ANNUAL REPORT

ANNUAL REPORT 2012

2012

TO OUR SHAREHOLDERS

Key financials

		2012 ("as if")	2011 ("as if")	+/- %
Revenue and results				
Revenue	in EUR million	113.0	82.2	37.5%
Gross profit	in EUR million	31.9	19.3	65.3%
EBITDA	in EUR million	24.5	28.6	(31.7%)
EBIT	in EUR million	21.9	16.8	30.4%
Net profit	in EUR million	14.5	13.4	8.2%
Earnings per share (EPS)	in EUR	1.29	1.19	8.4%
Profitability				**+/- percentage points**
Gross profit margin	in %	28.2%	23.5%	4.7pp
EBITDA margin	in %	21.7%	22.6%	(0.9pp)
EBIT margin	in %	19.4%	20.4%	(1.0pp)
Net profit margin	in %	12.8%	16.3%	(3.5pp)
Cash flow statement figures				**+/- %**
Cash flow from operating activities	in EUR million	9.1	17.7	(48.6%)
Cash flow from financing activities	in EUR million	6.2	(15.7)	139.5%
Cash flow from investing activities	in EUR million	(16.9)	(2.5)	576.0%
Employees				**+/- %**
Employees as of 31.12		986	1,138	(13.4%)
		31 Dec 2012	**31 Dec 2011 ("as if")**	**+/- %**
Key balance sheet statement figures				
Total assets	in EUR million	99.2	73.1	35.7%
Shareholders' equity	in EUR million	67.6	49.0	38.0%
Property, plant and equipment	in EUR million	28.7	23.8	20.6%
Net working capital	in EUR million	25.6	19.9	28.6%
Cash and cash equivalents	in EUR million	0.2	1.8	(88.9%)
Long-term liabilities	in EUR million	-	0.1	(100.0%)
Equity ratio	in %	68.1%	67.1%	1.0pp

FAST Casualwear AG Group only came into existence when the contribution of the shares of Wah Lei Group International Company Limited and Hong Kong Rich Profit Industrial Limited into FAST Casualwear AG became legally effective with the registration of the corresponding capital increase in FAST Casualwear AG on 22 June 2012. For this reason, consolidated financial statements could not be prepared for the whole period of 2012 but only for the period from the start of the Group on 22 June 2012 to 31 December 2012. There was no predecessor group structure on the level of the Hong Kong Holding companies, which would have allowed predecessor accounting to have been applied from 1 January 2012.
For the purpose of comparison, the management report shows the financial information of the Group "as if" it had been a group for the whole of 2012 and corresponding comparative period in addition to the information legally required for the short financial reporting year 22 June 2012 to 31 December 2012.

CONTENTS

Our vision

Our medium-term goal is to become a fashion leader in the Chinese casual wear industry. Our long-term vision is to promote and popularize a healthy and active leisure fashion lifestyle, as well as to provide consumers with high-quality comfortable leisure shoes, garments and accessories.

The Group pursues the philosophy of "integrity, innovation and entrepreneurial spirit."

Letter to our shareholder

Dear fellow shareholders,

I am pleased to present to you our annual results for 2012 and our first annual report as a listed company. We are delighted to report strong results for the full year 2012 and we see even more opportunities for further growth in the future.

In 2012, the Group significantly increased sales by 37.5% to EUR 113.0 million. Measured in RMB, revenue increased by 24.0% during the reporting period. This is in line with the previously stated guidance for 2012. Revenue growth mainly resulted from increased sales of our own brand casualwear products. We gained nearly 80% or EUR 90 million of revenues by our segment "FAST brands" which includes our shoe and casual wear products. Sales in our OEM business amounted to EUR 22.6 million in 2012, a year-on-year growth of 16.6%.

Our operating profit (EBIT) showed a strong increase of 30.4% and reached EUR 21.9 million in the reporting period. Our EBIT-margin showed a slight decrease of one percentage point compared to 2011 results and amounted to 19.4%. The Group's net profit grew by 8.2%, to EUR 14.5 million.

We follow our growth strategy which consists of brand building, product innovation, expansion of our distribution channels and vertical integration. In 2012 we made further progress towards these goals. Our sales increase is a direct result of our strong marketing efforts as well as the growth of our distribution network. In 2013 we plan to further expand our store network via distribution partners and continuously improve our store layout concepts. Also product development is a key success factor for us. We combine a diversified product mix with high product quality to address the needs of our end consumers. Therefore, we focus on our own sourcing of high quality raw materials. The Group's products are produced in a balanced mix between in-house and outsourced production capacities. In the future we plan to set-up new production facilities in order to increase our own production capacities. The increasing demand for our products and the rising per-capita income in our main market China makes us confident that our strategy will be successful in the future.

Our success is at least partially attributable to our listing on the Frankfurt Stock Exchange Prime Standard on 9 July 2012. This step represents a significant milestone for our company. The reputation gained from this seal of approval has helped our business development as we have used our standing as a listed company to work more closely with distributors, and to attract top talents and personnel to our company. Our listing will continue to be an important platform for our future success.

Unfortunately, we saw a significant decline in our share price during 2012. This however does not correspond to our outstanding business performance. In the future, we intend to build trust in the capital markets, mainly through the delivery of ongoing good results and regular communication.

In the current year we will further deliver on our growth strategy. We expect that FAST brands will be the main growth driver for our group revenues. Going forward, we will place a strong emphasis on maintaining and developing our design capacities. Nevertheless we see a slower growth compared to 2012 due to uncertain market environment. We are confident that group revenues will increase by approximately 10% measured in RMB. Our EBIT-margin is expected to be around 20%.

The management team will continue to work tirelessly to bring good results to you, our investors.

Sincerely,

Wing Chi CHONG

CEO of FAST Casualwear AG

Members of the management board

The Board of Directors is currently comprised of three members:

Wing Chi CHONG // CEO and founder of the Company
(responsible for overall strategy of FAST Casualwear)

Mr. CHONG has over 25 years of experience in the sports and casual footwear industry. From 1983 to 1990, he was engaged in the wholesale business of shoes. In 1990, he first joined Minqiao Trade Co., Ltd. as a sales manager. After leaving the company, he set out to establish his own business by first setting up Jinjiang Wah Lei in 1993. In 1999, Mr. CHONG incorporated Wah Lei Group in Hong Kong, expanding the business to the export of sports & fashion footwear to OEM customers in the US markets, and in 2001, he set up HK Rich Profit to expand the export of sports fashion footwear to the international markets. Mr. CHONG established Jinjiang Yiliyi in 2001, for the manufacturing of other footwear, and Fast Fujian in 2002, further expanding FAST's business with the development of the proprietary brand "FAST".
In 2007, he obtained his diploma majoring in Business Administration from the International Business University of Beijing.
Mr. CHONG has not held over the last five years and does not hold any additional mandates on administrative, management and supervisory bodies outside the Group.

