	4,858	4,858
Repayment of bank borrowings	(8,000)	(8,000)	(4,858)	(4,858)
<b>Net cash used in financing activities</b>	<b>(719)</b>	<b>(738)</b>	<b>(437)</b>	<b>(448)</b>
Net decrease in cash and cash equivalents	(25,988)	(23,083)	(15,780)	(14,015)
Cash and cash equivalents at beginning of the financial period	47,938	91,819	29,108	55,752
<b>Cash and cash equivalents at end of the financial period</b>	<b>21,950</b>	<b>68,736</b>	<b>13,328</b>	<b>41,737</b>

#### 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 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6072 as at 30 June 2015. 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 financial year ended 31 December 2014 and the accompanying explanatory notes attached to the unaudited interim financial statements.