

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 2014

	<u>Note</u>	Individual quarter Quarter ended		Individual quarter Quarter ended	
		31.12.2014	31.12.2013	31.12.2014 (Note a)	31.12.2013 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	72,492	79,320	40,857	44,705
Cost of sales		<u>(66,896)</u>	<u>(73,850)</u>	<u>(37,703)</u>	<u>(41,622)</u>
Gross profit		5,596	5,470	3,154	3,083
Other income		50	184	28	104
Selling and distribution expenses	B1	(12,647)	(12,591)	(7,128)	(7,096)
Administrative expenses	B1	(5,867)	(6,752)	(3,307)	(3,805)
Finance costs		<u>(354)</u>	<u>(375)</u>	<u>(199)</u>	<u>(211)</u>
Loss before taxation	B1	(13,222)	(14,064)	(7,452)	(7,925)
Taxation		-	-	-	-
Total loss for the period	B1	<u>(13,222)</u>	<u>(14,064)</u>	<u>(7,452)</u>	<u>(7,925)</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive loss for the period		<u>(13,222)</u>	<u>(14,064)</u>	<u>(7,452)</u>	<u>(7,925)</u>
Attributable to :					
- Equity holders of the Company		<u>(13,222)</u>	<u>(14,064)</u>	<u>(7,452)</u>	<u>(7,925)</u>
Loss per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B9	(2.17)	(5.28)	(1.22)	(2.98)
Diluted (RMB cents/RM sen)	B9	(2.17)	(5.28)	(1.22)	(2.98)

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 2014 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5636 as at 31 December 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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	<u>Note</u>	Cumulative quarter		Cumulative quarter	
		Current year to date 31.12.2014	Preceding year to date 31.12.2013	Current year to date 31.12.2014 (Note a)	Preceding year to date 31.12.2013 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	300,729	329,075	169,491	185,467
Cost of sales		(277,592)	(297,594)	(156,451)	(167,724)
Gross profit		23,137	31,481	13,040	17,743
Other income		272	480	153	271
Selling and distribution expenses	B1	(42,723)	(92,443)	(24,079)	(52,101)
Administrative expenses	B1	(21,100)	(20,721)	(11,892)	(11,678)
Finance costs		(1,471)	(1,186)	(829)	(668)
Loss before taxation	B1	(41,885)	(82,389)	(23,607)	(46,433)
Taxation		-	(172)	-	(97)
Total loss for the year	B1	(41,885)	(82,561)	(23,607)	(46,530)
Other comprehensive income after tax		-	-	-	-
Total comprehensive loss for the year		(41,885)	(82,561)	(23,607)	(46,530)
Attributable to :					
-Equity holders of the Company		(41,885)	(82,561)	(23,607)	(46,530)
Loss per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B9	(15.75)	(30.99)	(8.88)	(17.47)
Diluted (RMB cents/RM sen)	B9	(15.75)	(30.99)	(8.88)	(17.47)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Unaudited As at 31.12.2014	Audited As at 31.12.2013	Unaudited As at 31.12.2014 (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	59,120	66,714	33,320	37,600
Patents	17,417	20,717	9,816	11,676
Prepayment of patents	11,000	-	6,200	-
Land use rights	72,174	73,801	40,677	41,594
	<u>159,711</u>	<u>161,232</u>	<u>90,013</u>	<u>90,870</u>
Current Assets				
Inventories	6,229	9,008	3,511	5,077
Trade and other receivables	145,486	147,569	81,996	83,170
Cash and bank balances	47,938	91,819	27,018	51,749
	<u>199,653</u>	<u>248,396</u>	<u>112,525</u>	<u>139,996</u>
Total assets	<u>359,364</u>	<u>409,628</u>	<u>202,538</u>	<u>230,866</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	285,075	285,075	160,668	160,668
Retained earnings	168,955	210,840	95,222	118,830
Other reserves	(149,444)	(149,444)	(84,226)	(84,227)
	<u>304,586</u>	<u>346,471</u>	<u>171,664</u>	<u>195,271</u>
Current Liabilities				
Borrowings	23,900	24,000	13,470	13,526
Trade and other payables	25,957	34,236	14,629	19,295
	<u>49,857</u>	<u>58,236</u>	<u>28,099</u>	<u>32,821</u>
Non-Current Liability				
Deferred tax liability	4,921	4,921	2,774	2,774
Total liabilities	<u>54,778</u>	<u>63,157</u>	<u>30,873</u>	<u>35,595</u>
Total equity and liabilities	<u>359,364</u>	<u>409,628</u>	<u>202,537</u>	<u>230,866</u>
Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)	<u>114.33</u>	<u>130.06</u>	<u>64.44</u>	<u>73.30</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 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 December 2014 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 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 financial year	-	-	-	(82,561)	(82,561)
At 31 December 2013	285,075	(174,156)	24,712	210,840	346,471
At 31 December 2013	285,075	(174,156)	24,712	210,840	346,471
Total comprehensive income for the financial year	-	-	-	(41,885)	(41,885)
At 31 December 2014	285,075	(174,156)	24,712	168,955	304,586

