

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 2014

		Individual quarter Quarter ended		Individual quarter Quarter ended	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
				(Note a)	(Note a)
	Note	RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	68,324	85,592	35,795	44,842
Cost of sales		(63,330)	(75,997)	(33,179)	(39,815)
Gross profit		4,994	9,595	2,616	5,027
Other income		92	120	48	63
Selling and distribution expenses	B1	(7,085)	(4,355)	(3,712)	(2,282)
Administrative expenses	B1	(4,674)	(4,679)	(2,449)	(2,451)
Finance costs		(363)	(359)	(190)	(188)
(Loss)/Profit before taxation	B1	(7,036)	322	(3,687)	169
Taxation		-	(168)	-	(88)
Total (loss)/profit for the period	B1	(7,036)	154	(3,687)	81
Other comprehensive income after tax		-	-	-	-
Total comprehensive (loss)/profit for the period		(7,036)	154	(3,687)	81
Attributable to :					
- Equity holders of the Company		(7,036)	154	(3,687)	81
(Loss)/Profit per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B9	(2.64)	0.06	(1.38)	0.03
Diluted (RMB cents/RM sen)	B9	(2.64)	0.06	(1.38)	0.03

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the quarter ended 31 March 2014 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5239 as at 31 March 2014. 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 2013 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 THREE (3) MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2014

	<u>Note</u>	Cumulative quarter		Cumulative quarter	
		Current year to date 31.03.2014	Preceding year to date 31.03.2013	Current year to date 31.03.2014 (Note a)	Preceding year to date 31.03.2013 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	68,324	85,592	35,795	44,842
Cost of sales		(63,330)	(75,997)	(33,179)	(39,815)
Gross profit		4,994	9,595	2,616	5,027
Other income		92	120	48	63
Selling and distribution expenses	B1	(7,085)	(4,355)	(3,712)	(2,282)
Administrative expenses	B1	(4,674)	(4,679)	(2,449)	(2,451)
Finance costs		(363)	(359)	(190)	(188)
(Loss)/Profit before taxation	B1	(7,036)	322	(3,687)	169
Taxation		-	(168)	-	(88)
Total (loss)/profit for the period	B1	(7,036)	154	(3,687)	81
Other comprehensive income after tax		-	-	-	-
Total comprehensive (loss)/profit for the period		(7,036)	154	(3,687)	81
Attributable to :					
-Equity holders of the Company		(7,036)	154	(3,687)	81
(Loss)/Profit per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B9	(2.64)	0.06	(1.38)	0.03
Diluted (RMB cents/RM sen)	B9	(2.64)	0.06	(1.38)	0.03

Notes:

(a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the three (3) months financial period ended 31 March 2014 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5239 as at 31 March 2014. 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 2013 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 31 MARCH 2014

	Unaudited As at 31.03.2014	Audited As at 31.12.2013	Unaudited As at 31.03.2014 (Note a)	Audited As at 31.12.2013 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	64,937	66,714	34,021	34,952
Patents	20,167	20,717	10,566	10,854
Land use rights	73,394	73,801	38,451	38,664
	<u>158,498</u>	<u>161,232</u>	<u>83,038</u>	<u>84,470</u>
Current Assets				
Inventories	9,577	9,008	5,017	4,719
Trade and other receivables	136,832	147,569	71,686	77,311
Cash and bank balances	89,548	91,819	46,914	48,104
	<u>235,957</u>	<u>248,396</u>	<u>123,617</u>	<u>130,134</u>
Total assets	<u>394,455</u>	<u>409,628</u>	<u>206,655</u>	<u>214,604</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	285,075	285,075	149,351	149,351
Retained earnings	203,804	210,840	106,772	110,459
Other reserves	(149,444)	(149,444)	(78,293)	(78,294)
	<u>339,435</u>	<u>346,471</u>	<u>177,830</u>	<u>181,516</u>
Current Liabilities				
Borrowings	22,000	24,000	11,526	12,574
Trade and other payables	28,099	34,236	14,721	17,936
	<u>50,099</u>	<u>58,236</u>	<u>26,247</u>	<u>30,510</u>
Non-Current Liability				
Deferred tax liability	4,921	4,921	2,578	2,578
Total liabilities	<u>55,020</u>	<u>63,157</u>	<u>28,825</u>	<u>33,088</u>
Total equity and liabilities	<u>394,455</u>	<u>409,628</u>	<u>206,655</u>	<u>214,604</u>
Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)	<u>127.42</u>	<u>130.06</u>	<u>66.76</u>	<u>87.22</u>