Wenya ZHANG // Chief Operating Officer
(responsible for the operations of of FAST Casualwear)

From 1987 to 1994, Mr ZHANG worked in Jingyi Horologe Factory of Shenzhen, Guangdong as their president in charge of overall operation and management. In 1995, he joined Huaxin Shoes Factory as a manager and was responsible for the factory operations. During his time with Huaxin Shoes Factory, he also assisted in the general operations of Wah Lei Shoes. In 2001, Mr ZHANG officially joined Wah Lei Shoes as the General Manager. As FAST sports fashion footwear and apparel gained more recognition, he was promoted as the General Manager
Mr. ZHANG holds a diploma of business administration from the School of Continuing Education, Tsinghua University in 2009.
He has not held over the last five years and does not hold any additional mandates on administrative, management and supervisory bodies outside the Group.

TAM, Parkco // Chief Financial Officer
(responsible for the finance department of FAST Casualwear)

He joined the Group in 2009, and is in charge of the financial reporting on the group level to the management. Before he joined FAST, Mr Tam worked at Deloitte in the audit department and corporate restructuring department for over ten years, specialized in audit, restructuring, financial review etc. During his time at Deloitte, Mr. TAM spent more than six years at managerial position. After that, he took a position as a vice president in investment banking department of a Singapore listed bank, specialized in direct investment and financing for corporate clients. He is a certified public accountant, and holds a senior membership in both Hong Kong Institute of CPAs ("HKICPA") and Association of Chartered Certified Accountants ("ACCA").
He graduated from The Hong Kong University of Science and Technology, majoring in accounting.
Mr. Tam has not held over the last five years and does not hold any additional mandates on administrative, management and supervisory bodies outside the Group.

Report of the supervisory board

Dear Shareholders,

FAST Casualwear AG was founded in the financial year 2012. The short financial year ended on 31 December 2012 after the company's successful listing on the Prime Standard segment of the Regulated Market of the Frankfurt Stock Exchange.
The initial stage of the reporting period was dominated by the initial public offering at the Frankfurt Stock Exchange and the associated structural changes within the Group. From the very beginning of its existence, FAST Casualwear AG showed a continued positive performance of its operating units in Asia. Revenues have been showing a stable growth from 54 Million Euros in the first half year ("as if") and 59 Million Euros in Half year 2 ending with 61,3 Million Euros in the Reporting Period (22.06. – 31.12.2012) and 113 Million Euros ("as if") in the twelve months period 2012. Operational Results (EBIT) for the reporting period were at 8,4 Million Euros and for the full year 2012 EBIT increased to 22 Million Euros ("as if") compared to 16,8 Million Euros in 2011 ("as if"). Net earnings could not fully catch up with the positive development of the operational result: provisions for taxes led to net earnings of 5 Million Euros in the Reporting Period. For the whole period ("as if") net earnings increased by 8,2% to 14,5 Million Euros. The positive momentum both in revenues as well as in profitability is due to the fact that the company has been focussing more and more on their own brand and has extended their sales network in their home market in China.

Supervision of the Management Board

During the reporting period, the current existing group structure was established, with FAST Casualwear AG as the German parent company listed on the stock exchange, two intermediate holding companies in Hong Kong, and three operating subsidiaries in China. This creates particular challenges to the Management Board and the Supervisory Board due to the geographic distance and the different languages and mentalities, which complicates the respective communication. Still, the Management Board and the Supervisory Board had regular communication both orally and in writing which had led to a trustful and reliable relationship. The willingness of the Management to stay abreast of the significant challenges faced by a company focused on the capital markets emphasises its desire to strengthen the confidence of shareholders in FAST Casualwear AG through good corporate governance.

FAST Casualwear AG started business on the market through its subsidiaries when the shares of Wah Lei Group International Company Limited, Hong Kong, and Hong Kong Rich Profit Industrial Limited, Hong Kong, being intermediate holding companies, were contributed to FAST Casualwear AG with effect as of 22 June 2012. As of this day, the Group with FAST Casualwear AG as ultimate parent company came into existence. The Supervisory Board has been subject to the requirements of capital market law with respect to the supervision of the company since the admission of its shares to trading on 6 July 2012.

The Supervisory Board, as currently composed, was elected on 5 June 2012. The operating and strategic development of the company was documented in the prospectus for admission to trading (Börsenzulassungsprospekt), and the corporate restructuring for 2012 was completed.

The first main task of the Supervisory Board was to adopt the resolutions needed to create the basis for the present group structure and to enable the IPO.

The Management Board provided the Supervisory Board with extensive and timely information on an on-going basis, both orally and in writing. An open exchange of information also took place between the Management Board and the Chairman of the Supervisory Board outside the regular Supervisory Board meetings.

Thus, in accordance with the advisory and monitoring functions imposed by law, the Articles of Association and the rules of procedure, the Supervisory Board continuously monitored the activities of the Management Board during the short financial year 2012 and advised the latter in the interest of the company and its shareholders. The standards utilised for this monitoring process were, in particular, the lawfulness, propriety, financial efficiency and expediency of the management of the company and the group. In particular there were various discussions on the phone and email correspondence dealing with the strategy of FAST Casualwear AG, the situation of the sportswear industry in China in general, about the implementation of a Risk Management System, about options to reduce working capital requirements of the company, about the company´s share price and about the company´s participation in the German Equity Forum in Frankfurt in November 2012.

Meetings of the Supervisory Board

The Supervisory Board held three meetings during the 2012 short financial year. The members of the Supervisory Board participated in the aforementioned meetings by appearing in person or participating via telephone conference. All the Supervisory Board members were present at the meetings, with the exception of one meeting, where one board member was absent. Since the Supervisory Board consists of only three persons, it has not formed any committees. The relevant topics are handled by the entire Supervisory Board.

The major topics of the Supervisory Board meetings and the resolutions adopted

19 April 2012: as part of the incorporation of FAST Casualwear AG, the chairman and the vice chairman were selected from among the members of the first Supervisory Board by way of resolution in a physical meeting. In addition, Mr. Chong Wing Chi was appointed as the sole Management Board member.

