

# 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 2016

	Note	Individual quarter Quarter ended		Individual quarter Quarter ended	
		31.03.2016	31.03.2015	31.03.2016 (Note a)	31.03.2015 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	70,500	63,780	42,342	38,306
Cost of sales		<u>(65,790)</u>	<u>(59,561)</u>	<u>(39,513)</u>	<u>(35,772)</u>
Gross profit		4,710	4,219	2,829	2,534
Other income		9	51	5	31
Selling and distribution expenses	B1	(7,070)	(7,203)	(4,246)	(4,326)
Administrative expenses	B1	(5,582)	(5,297)	(3,353)	(3,181)
Finance costs		<u>(1,442)</u>	<u>(371)</u>	<u>(866)</u>	<u>(223)</u>
Loss before taxation	B1	(9,375)	(8,601)	(5,631)	(5,165)
Taxation		-	-	-	-
Total loss for the period	B1	<u>(9,375)</u>	<u>(8,601)</u>	<u>(5,631)</u>	<u>(5,165)</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive loss for the period		<u>(9,375)</u>	<u>(8,601)</u>	<u>(5,631)</u>	<u>(5,165)</u>
Attributable to :					
- Equity holders of the Company		<u>(9,375)</u>	<u>(8,601)</u>	<u>(5,631)</u>	<u>(5,165)</u>
<b>Loss per share attributable to equity holders of the Company :</b>					
Basic (RMB cents/RM sen)	B9	(3.52)	(3.23)	(2.11)	(1.94)
Diluted (RMB cents/RM sen)	B9	(3.52)	(3.23)	(2.11)	(1.94)

#### Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM" quarter ended 31 March 2016 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.66 at 31 March 2016. 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 2015 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 2016

	<u>Note</u>	Cumulative quarter		Cumulative quarter	
		Current year to date 31.03.2016	Preceding year to date 31.03.2015	Current year to date 31.03.2016 (Note a)	Preceding year to date 31.03.2015 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	70,500	63,780	42,342	38,306
Cost of sales		(65,790)	(59,561)	(39,513)	(35,772)
Gross profit		4,710	4,219	2,829	2,534
Other income		9	51	5	31
Selling and distribution expenses	B1	(7,070)	(7,203)	(4,246)	(4,326)
Administrative expenses	B1	(5,582)	(5,297)	(3,353)	(3,181)
Finance costs		(1,442)	(371)	(866)	(223)
Loss before taxation	B1	(9,375)	(8,601)	(5,631)	(5,165)
Taxation		-	-	-	-
Total loss for the period	B1	(9,375)	(8,601)	(5,631)	(5,165)
Other comprehensive income after tax		-	-	-	-
Total comprehensive loss for the period		(9,375)	(8,601)	(5,631)	(5,165)
Attributable to :					
-Equity holders of the Company		(9,375)	(8,601)	(5,631)	(5,165)
<b>Loss per share attributable to equity holders of the Company :</b>					
Basic (RMB cents/RM sen)	B9	(3.52)	(3.23)	(2.11)	(1.94)
Diluted (RMB cents/RM sen)	B9	(3.52)	(3.23)	(2.11)	(1.94)

**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 2015 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 2016

	Unaudited As at 31.03.2016	Audited As at 31.12.2015	Unaudited As at 31.03.2016 (Note a)	Audited As at 31.12.2015 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	51,916	53,573	31,181	32,176
Patents	31,808	33,458	19,104	20,095
Land use rights	70,141	70,548	42,127	42,371
	<u>153,865</u>	<u>157,579</u>	<u>92,412</u>	<u>94,642</u>
<b>Current Assets</b>				
Inventories	7,082	9,209	4,253	5,531
Trade and other receivables	138,777	153,294	83,350	92,068
Cash and bank balances	13,262	6,163	7,965	3,701
	<u>159,121</u>	<u>168,666</u>	<u>95,568</u>	<u>101,300</u>
<b>Total assets</b>	<u>312,986</u>	<u>326,245</u>	<u>187,980</u>	<u>195,942</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	285,075	285,075	171,216	171,216
Retained earnings	82,687	92,062	49,662	55,293
Other reserves	(149,444)	(149,444)	(89,756)	(89,756)
	<u>218,318</u>	<u>227,693</u>	<u>131,122</u>	<u>136,753</u>
<b>Current Liabilities</b>				
Borrowings	23,900	23,900	14,354	14,354
Trade and other payables	65,847	69,731	39,548	41,880
	<u>89,747</u>	<u>93,631</u>	<u>53,902</u>	<u>56,234</u>
<b>Non-Current Liability</b>				
Deferred tax liability	4,921	4,921	2,956	2,955
<b>Total liabilities</b>	<u>94,668</u>	<u>98,552</u>	<u>56,858</u>	<u>59,189</u>
<b>Total equity and liabilities</b>	<u>312,986</u>	<u>326,245</u>	<u>187,980</u>	<u>195,942</u>
<b>Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)</b>	<u>81.95</u>	<u>85.47</u>	<u>49.22</u>	<u>51.33</u>