Notes:

- (a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") as at 31 March 2014 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5239 as at 31 March 2014. 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 2013 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 2013 and 31 March 2014 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 THREE (3) MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2014

	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 2012	285,075	(174,156)	24,712	293,401	429,032
Total comprehensive income for the period	-	-	-	154	154
At 31 March 2013	285,075	(174,156)	24,712	293,555	429,186
At 31 December 2013	285,075	(174,156)	24,712	210,840	346,471
Total comprehensive loss for the period	-	-	-	(7,036)	(7,036)
At March 2014	285,075	(174,156)	24,712	203,804	339,435

	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 2012	149,351	(91,240)	12,947	153,713	224,771
Total comprehensive income for the period	-	-	-	81	81
At 31 March 2013 (note a)	149,351	(91,240)	12,947	153,794	224,852
At 31 December 2013	149,351	(91,240)	12,947	110,459	181,517
Total comprehensive loss for the period	-	-	-	(3,687)	(3,687)
At 31 March 2014 (note a)	149,351	(91,240)	12,947	106,772	177,830

Notes:

(a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the three (3) months financial period ended 31 March 2014 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5239 as at 31 March 2014. 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 2013 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 THREE (3) MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2014

	For the financial year ended 31.03.2014	For the financial year ended 31.03.2013	For the financial year ended 31.03.2014 (Note a)	For the financial year ended 31.03.2013 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
Cash flows from operating activities				
(Loss)/Profit before taxation	(7,036)	322	(3,686)	169
Adjustments for:				
Interest income	(77)	(116)	(40)	(61)
Interest expenses	363	359	190	188
Depreciation of property, plant and equipment	2,009	1,992	1,053	1,044
Loss on disposal of property, plant and equipment	-	1	-	*
Amortisation of land use rights	407	407	213	213
Amortisation of patents	550	-	288	-
Operating loss before working capital changes	(3,784)	2,965	(1,982)	1,553
(Increase)/Decrease in inventories	(569)	886	(298)	464
Decrease in trade and other receivables	10,737	1,229	5,625	644
Decrease in trade and other payables	(6,137)	(2,178)	(3,215)	(1,141)
Cash used from operations	247	2,902	130	1,520
Income tax paid	-	-	-	-
Net cash generated from operating activities	247	2,902	130	1,520
Cash flows from investing activities				
Purchase of property, plant and equipment	(232)	(1,709)	(122)	(895)
Acquisition of land use rights	-	(2,309)	-	(1,210)
Proceeds from disposal of property, plant and equipment	-	10	-	5
Interest received	77	116	40	61
Net cash used in investing activities	(155)	(3,892)	(82)	(2,039)
Cash flows from financing activities				
Interest paid	(363)	(359)	(190)	(188)
Proceeds from bank borrowings	-	5,619	-	2,944
Repayment of bank borrowings	(2,000)	(8,230)	(1,048)	(4,312)
Increase of fixed deposit pledged	-	(4,000)	-	(2,096)
Net cash used in financing activities	(2,363)	(6,970)	(1,238)	(3,652)
Net decrease in cash and cash equivalents	(2,271)	(7,960)	(1,190)	(4,171)
Cash and cash equivalents at beginning of the financial period	91,819	139,268	48,104	72,963
Cash and cash equivalents at end of the financial period ^	89,548	131,308	46,914	68,792

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the three (3) months financial period ended 31 March 2014 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5239 as at 31 March 2014. 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 2013 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	89,548	131,308	46,914	68,792
Fixed deposit pledged	-	4,000	-	2,096
	<u>89,548</u>	<u>135,308</u>	<u>46,914</u>	<u>70,888</u>