8 June 2012: The new members of the Supervisory Board held their first meeting via telephone conference and the new chairman and the new vice chairman were elected. In the same meeting, the restructuring measures in the Group were discussed and the Supervisory Board approved the contribution agreement regarding the transfer of all the shares in Wah Lei Group International Company Limited, Hong Kong, and Hong Kong Rich Profit Industrial Limited, Hong Kong, to FAST Casualwear AG as well as approved the post-incorporation report as part of the capital increase against contribution in kind.

26 June 2012: Mr. ZHANG Wenya and Mr. TAM Parkco were appointed as new members of the Management Board by way of a written resolution. Mr. Chong Wing Chi was appointed as the Chairman of the Management Board. In the same resolution, the rules of procedures for the Management Board and for the Supervisory Board were adopted.

2 July 2012: In a written resolution, the members of the Supervisory Board approved the structure of the IPO after having received a copy of the securities prospectus.

5 July 2012: In a written resolution, the members of the Supervisory Board approved the issue price for the IPO.

28 August 2012: The members held their meeting via telephone conference. The management board reported about the current situation of the business and key financials of the first half year. The

Half Year Report was presented, discussed in detail and eventually released for publication.

27 November 2012: after various telephone conferences with intensive discussions about the company´s performance in Q3 2012 and the draft of the Q3 Report the Supervisory Board finally approved the draft and released it for publication via email correspondence on November 28, 2012.

Composition of the Supervisory Board

FAST Casualwear AG was founded on 19 April 2012. Pursuant to the incorporation deed, Mr. Philipp Dietz, Mr. Thomas Weidlich and Dr. Gregor Wecker were appointed as members of the first Supervisory Board of the company until the end of the General Shareholders' Meeting that ratifies the acts of the members of the Supervisory Board for the short financial year ending on 31 December 2012. Mr. Thomas Weidlich (Chairman), Mr. Philipp Dietz (Vice Chairman) and Dr. Gregor Wecker resigned from the Supervisory Board effective as of 5 June 2012. The Extraordinary General Shareholders' Meeting of 5 June 2012 elected Dr. Stefan Söhn, Mr. SHUM Shing- kei and Mr. YU Chao as new members of the Supervisory Board effective as of 6 June 2012.

Annual financial statements and consolidated financial statements for 2012

The auditing company Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, was elected by the General Shareholders' Meeting of 19 April 2012 as the independent auditor of the annual financial statements and the consolidated financial statements for the short financial year. The Supervisory Board has orally issued the respective audit assignment and confirmed it in writing in February 2013.]

The present annual financial statements of FAST Casualwear AG as of 31 December 2012 prepared in accordance with the HGB (Handelsgesetzbuch, German Commercial Code), the consolidated financial statements as of 31 December 2012 prepared in accordance with the EU IFRS, and the Group management report, including the accounting records, have been audited by the independent auditor, and an unqualified audit opinion has been issued with respect to them. The agreement with the independent auditor made auditing the impairment testing of the carrying amount of the investment and the trade accounts receivable as well as the existing liquid assets within the Group the focal points of the audit. In accordance with the relevant legal provisions, the Group's risk management system was also a focal point of the audit. At the company´s request the auditors included voluntarily presented pro forma figures for the whole year 1 January 2012 to 31 December 2012 in the scope of their audit, however, without explicitly referring to this in their audit opinion.

The Supervisory Board obtained information on the progress of the audit from the independent auditor on a regular basis and noted the latter's audit reports with approval. The Supervisory Board itself also carefully reviewed the annual financial statements, the consolidated financial statements and the Group management report summary of the Group and FAST Casualwear AG for financial year 2012, which had been submitted to the Management Board and provided to the Supervisory Board, and determined that there were no objections to the final results of this audit. During the Supervisory Board meeting of 18 April 2013, the independent auditor explained the annual and consolidated financial statements to the Supervisory Board and answered the Supervisory Board members' questions on the audit. On 18 April 2013, the Supervisory Board approved the annual financial statements, the consolidated financial statements and the management reports for FAST Casualwear AG and the Group. Therefore, the annual financial statements have been adopted.

Corporate Governance

According to Section 312 of the AktG, the company is obliged to produce a report on relations of a dominant shareholder of the company with affiliated companies. No dominant shareholder exists in FAST Casualwear AG since the majority shareholder, Mr. CHONG Wing Chi, has no other economic interests than the participation in the AG, which would bear the risk that he uses his influence to the detriment of the company. Against this background, no dependency report according to Section 312 of the AktG needs to be produced.

In addition, the Supervisory Board focused on corporate governance issues and considered the recommendations and suggestions of the German Corporate Governance Code. The Management Board and the Supervisory Board adopted a joint declaration of conformity in accordance with Section 161 of the AktG and made it available for inspection on the company's website. The Supervisory Board is not aware of any conflicts of interest on the part of the Supervisory Board members.

For additional information, please refer to the Management Board's and Supervisory Board's joint Corporate Governance Report.

The Supervisory Board hereby expresses its gratitude to the Management Board and the Group's staff members for their strong commitment and services in the course of the preceding short financial year 2012. The Supervisory Board would like to thank the shareholders for the confidence shown in FAST Casualwear AG.

The share

Development of the stock market

FAST Casualwear's shares started trading on 9 July 2012 in the regulated market with the highest transparency level (Prime Standard) of the Frankfurt Stock Exchange. The sole Lead Manager of the IPO was the independent investment bank Kepler Capital Markets S.A., based in Frankfurt.

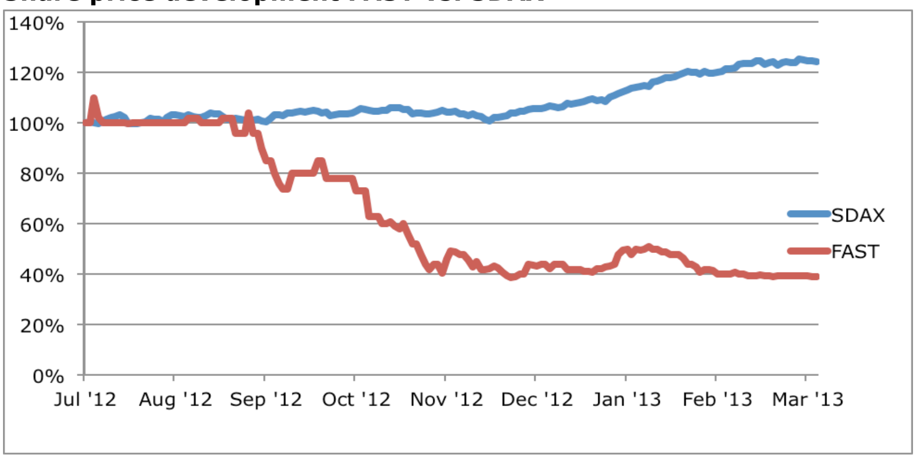
The share price opened at EUR 5.00, corresponding to its placement price. A total of 1,065,020 shares were placed, including 65,020 shares in case of an over-allotment option (greenshoe). The gross proceeds of FAST Casualwear AG amounted to approx. EUR 5 million and the free float to 18.40%, based on fully exercised Greenshoe option.

