

# 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 2015

	<u>Note</u>	Individual quarter Quarter ended		Individual quarter Quarter ended	
		31.03.2015	31.03.2014	31.03.2015 (Note a)	31.03.2014 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	63,780	68,324	37,445	40,113
Cost of sales		<u>(59,561)</u>	<u>(63,330)</u>	<u>(34,968)</u>	<u>(37,181)</u>
Gross profit		4,219	4,994	2,477	2,932
Other income		51	92	30	54
Selling and distribution expenses	B1	(7,203)	(7,085)	(4,229)	(4,160)
Administrative expenses	B1	(5,297)	(4,674)	(3,110)	(2,744)
Finance costs		<u>(371)</u>	<u>(363)</u>	<u>(218)</u>	<u>(213)</u>
Loss before taxation	B1	(8,601)	(7,036)	(5,050)	(4,131)
Taxation		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total loss for the period	B1	<u>(8,601)</u>	<u>(7,036)</u>	<u>(5,050)</u>	<u>(4,131)</u>
Other comprehensive income after tax		-	-	-	-
Total comprehensive loss for the period		<u>(8,601)</u>	<u>(7,036)</u>	<u>(5,050)</u>	<u>(4,131)</u>
Attributable to :					
- Equity holders of the Company		<u>(8,601)</u>	<u>(7,036)</u>	<u>(5,050)</u>	<u>(4,131)</u>
<b>Loss per share attributable to equity holders of the Company :</b>					
Basic (RMB cents/RM sen)	B9	(3.23)	(2.64)	(1.90)	(1.55)
Diluted (RMB cents/RM sen)	B9	(3.23)	(2.64)	(1.90)	(1.55)

#### 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 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5871 as at 31 March 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.

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### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE (3) MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2015

	<u>Note</u>	Cumulative quarter		Cumulative quarter	
		Current year to date 31.03.2015	Preceding year to date 31.03.2014	Current year to date 31.03.2015 (Note a)	Preceding year to date 31.03.2014 (Note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	63,780	68,324	37,445	40,113
Cost of sales		(59,561)	(63,330)	(34,968)	(37,181)
Gross profit		4,219	4,994	2,477	2,932
Other income		51	92	30	54
Selling and distribution expenses	B1	(7,203)	(7,085)	(4,229)	(4,160)
Administrative expenses	B1	(5,297)	(4,674)	(3,110)	(2,744)
Finance costs		(371)	(363)	(218)	(213)
Loss before taxation	B1	(8,601)	(7,036)	(5,050)	(4,131)
Taxation		-	-	-	-
Total loss for the period	B1	(8,601)	(7,036)	(5,050)	(4,131)
Other comprehensive income after tax		-	-	-	-
Total comprehensive loss for the period		(8,601)	(7,036)	(5,050)	(4,131)
Attributable to :					
-Equity holders of the Company		(8,601)	(7,036)	(5,050)	(4,131)
<b>Loss per share attributable to equity holders of the Company :</b>					
Basic (RMB cents/RM sen)	B9	(3.23)	(2.64)	(1.90)	(1.55)
Diluted (RMB cents/RM sen)	B9	(3.23)	(2.64)	(1.90)	(1.55)

#### 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 2014 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 2015

	Unaudited As at 31.03.2015	Audited As at 31.12.2014	Unaudited As at 31.03.2015 (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	57,408	59,121	33,704	34,710
Patents	16,317	17,417	9,580	10,226
Prepayment of patents	11,000	11,000	6,458	6,458
Land use rights	71,768	72,175	42,135	42,374
	156,493	159,713	91,877	93,768
<b>Current Assets</b>				
Inventories	8,199	6,229	4,814	3,657
Trade and other receivables	121,304	145,486	71,218	85,415
Cash and bank balances	68,534	47,938	40,236	28,144
	198,037	199,653	116,268	117,216
<b>Total assets</b>	354,530	359,366	208,145	210,984
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	285,075	285,075	167,368	167,368
Retained earnings	160,356	168,957	94,145	99,195
Other reserves	(149,444)	(149,444)	(87,739)	(87,739)
	295,987	304,588	173,774	178,824
<b>Current Liabilities</b>				
Borrowings	23,900	23,900	14,032	14,032
Trade and other payables	29,722	25,957	17,450	15,239
	53,622	49,857	31,482	29,271
<b>Non-Current Liability</b>				
Deferred tax liability	4,921	4,921	2,889	2,889
<b>Total liabilities</b>	58,543	54,778	34,371	32,160
<b>Total equity and liabilities</b>	354,530	359,366	208,145	210,984
<b>Net assets per share attributable to equity holders of the Company (RMB cents/RM sen)</b>	111.11	114.33	65.23	67.12

