

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 2015

	Note	Individual quarter Quarter ended		Individual quarter Quarter ended	
		31.12.2015	31.12.2014	31.12.2015 (Note a)	31.12.2014 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	84,855	72,492	56,166	47,982
Cost of sales		(78,993)	(66,896)	(52,286)	(44,278)
Gross profit		5,862	5,596	3,880	3,704
Other income		7	50	4	33
Selling and distribution expenses	B1	(43,743)	(12,647)	(28,953)	(8,371)
Administrative expenses	B1	(5,514)	(5,867)	(3,650)	(3,883)
Finance costs		(789)	(354)	(522)	(234)
Loss before taxation	B1	(44,177)	(13,222)	(29,241)	(8,751)
Taxation		-	-	-	-
Total loss for the period	B1	(44,177)	(13,222)	(29,241)	(8,751)
Other comprehensive income after tax		-	-	-	-
Total comprehensive loss for the period		(44,177)	(13,222)	(29,241)	(8,751)
Attributable to :					
- Equity holders of the Company		(44,177)	(13,222)	(29,241)	(8,751)
Loss per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B9	(16.58)	(2.17)	(10.97)	(1.44)
Diluted (RMB cents/RM sen)	B9	(16.58)	(2.17)	(10.97)	(1.44)

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM" quarter ended 31 December 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM1 at 31 December 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 FINANCIAL YEAR ENDED 31 DECEMBER 2015

	<u>Note</u>	Cumulative quarter		Cumulative quarter	
		Current year to date 31.12.2015	Preceding year to date 31.12.2014	Current year to date 31.12.2015 <i>(Note a)</i>	Preceding year to date 31.12.2014 <i>(Note a)</i>
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	301,352	300,729	199,465	199,053
Cost of sales		(280,584)	(277,592)	(185,718)	(183,738)
Gross profit		20,768	23,137	13,747	15,315
Other income		123	272	81	180
Selling and distribution expenses	B1	(73,737)	(42,723)	(48,807)	(28,278)
Administrative expenses	B1	(22,130)	(21,100)	(14,648)	(13,966)
Finance costs		(1,916)	(1,471)	(1,268)	(974)
Loss before taxation	B1	(76,892)	(41,885)	(50,895)	(27,723)
Taxation		-	-	-	-
Total loss for the financial year	B1	(76,892)	(41,885)	(50,895)	(27,723)
Other comprehensive income after tax		-	-	-	-
Total comprehensive loss for the financial year		(76,892)	(41,885)	(50,895)	(27,723)
Attributable to :					
-Equity holders of the Company		(76,892)	(41,885)	(50,895)	(27,723)
Loss per share attributable to equity holders of the Company :					
Basic (RMB cents/RM sen)	B9	(28.86)	(15.75)	(19.10)	(10.42)
Diluted (RMB cents/RM sen)	B9	(28.86)	(15.75)	(19.10)	(10.42)

Notes:

(a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the year ended 31 December 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.66 31 December 2015. This translation should not be construed as a representation that the RMB amounts represented have been or could to be com 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 31 DECEMBER 2015

	Unaudited As at 31.12.2015	Audited As at 31.12.2014	Unaudited As at 31.12.2015 (Note a)	Audited As at 31.12.2014 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	53,573	59,121	35,460	39,132
Patents	33,459	17,417	22,146	11,528
Prepayment of patents	-	11,000	-	7,281
Land use rights	70,548	72,175	46,696	47,773
	<u>157,580</u>	<u>159,713</u>	<u>104,302</u>	<u>105,714</u>
Current Assets				
Inventories	9,209	6,229	6,095	4,123
Trade and other receivables	153,294	145,486	101,465	96,297
Cash and bank balances	6,163	47,938	4,079	31,730
	<u>168,666</u>	<u>199,653</u>	<u>111,639</u>	<u>132,150</u>
Total assets	<u>326,246</u>	<u>359,366</u>	<u>215,941</u>	<u>237,864</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	285,075	285,075	188,691	188,691
Retained earnings	92,063	168,957	60,936	111,833
Other reserves	(149,444)	(149,444)	(98,917)	(98,917)
	<u>227,694</u>	<u>304,588</u>	<u>150,710</u>	<u>201,607</u>
Current Liabilities				
Borrowings	23,900	23,900	15,819	15,819
Trade and other payables	69,731	25,957	46,155	17,181
	<u>93,631</u>	<u>49,857</u>	<u>61,974</u>	<u>33,000</u>
Non-Current Liability				
Deferred tax liability	4,921	4,921	3,257	3,257
Total liabilities	<u>98,552</u>	<u>54,778</u>	<u>65,231</u>	<u>36,257</u>
Total equity and liabilities	<u>326,246</u>	<u>359,366</u>	<u>215,941</u>	<u>237,864</u>
Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)	<u>85.47</u>	<u>114.33</u>	<u>56.57</u>	<u>75.68</u>