	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	160,668	(98,154)	13,928	165,361	241,803
Total comprehensive income for the financial year	-	-	-	(46,531)	(46,531)
At 31 December 2013 (note a)	160,668	(98,154)	13,928	118,830	195,272
At 31 December 2013	160,668	(98,154)	13,928	118,829	195,271
Total comprehensive income for the financial year	-	-	-	(23,607)	(23,607)
At 31 December 2014 (note a)	160,668	(98,154)	13,928	95,222	171,664

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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 2013 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 2014

	For the financial year ended 31.12.2014	For the financial year ended 31.12.2013	For the financial year ended 31.12.2014 (Note a)	For the financial year ended 31.12.2013 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
Cash flows from operating activities				
Loss before taxation	(41,885)	(82,389)	(23,606)	(46,434)
Adjustments for:				
Interest income	(249)	(480)	(140)	(271)
Interest expenses	1,471	1,186	829	668
Depreciation of property, plant and equipment	7,740	7,929	4,362	4,469
Loss on disposal of property, plant and equipment	35	36	20	20
Amortisation of land use rights	1,627	1,626	917	916
Amortisation of patents	3,300	1,283	1,860	723
Operating loss before working capital changes	(27,961)	(70,809)	(15,758)	(39,909)
Decrease in inventories	2,779	3,648	1,566	2,056
Decrease in trade and other receivables	2,083	46,626	1,174	26,278
Decrease in trade and other payables	(8,279)	(9,646)	(4,666)	(5,436)
Cash used in operations	(31,378)	(30,181)	(17,684)	(17,010)
Income tax paid	-	(172)	-	(97)
Net cash (used in)/generated from operating activities	(31,378)	(30,353)	(17,684)	(17,107)
Cash flows from investing activities				
Purchase of property, plant and equipment	(284)	(3,773)	(160)	(2,126)
Acquisition of land use rights	-	(2,308)	-	(1,301)
Acquisition of patents rights	-	(11,000)	-	(6,200)
Prepayment of patents rights	(11,000)	-	(6,200)	-
Proceeds from disposal of property, plant and equipment	103	21	58	12
Interest received	249	480	140	271
Net cash used in investing activities	(10,932)	(16,580)	(6,162)	(9,344)
Cash flows from financing activities				
Interest paid	(1,471)	(1,186)	(829)	(668)
Proceeds from bank borrowings	23,900	29,619	13,470	16,693
Repayment of bank borrowings	(24,000)	(28,949)	(13,526)	(16,316)
Net cash used in financing activities	(1,571)	(516)	(885)	(291)
Net decrease in cash and cash equivalents	(43,881)	(47,449)	(24,731)	(26,742)
Cash and cash equivalents at beginning of the financial year	91,819	139,268	51,749	78,491
Cash and cash equivalents at end of the financial year	47,938	91,819	27,018	51,749

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