**Notes:**

- (a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") as at 31 March 2016 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6006 as at 31 March 2016. 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 financial year ended 31 December 2015 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 2015 and 31 March 2016 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 2016

	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 2014	285,075	(174,156)	24,712	202,239	337,870
Total comprehensive income for the financial period	-	-	-	(8,601)	(8,601)
At 31 March 2015	285,075	(174,156)	24,712	193,638	329,269
At 31 December 2015	285,075	(174,156)	24,712	92,062	227,693
Total comprehensive income for the financial period	-	-	-	(9,375)	(9,375)
At 31 March 2016	285,075	(174,156)	24,712	82,687	218,318

  

	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 2014	171,216	(104,598)	14,842	121,465	202,925
Total comprehensive income for the financial period	-	-	-	(5,165)	(5,165)
At 31 March 2015 (note a)	171,216	(104,598)	14,842	116,300	197,760
At 31 December 2015	171,216	(104,598)	14,842	55,293	136,753
Total comprehensive income for the financial period	-	-	-	(5,631)	(5,631)
At 31 March 2016 (note a)	171,216	(104,598)	14,842	49,662	131,122

#### Notes:

- (a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the three (3) months period ended 31 March 2016 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6006 as at 31 March 2016. 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 2015 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 2016

	For the financial period ended 31.03.2016	For the financial period ended 31.03.2015	For the financial period ended 31.03.2016 (Note a)	For the financial period ended 31.03.2015 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Loss before taxation	(9,375)	(8,601)	(5,631)	(5,166)
Adjustments for:				
Interest income	(7)	(46)	(4)	(28)
Interest expenses	1,441	371	866	223
Depreciation of property, plant and equipment	1,657	1,813	995	1,089
Amortisation of land use rights	407	407	245	244
Amortisation of patents	1,650	1,100	991	661
Operating loss before working capital changes	(4,227)	(4,956)	(2,538)	(2,977)
(Increase)/Decrease in inventories	2,127	(1,970)	1,278	(1,183)
Decrease in trade and other receivables	14,517	24,182	8,719	14,524
Increase/(Decrease) in trade and other payables	(3,884)	3,765	(2,333)	2,261
Cash used in operations	8,533	21,021	5,126	12,625
Income tax paid	-	-	-	-
<b>Net cash generated from operating activities</b>	<b>8,533</b>	<b>21,021</b>	<b>5,126</b>	<b>12,625</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	-	(100)	-	(60)
Interest received	7	46	4	28
<b>Net cash used in investing activities</b>	<b>7</b>	<b>(54)</b>	<b>4</b>	<b>(32)</b>
<b>Cash flows from financing activities</b>				
Interest paid	(1,441)	(371)	(866)	(223)
Proceeds from bank borrowings	2,000	2,000	1,201	1,201
Repayment of bank borrowings	(2,000)	(2,000)	(1,201)	(1,201)
<b>Net cash used in financing activities</b>	<b>(1,441)</b>	<b>(371)</b>	<b>(866)</b>	<b>(223)</b>
Net decrease in cash and cash equivalents	7,099	20,596	4,264	12,370
Cash and cash equivalents at beginning of the financial period	6,163	47,938	3,701	28,792
<b>Cash and cash equivalents at end of the financial period</b>	<b>13,262</b>	<b>68,534</b>	<b>7,965</b>	<b>41,162</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 2015 and the accompanying explanatory notes attached to the unaudited interim financial statements.