Notes:

- (a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") as at 31 December with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6619 as at 31 December 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 / 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 31 December 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 FINANCIAL YEAR ENDED 31 DECEMBER 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 year	-	-	-	(41,885)	(41,885)
At 31 December 2014	285,075	(174,156)	24,712	168,955	304,586
At 31 December 2014	285,075	(174,156)	24,712	168,955	304,586
Total comprehensive loss for the financial year	-	-	-	(76,892)	(76,892)
At 31 December 2015	285,075	(174,156)	24,712	92,063	227,694

	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	188,691	(115,274)	16,357	139,555	229,329
Total comprehensive loss for the financial year	-	-	-	(27,723)	(27,723)
At 31 December 2014 (note a)	188,691	(115,274)	16,357	111,832	201,606
At 31 December 2014	188,691	(115,274)	16,357	111,831	201,605
Total comprehensive loss for the financial year	-	-	-	(50,895)	(50,895)
At 31 December 2015 (note a)	188,691	(115,274)	16,357	60,936	150,710

Notes:

- (a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the nine (9) months, period ended 30 September 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6916 as at 30 September 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 FINANCIAL YEAR ENDED 31 DECEMBER 2015

	For the financial year ended 31.12.2015	For the financial year ended 31.12.2014	For the financial year ended 31.12.2015 (Note a)	For the financial year ended 31.12.2014 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
Cash flows from operating activities				
Loss before taxation	(76,892)	(41,885)	(50,895)	(27,724)
Adjustments for:				
Interest income	(114)	(249)	(75)	(165)
Interest expenses	1,916	1,471	1,268	974
Depreciation of property, plant and equipment	7,287	7,740	4,823	5,123
Loss on disposal of property, plant and equipment	-	35	-	23
Property, plant and equipment written off	61	-	40	-
Amortisation of land use rights	1,627	1,627	1,077	1,077
Amortisation of patents	5,958	3,300	3,944	2,184
Operating loss before working capital changes	(60,157)	(27,961)	(39,818)	(18,508)
(Increase)/Decrease in inventories	(2,981)	2,779	(1,973)	1,839
(Increase)/Decrease in trade and other receivables	(7,808)	2,083	(5,168)	1,379
Increase/(Decrease) in trade and other payables	43,774	(8,279)	28,974	(5,480)
Cash used in operations	(27,172)	(31,378)	(17,985)	(20,770)
Income tax paid	-	-	-	-
Net cash generated from operating activities	(27,172)	(31,378)	(17,985)	(20,770)
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,801)	(284)	(1,192)	(188)
Acquisition of patent	(11,000)	-	(7,281)	-
Prepayment of patents	-	(11,000)	-	(7,281)
Proceeds from disposal of property, plant and equipment	-	103	-	68
Interest received	114	249	75	165
Net cash used in investing activities	(12,687)	(10,932)	(8,398)	(7,236)
Cash flows from financing activities				
Interest paid	(1,916)	(1,471)	(1,268)	(974)
Proceeds from bank borrowings	23,900	23,900	15,819	15,819
Repayment of bank borrowings	(23,900)	(24,000)	(15,819)	(15,886)
Net cash used in financing activities	(1,916)	(1,571)	(1,268)	(1,041)
Net decrease in cash and cash equivalents	(41,775)	(43,881)	(27,651)	(29,047)
Cash and cash equivalents at beginning of the financial year	47,938	91,819	31,730	60,775
Cash and cash equivalents at end of the financial year	6,163	47,938	4,079	31,728

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the financial year ended 31 December 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6619 as at 31 December 2015. This translation should not be taken 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.