**Notes:**

(a) The presentation currency of this unaudited financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") as at 31 March 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5871 as at 31 March 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 31 December 2015 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 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 income for the financial period	-	-	-	(7,036)	(7,036)
At 31 March 2014	285,075	(174,156)	24,712	203,804	339,435
At 31 December 2014	285,075	(174,156)	24,712	168,957	304,588
Total comprehensive income for the financial period	-	-	-	(8,601)	(8,601)
At 31 March 2015	285,075	(174,156)	24,712	160,356	295,987

	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	167,368	(102,247)	14,508	123,784	203,413
Total comprehensive income for the financial period	-	-	-	(4,131)	(4,131)
At 31 March 2014 (note a)	167,368	(102,247)	14,508	119,653	199,282
At 31 December 2014	167,368	(102,247)	14,508	99,195	178,824
Total comprehensive income for the financial period	-	-	-	(5,050)	(5,050)
At 31 March 2015 (note a)	167,368	(102,247)	14,508	94,145	173,774

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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 2014 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 2015

	For the financial period ended 31.03.2015	For the financial period ended 31.03.2014	For the financial period ended 31.03.2015 (Note a)	For the financial period ended 31.03.2014 (Note a)
	RMB'000	RMB'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Loss before taxation	(8,601)	(7,036)	(5,050)	(4,131)
Adjustments for:				
Interest income	(46)	(77)	(27)	(45)
Interest expenses	371	363	218	213
Depreciation of property, plant and equipment	1,813	2,009	1,064	1,179
Loss on disposal of property, plant and equipment	-	-	-	-
Amortisation of land use rights	407	407	239	239
Amortisation of patents	1,100	550	646	323
Operating loss before working capital changes	(4,956)	(3,784)	(2,910)	(2,222)
Increase in inventories	(1,970)	(569)	(1,156)	(334)
Decrease in trade and other receivables	24,182	10,737	14,197	6,304
Increase/(Decrease) in trade and other payables	3,765	(6,137)	2,211	(3,603)
Cash used in operations	21,021	247	12,342	145
Income tax paid	-	-	-	-
<b>Net cash generated from operating activities</b>	<b>21,021</b>	<b>247</b>	<b>12,342</b>	<b>145</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(100)	(232)	(59)	(136)
Interest received	46	77	27	45
<b>Net cash used in investing activities</b>	<b>(54)</b>	<b>(155)</b>	<b>(32)</b>	<b>(91)</b>
<b>Cash flows from financing activities</b>				
Interest paid	(371)	(363)	(218)	(213)
Proceeds from bank borrowings	2,000	-	1,174	-
Repayment of bank borrowings	(2,000)	(2,000)	(1,174)	(1,174)
<b>Net cash used in financing activities</b>	<b>(371)</b>	<b>(2,363)</b>	<b>(218)</b>	<b>(1,387)</b>
Net increase/(decrease) in cash and cash equivalents	20,596	(2,271)	12,092	(1,333)
Cash and cash equivalents at beginning of the financial period	47,938	91,819	28,144	53,907
<b>Cash and cash equivalents at end of the financial period</b>	<b>68,534</b>	<b>89,548</b>	<b>40,236</b>	<b>52,574</b>

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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 31 December 2014 and the accompanying explanatory notes attached to the unaudited interim financial statements.