FAST Casualwear planned to use the cash inflow to strengthen its financial position in order to continue its growth especially in the home market China. The expansion of the distribution network and production capacities as well as promotional measures to sharpen the company's public profile paid off with increases in its sales and EBIT growth rates.

Despite the fact that the overall market sentiment improved during 2012, the international financial markets were still under the influence of the ongoing European debt crisis in the last year. Especially the unresolved situation of several Southern European countries and uncertainty about further political action affected the investors. Nevertheless, the Chinese economy continued its growth in 2012, but with a lower rate than in previous years. The US economy started prosperous, but considering the controversies about a potential fiscal cliff the investors' obscurity increased by the end of 2012. These developments had also impacts on the European as well as German capital markets.

This ongoing recovery of the capital markets during 2012 was also pictured in the most important German stock index DAX. Although the DAX showed some volatility over the year with a drop in June and year-low on 5 June 2012 at 5,969.40 points, the index performed well with a year-plus of 29.01%, closing at 7,612.39 points on 28 December 2012.
The SDAX as FAST Casualwear AG's benchmark performed similar, closing with a year-plus of 18.73% at 5,249.35 points on 28 December 2012. The index maintained its positive development in 2013.

Share price development FAST vs. SDAX



Share development

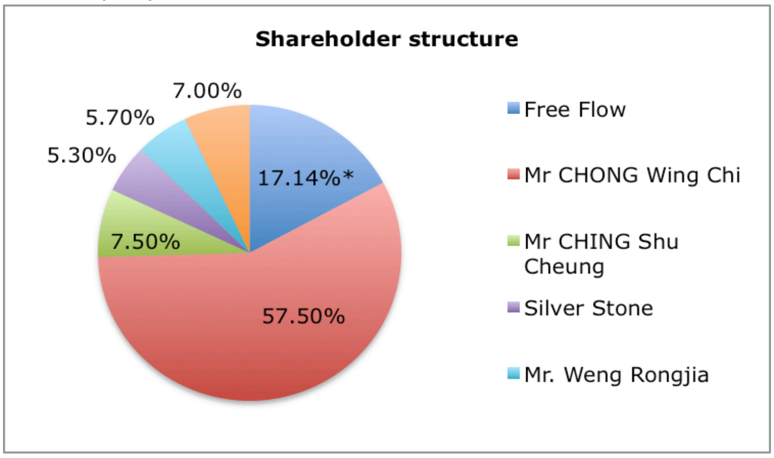
In the first months after the IPO the share price remained stable around its initial price of EUR 5.00, except its year-high at EUR 5.50 on 11 July 2012. Until September, the average daily trading volume remained low. In line with the increasing trading, the share price fell from the beginning of September and reached its year-low at EUR 1.93 on 23 November 2012, closing at EUR 2.14 on 28 December 2012.

In the future, the company intends to pay dividends on a regular basis. However, the results of its operations, its financial situation, its need for cash and other factors will determine the amount of the dividends.

Kepler Capital Markets will assume the function of the designated sponsor for the company's shares trading on the Frankfurt Stock Exchange.

Investor Relations

FAST Casualwear AG aims to provide its shareholders with regular information about its financial and operational development. Therefore, the company plans to attended investor conferences like the German Equity Forum in 2012. All relevant publication can be found on the Investor Relations website www.fast-casualwear.com. These activities are geared towards an objective and fair assessment of the company.



* The Free Float includes all shareholdings <5%.

Basic data:

ISIN/WKN/Ticker/Reuters	DE000A1PHFG5/A1PHFG/FCA
Market Segment/Stock exchange	Regulated Market (Prime Standard)/ Frankfurt Stock
First Trading Day	9 July 2012
Shares issued	1,065,020

Key share indicators 2012

Year-end price (EUR)	2.14
Share-price high (EUR)	5.50
Share price low (EUR)	1.93
Earnings per share (EUR)	1.20
Market capitalization (as at 31 December 2012)	EUR 24 million

Corporate governance report

(including Corporate Governance Statement)

Corporate Governance Report

To comply with sec. 3.10 of the German Corporate Governance Code, the Management Board and Supervisory Board are required to report once a year in the annual report on corporate governance. The corporate governance report of FAST Casualwear AG also includes the declaration on corporate management required by sec. 289a of the German Commercial Code (HGB). The declaration on corporate management pursuant to sec. 289a of the German Commercial Code (HGB) comprises the declaration of conformity pursuant to sec. 161 of the German Stock Corporation Act (AktG), and descriptions of how the Management Board and Supervisory Board work, and of the composition and method of working of their committees.

The corporate governance report is also readily available in the internet at www.fast-casualwear.com/investor-realtions.

Explanations according to sec. 289a HGB (incl. Declaration of Conformity)

The Management Board (Vorstand) and the Supervisory Board (Aufsichtsrat) of FAST Casualwear AG hereby for the first time jointly declare that the recommendations of the German Government Commission for the German Corporate Governance Code have been complied with since the company's admission to trade on the regulated market of the Frankfurt Stock Exchange (8 December 2011) and will comply with the recommendations in the future, except for the following deviations outlined below. The declaration is based on the recommendations of the Code in its version dated 15 May 2012, which was published in the electronic Federal Gazette on 15 June 2012.

Deviations from the Code's recommendations are as follows:

- In **Paragraph 3.8 Sec. 3** of the Code recommends agreeing a specified deductible in any D&O (directors' and officers' liability insurance) policy to be taken out for Supervisory Board members. In the company's opinion the attitude of the Supervisory Board members in responsible acting and complying with German law will not be supported by such specified deductible. Also, a deductible would reduce the attractiveness of Supervisory Board activities, and thus also the company's chances in the competition to attract qualified candidates. The Code's recommendation in this regard has therefore not been and is not to be followed.

- **Paragraph 4.1.5** of the Code recommends taking diversity into consideration when filling management positions, and, in particular, to aim for an appropriate consideration of women. The Company is respecting diversity. However, the focus here is on the professional qualification of the candidates (men and women).

- According to **Paragraph 4.2.2** the full Supervisory Board determines the total compensation of the individual Management Board members and shall resolve and regularly review the Management Board compensation system. According to Paragraph **4.2.3** of the Code, the monetary compensation elements shall comprise fixed and variable elements, related to demanding, relevant comparison parameters. The Supervisory Board must make sure that the variable compensation elements are in general based on a multi-year assessment. Both positive and negative developments shall be taken into account when determining variable compensation components. All compensation components must be appropriate, both individually and in total, and in particular must not encourage taking unreasonable risks. Changing such performance targets or the comparison parameters retroactively shall be excluded. The company deviated from these provisions of the Code as the Management Board was not entitled to remuneration for their service as member of the Management Board. The members of the Management Board only received remuneration for their services as directors and/or officers of the company's subsidiaries. Furthermore, they do not receive any variable monetary compensation.

- The company deviates from the recommendations set forth in **Paragraph 5.1.2** of the Code. Decisions on suitable candidates for appointment as members of the Management Board are taken on a purely objective basis and focus on the professional qualification of the candidates in accordance with German legislation on diversity. No age limits are set for members of the Management Board.

- Because of the company's size, the Supervisory Board of the company only consists of three members and does not form any committees. Since it is a legal requirement that any committee that takes decisions must also have at least three members, the establishment of committees is neither necessary nor expedient. Thus, the company deviates from the recommendation of **Paragraph 5.2** and **Paragraph 5.3** of the Code.

- The company deviates from the recommendations set forth in **Paragraph 5.4.1** of the Code. Decisions on suitable candidates for appointment as members of the Supervisory Board are taken on a purely objective basis and focus on the professional qualification of the candidates in accordance with German legislation on diversity. No age limits are set for members of the Supervisory Board. The members of the Supervisory Board believe it makes sense for the corporate bodies responsible for appointments to examine each candidate's age at the time of initial appointment or renewed appointment and that they should be free to appoint older candidates with relevant professional or other experience without being tied to rigid age limits.

- According to **Paragraph 5.4.5** of the Code the members of the Supervisory Board shall on their own take on the necessary training and further education measures for their tasks. They shall be supported by the company appropriately. As the requirements of the term „appropriate" are not clear the company declares for reasons of caution to deviate from the recommendation.

- Contrary to the recommendations in the Code under **Paragraph 5.4.6 Sec. 3 Sentence 1**, the members of the Supervisory Board do not necessarily receive performance-based remuneration. In terms of control and monitoring functions of the Supervisory Board, the company currently identifies no need for a change and thinks that the current remuneration structure is suitable to protect the independence of the members of the Supervisory Board. The articles of incorporation thus do not exclude performance-based remuneration for the members of the Supervisory Board but delegates the decision of the amount of remuneration to the general shareholders meeting.

- The consolidated financial statements will probably not be made available publicly within 90 days from the end of the financial year and the interim reports will probably not be available within 45 days from the end of the reporting period as recommended in **Paragraph 7.1.2** of the Code. The company cannot guarantee that it can meet the deadlines recommended by the Code in view of the need to include foreign companies in the consolidated financial statements and interim reports. The consolidated financial statements will, however, be available within four months from the end of the financial year, while interim reports will be published within the statutory deadlines.

The Management Board and the Supervisory Board will annually issue and publish a declaration in compliance with section 161 of the German Stock Corporation Act and make it continuously available on its website.

How the Management Board and Supervisory Board work

The dual management system of a Stock Corporation, comprising a Management Board and a Supervisory Board, both of which have separate competencies, is a basic principle of the German Stock Corporation Act. Within the context of responsible corporate management, the Management Board and Supervisory Board work together closely and trustfully in management and oversight tasks for the benefit of the company.

The way in which the Management Board and Supervisory Board of FAST Casualwear AG operate is based on the applicable laws, the articles of incorporation of FAST Casualwear AG, the decisions taken by the Annual General Meeting of the company, the rules of procedure for the Supervisory Board, the rules of procedure and business allocation plan for the Management Board and the many recommendations set out in the German Corporate Governance Code.

In conformance with the German Stock Corporation Act, the Supervisory Board appoints the members of the Management Board. The Supervisory Board advises and oversees the Management Board in the management of the company and decides pursuant to sec. 7 of the articles of incorporation on the number of members of the Management Board (according to the articles of incorporation the Management Board comprises one or more members). It can appoint one member of the Management Board as chairperson of the Management Board. Sections 4 and 5 of the articles of incorporation govern the level and allocation of the capital stock state make the authorisation to undertake certain capital transactions and how they may be undertaken dependent on the approval of the Supervisory Board. Restricted exclusion of subscription rights in certain circumstances also requires the approval of the Supervisory Board. The representation rules set out in sec. 9 of the articles of incorporation provide that, notwithstanding the joint representation arrangements, the Supervisory Board can authorize any member of the Management Board to represent the company alone and can waive the constraints imposed by sec. 181 of the German Civil Code (BGB). Mr. CHONG has been authorised to represent the company alone. Mr. CHONG has also been exempted from the restrictions set out in sec. 181 sentence 1 2nd alt. of the German Civil Code (BGB). Sec. 112 AktG remains unaffected.

In accordance with sec. 8 of the articles of incorporation, the Supervisory Board provided rules of procedure for the Management Board and has drawn up a business allocation plan. Under the rules of procedure, the Management Board is required to work together constructively with the company's other governance bodies for the good of the company. The members of the Management Board are jointly responsible for the overall management of the company. They are required to work together constructively and keep each other informed of the main activities and events in their areas of responsibility. Each member is required to seek a resolution of the entire Management Board on issues relating to other areas of responsibility about which he/she has serious reservations, where such reservations cannot be eliminated by discussion with the responsible Management Board member. The Management Board takes decisions on all matters where a resolution by the Management Board is required by law, the articles of incorporation or the rules or procedure. In addition, there are rules on representation, a description of the tasks of the Chairman of the Management Board, the mode of convening meetings of the Management Board, how meetings are to be conducted, the permitted methods of adopting resolutions, the required majorities and the documentation of meetings and resolutions. The rules of procedure also contain a list of the business matters requiring the approval of the Supervisory Board.

The Management Board is responsible for managing the company, for its strategic focus, budget planning, and defining and overseeing the operating segments. It is also responsible for ensuring that the company has an appropriate risk management and control system. Systematic risk management as part of value-driven corporate management is to ensure timely identification, analysis and evaluation of risks and optimisation of risk positions.

The Supervisory Board has adopted rules of procedure for its own work. These stress the duty of the Supervisory Board to work constructively with the other governance bodies in the performance of its duties, for the good of the company. They also contain details of electing the chairperson and deputy chairperson, the method of convening meetings, how they are to be conducted, the permitted methods of adopting resolutions and the documentation of meetings and resolutions. The Supervisory Board decides whether the members of the Management Board should attend meetings of the Supervisory Board. The Management Board or a member of the Management Board regularly attends meetings of the Supervisory Board. Further, it sets out the requirement to work with the Management Board with regard to the appointment and dismissal of members of the Management Board to ensure long-term succession planning.

The Management Board and Supervisory Board maintain regular contact. The Management Board and Supervisory Board are jointly responsible for ensuring that the Supervisory Board receives sufficient information. The Management Board provides the Supervisory Board with full and timely information on the development of the company, its current position, current risks and how they progress. It provides written and verbal reports on individual items on the agenda and issues on which decisions are to be taken, and answers questions asked by members of the Supervisory Board. The Supervisory Board discusses and agrees the strategy with the Management Board. Progress in implementing strategic planning and possible deviations from the plans are reported to the Supervisory Board. Major decisions by the Management Board have to be approved by the Supervisory Board. The Management Board also informs the Supervisory Board of the management of risks and opportunities in the Group.

The Supervisory Board oversees the work of the Management Board and is directly integrated into decisions of fundamental importance for the company. On a regular basis, the Supervisory Board receives written reports on the Group’s financial position, assets and results of operations. A detailed explanation of any discrepancy between the planned and actual business development is to be given to the Supervisory Board. Further, the Chairman of the Supervisory Board is informed directly and regularly of the current situation, important business events and significant upcoming decisions.

The work of the Supervisory Board is outlined every year in the Report of the Supervisory Board, which is commented on by the Chairman of the Supervisory Board at the Annual General Meeting.

The company's three-member Supervisory Board has not established any committees as this is not deemed necessary or expedient; all relevant issues are handled by the full Supervisory Board. This applies in particular to examination of the quarterly and annual financial statements and personnel issues relating to the members of the Management Board.

There is a D&O insurance policy for the members of the Management Board and Supervisory Board. A deductible has been agreed with the members of the Management Board.

Information on important corporate management practices

Ensuring a sustained rise in the value of the company is the guiding principle for the members of the Management Board and Supervisory Board of FAST Casualwear AG. Securing the confidence of investors and other stakeholders in effective and transparent management is a matter of prime significance. The aim of FAST Casualwear AG's investor relations activities is to achieve the level of transparency expected by the capital markets and give shareholders a true and fair view of the company. In keeping with the principle of fair disclosure, all shareholders and major target groups are treated equally in terms of the provision of information. The underlying rule is providing the company's owners with timely and reliable information on major events at their company. Transparency also constitutes an opportunity to gain new investors from Germany and other countries. The Management Board and Supervisory Board therefore constantly strive to optimise communication to ensure a sustained and appropriate valuation of the company's stock.

The company's website at www.fast-casualwear.com also provides further information on the Group, its business model and its products.

Information on risk management

A responsible approach to corporate risk is part of good corporate governance. FAST Casualwear AG has started to establish a systematic risk management system and risk early detection system. The Management Board will regularly notify the Supervisory Board of the existing risks, their development and the preventive action taken.

Further details of risk management can be found in the opportunity and risk report in the Group management report for the short financial year 22 June to 31 December 2012 . The Group management report also contains the reports on the accounting-related internal control and risk management system required by the German Accounting Law Modernization Act (BilMoG). Monitoring the observance of compliance directives is to be defined as an important element of risk management in the Group. That is to include providing continuous information for employees on fundamental legal principles and the corresponding requirements for internal and external communication. All relevant persons working for the company who have legitimate access to insider information are entered in a register of insiders and informed of their obligations under insider law.

Remuneration

In fiscal 2012 the members of the Management Board of FAST Casualwear AG did not receive either fixed or variable remuneration from this company for their role as Management Board members. For his additional work with regard to a successful Initial Public Offering of the Company in 2012 Mr. TAM Parkco furthermore was granted a premium from Wah Lei Group International Company Limited (HK) in the amount of HKD 1,400,000.00 (approximately kEUR 140) of which kEUR 70 was paid in the short financial year. kEUR 70 is still to be paid.

The Supervisory Board of FAST Casualwear AG should receive fixed remuneration that will be voted on by the Annual General Meeting that ratifies the actions of the Management Board and Supervisory Board for fiscal 2012. The company's articles of incorporation state that the Annual General Meeting may decide on the level of such remuneration. Moreover, no variable remuneration has currently been agreed for the Supervisory Board. However, the articles of incorporation do not rule out this type of remuneration, so it could be decided on by the Annual General Meeting.

As of 31 December 2012 there were no warrants and no valid warrants program so no member of the Management Board or Supervisory Board currently has warrants or conversion rights on shares in FAST Casualwear AG.

Further details of the remuneration system for members of the governance bodies can be found in section 7 of the management report (Remuneration systems).

Securities held by members of the Management Board and Supervisory Board / Directors' Dealings

As Chairman of the Management Board and founder of the company, Mr. CHONG holds around 58% of the company's shares (11,320,000 shares). The other members of the Management Board and Supervisory Board do not hold any shares in the company. The company does not hold any treasury stock.

In accordance with sec. 15a of the German Securities Trading Act (WpHG), the members of the Management Board and the Supervisory Board have a legal obligation to disclose the purchase and sale of securities FAST Casualwear AG, insofar as the value of the transactions undertaken by the member and related parties reaches or exceeds EUR 5,000 in a calendar year. In the fiscal year 2012, the following transactions in shares in FAST Casualwear AG subject to sec. 15a of WpHG were undertaken by members of the Management Board and Supervisory Board of FAST Casualwear AG subject to these disclosure requirements:

All transactions are disclosed on the company's website www.fast-casualwear.com/investor-relations as soon as they are undertaken. Shareholdings by members of governance bodies were as follows on December 31, 2012:

No member of the Supervisory Board or Management Board currently holds warrants or conversion rights to shares in FAST Casualwear AG.

18 April 2013

The Supervisory Board The Management Board

Group Management Report

For the short reporting period 22 June to 31 December 2012

MANAGEMENT REPORT

1. General information about the Group

Group structure

FAST Casualwear AG ("The Company") is the German holding company of FAST Group (The "Group"), a Chinese group of companies engaged in the design, production and sale of casualwear, consisting of footwear and apparel including accessories. It mainly designs and produces casualwear under its own brand name FAST, targeting consumers aged between 16 and 35 primarily in lower tier cities in China. The Group distributes its own brand products through 25 unaffiliated regional distributors, who sell the products via retail outlets operated either by distributors or by third party sub-distributors. Its distribution network consists of 812 retail outlets (in 2012 there are 31 new retail outlets added) in over 100 cities throughout China. The Group also designs and produces footwear as contract manufacturer for international brand owners, mainly from Europe and the U.S.

The Group's registered office is located in Cologne, Germany. Our operating facilities are located in the Huzhong Industrial Park, Chendai Town, Jinjiang City, Fujian Province, People's Republic of China ("PRC").

Since 22 June 2012, FAST Casualwear AG holds 100% of the shares in Wah Lei Group International Company Limited and in Hong Kong Rich Profit Industrial Limited, both registered in Hong Kong. Wah Lei Group International Company Limited is the sole direct shareholder of Fujian Kuaijiezou Sports Goods Co. Ltd. and Jinjiang Yiliyi Shoes and Plastic Development Co. Ltd. both incorporated as limited liability companies under the laws of PRC. Hong Kong Rich Profit Industrial Limited is the sole direct shareholder of Fujian Huali Shoes Co., Ltd. Jinjiang, which was incorporated as a limited liability company under the laws of PRC.

Group strategy

As a casualwear industry player in China, the Group's strategy is to gain market share in the lower tier cities by becoming a famous brand for casualwear and by expanding sales network.

We have developed the following strategies and will continue to improve them in 2013:

- Expansion of the Group's distribution network

In 2013 the Group will continue to seek high quality distributors and expand sales outlets at a pace that can meet market growth and the overall growth of the Group. Expanding the sales horizons in different regions or strengthening our existing network can help promote our brand name, and gain market share in China.

- Continuous effort on R&D in casual shoes and clothing patented technology

We will put more effort on research and development aspects in order to enhance the product features, and work further with local University to innovate new products and to differentiate our products with a view to capturing more customers and new customers.

- Construction of FAST brand distributor's stores with unique image

We will continue to focus on the image of the distributor stores and will aim at projecting a consistent unique image of these sales outlets. That can help improve the awareness of FAST brand and increase sales revenue accordingly.

- Brand building and marketing

By strengthening the brand recognition, we will continue to advertise in order to comprehensively enhance visibility and influence of the brand, and thus increase brand awareness and popularity.

- Upgrade of our production equipment

By upgrading the new equipment to the production lines, we will manufacture in a more efficient way to produce new designs and new products to meet the growing market demand.

2. Business and operating environment

General economic environment

The global economy has been recovering at a slower pace than expected and the situation still remains full of uncertainties as at the end of 2012. The European debt crisis has still not been resolved and this has triggered fears of a recession across Europe and the world. In addition, the fiscal cliff in the United States may lead to a downturn of economy which will more or less affect the world economic. The world economic crisis has impacted on China's economic growth though the extent is less than compared to countries in Europe. Rising costs and inflation still made it challenging for many enterprises in China.

In 2012, the gross domestic product (GDP) of Chinese this year was 51,932.2 billion yuan (EUR 6,449.7 billion), up by 7.8 % over the previous year. We foresee that China's economy will be still growing in 2013 but in a more modest rate.

Business environment

The Group's products are marketed in China and thus the customer spending sentiment is crucial to our future business performance. According to the National Bureau of Statistics of China, from January to December, the total retail sales of consumer goods reached 21,030.7 billion yuan, up by 14.3% year-on-year (actual increase was 12.1% after deducting price factors). In 2012, the annual per capita net income of rural households was 7,917 yuan, up by 13.5 %, or a real increase of 10.7 % over the previous year when the factors of price increase were deducted. The median of per capita net income of rural households was 7,019 yuan, up by 13.3 %. The annual per capita disposable income of urban households was 24,565 yuan, up by 12.6 %, or a real increase of 9.6 %.

The Group operates its own brand business in the PRC casualwear market segment including clothing, footwear and accessories. The performance of the overall PRC casualwear market is driven by the growth of the PRC economy, and the disposable income in the PRC population. Therefore, we believe the overall casualwear market will grow in line with the consumer goods markets in China and the increase in household incomes, even though we still need to deal with the challenges of the increasing raw material prices and supply of labour. Yet, we are in a very fragmented industry and we compete with other industry players in terms of brand image, design, product mix, quality, price and the breath of its retail network. We are acting in a challenging business environment and the Group has to compete with domestic and international brands through our competitive edge on design, qualities, and sales capabilities through distributors. In 2012, we further expand the sales network through our distributors, especially in the areas of Northern part of China with high population.

Competitive environment

The casualwear market in the PRC is characterized by intensive competition and a very fragmented industry landscape, with a large number of competing domestic and international brands. The Group believes that its casualwear products compete with other others on the basis of brand image, design, product mix, price and the breadth of its sales network.

3. "As if" presentation of the full year 2012

FAST Casualwear AG Group only came into existence when the contribution of the shares of Wah Lei Group International Company Limited and Hong Kong Rich Profit Industrial Limited into FAST Casualwear AG became legally effective with the registration of the corresponding capital increase in FAST Casualwear AG on 22 June 2012. For this reason, consolidated financial statements could not be prepared for the whole of 2012 but only for the period from the start of the Group on 22 June 2012 to 31 December 2012. For improving comparability, this section of the Group management report shows voluntarily financial information "as if" the Group had existed for the whole of 2012 and corresponding comparative period.

The discussion and analysis of the Group's first short financial year 22 June to 31 December 2012 is shown in section 4.

Results of operations

The following tables present the Group's consolidated income statement data. The comparability is affected by movements in the relative value of the functional currency (RMB) compared to the presentation currency (EUR).

	2012	2011
	kEUR	kEUR
Revenue	**112,980**	**82,183**
Cost of sales	(81,059)	(62,885)
Gross profit	**31,921**	**19,298**
Other income	870	411
Selling and distribution expenses	(5,129)	(1,056)
Administrative expenses	(5,760)	(1,865)
Finance income	55	9
Finance costs	(1,110)	(706)
Profit before income tax	**20,847**	**16,091**
Income Tax	(6,318)	(2,736)
Net profit	**14,529**	**13,355**
Currency translation reserve movement	(1,025)	3,724
Total Comprehensive Income	**13,504**	**17,079**
Earnings per share "as if " basis	**1.29**	**1.19**

Earnings per share has been calculated for the purpose of comparability as if the weighted average share capital of FAST Casualwear AG for the period 22 June to 31 December 2012 had applied for all periods shown above.

Revenues

Revenue increased from EUR 82.2 million in 2011 by EUR 30.8 million, or 37.5%, to EUR 113.0 million in 2012. Measured in RMB, revenue increased by 24.0% during the period.

The increase in revenues is primarily due to the increased sales of own brand casualwear products including casual shoes and apparel. The number of units of footwear and apparel sold increased by 25.5% to 21.1 million. Measured in RMB, the average unit selling price grew by 15.6% for footwear products and 8.7% for apparel products. The OEM/ODM business maintained steadily and contributed EUR 22.6 million of the total revenue, representing a 16.6% increase as compared to that of last period. The Group's revenues in 2012 were derived wholly from the PRC. In 2011, EUR 3.3 million of revenues arose from the export business of the HK subsidiaries. The Hong Kong subsidiaries did not export in 2012.

Due to the popularity of FAST products, revenue arising from FAST brand products in 2012 maintained sales momentum.

Cost of sales

Cost of sales consist of purchasing materials consumed, outsourcing fees, labour costs for personnel employed in production, depreciation of assets used for production purposes, manufacturing overheads (mainly utilities and maintenance costs) etc.

Costs of sales increased from EUR 62.9 million in 2011 by EUR 18.2 million, or 28.9%, to EUR 81.1 million in 2012. This was mainly due to the increase in costs of raw material consumed by EUR 19.2 million, which is partly offset by the decrease of purchases for export trading business of EUR 2.8 million that ceased by 2012.

The Group continuously kept a close eye on the cost development in 2012 and thus the costs were increasing with revenue but in a lesser extent. The following table presents a breakdown of cost of sales for 2012 and 2011:

	2012		**2011**		
	kEUR	**% of cost of sales**	**kEUR**	**% of cost of sales**	**+/- %**
Cost of raw materials consumed	69,453	85.7%	50,303	80.0%	38.1%
Outsourcing	5,359	6.6%	4,911	7.8%	9.1%
Labor costs	3,081	3.8%	2,554	4.1%	20.6%
Depreciation of property, plant and equipment	2,249	2.7%	1,624	2.6%	39.9%
Factory overheads	481	0.6%	628	1.0%	(23.4%)
Amortisation of intangible assets	23	0.1%	-	-	100.0%
Purchases for export trading sales	-	-	2,763	4.4%	n/a
Other	413	0.5%	102	0.1%	304.9%
Total	**81,059**	**100.0%**	**62,885**	**100.0%**	**28.9%**

Gross profit and gross profit margin

Gross profit grew during the reporting period by EUR 12.6 million, or 65.3% to EUR 31.9 million (2011: 19.3 million). The overall gross profit margin increased from 23.5% in 2011 to 28.2% in 2012. The increase of the gross profit resulted from an increase in the gross profit derived from its own brand segment from EUR 16.9 million in 2011 by EUR 13.1 million, or 77.2%, to EUR 30.0 million in 2012. This was further contributed by an increase in gross profit of kEUR 104 from OEM/ODM business and offset by EUR 0.5 million from its trading business (from EUR 0.5 million in 2011 to nil in 2012) due to the cessation of the export trading business.

Other income

Other income increased from kEUR 411 in 2011 by kEUR 459, 116.8%, to kEUR 870 in 2012. The increase was mainly due to the government grants received from local authorities for the success of the IPO.

Selling and distribution expenses

Selling and distribution expenses comprise mainly advertisement for the promotion of FAST products, the decoration and promotion materials for the distributors' retail shops, as well as employment costs for sales and marketing personnel.

Selling and distribution expenses increased from EUR 1.1 million in 2011 by 385.7% to EUR 5.1 million in 2012. This increase is due to the increase in advertisement for the promotion of FAST products, the increase in decoration and promotion materials for the retail shops; which was offset by the decrease of transportation expenses from the export of goods resulting from the cessation of export trading business; as well as the decrease in number of personnel in sales and distribution department in the 2012.

Selling and distribution expenses as a percentage of revenues increased and amounted to 4.5% in 2012 (2011: 1.3%).

Administrative expenses

Administrative expenses comprise mainly provision for various taxes including levee fund tax and urban maintenance and construction tax, depreciation, salaries to management and administrative personnel.

Administrative expenses increased from EUR 1.9 million in 2011 by 3.9 million, 209.0%, to EUR 5.8 million in 2012. This increase is mainly attributed to the following factors. In connection with the IPO, costs of listing existing shares in the amount of EUR 1.6 million were expensed. Total costs of the IPO were EUR 2.2 million, and costs of EUR 0.6 million relating to the issue of new shares were deducted directly from the capital reserve arising on the new shares issued. In addition various taxes including levee fund tax, urban maintenance and construction tax etc. in the sum of EUR 1.4 million were incurred. Administrative expenses as a percentage of revenues amounted to 5.0% in 2012 compared to 2.3%, in 2011.

Net finance income/expense

The net finance expenses increased from kEUR 697 in 2011 to kEUR 1,055 in 2012, mainly due to the increase of bank borrowing in 2012 as compared to 2011 mainly to fund working capital.

Profit before income tax

Profit before income tax for the period increased from EUR 16.1 million to EUR 20.8 million by EUR 4.7 million or 29.2%. This increase is mainly due to the increase in revenues and the gross profit margin.

Income tax

Income tax expenses increased from EUR 2.7 million in 2011 to EUR 6.3 million in 2012. For the period under this report, the effective income tax is 30.3% (2011: 17.0%). Under the income tax law of the PRC currently in effect, the general income tax rate is 25%. In 2011 one PRC based subsidiary enjoyed tax rebates, which provided for a 50% reduction in income tax rate. However, a 25% tax rate applied to all of its operating entities in 2012. The Hong Kong entities and one of the PRC entities made a loss. In addition, there is no taxable income for FAST Casualwear AG. Hence the consolidated net income before tax has been reduced by the effect of the losses in several Group entities. Since the profitable entities paid tax at 25%, due to the aforementioned effect the effective rate calculated by comparison to consolidated income before tax is higher than 25%.

Net profit for the period

The net result increased from EUR 13.4 million in 2011 by 8.8% to EUR 14.5 million in 2012. This represents a net profit margin of 12.8% (2011: 16.3%)

Earnings per share

“As if “ earnings per share are EUR 1.19 in 2011 and EUR 1.29 in 2012.

Business performance by segment

Management determines the operating segments, which represents product category, based on reports reviewed and used for strategic decisions. The Group entities' business segments are organized into the following main operating segments:

- FAST Brand which is subdivided into Shoes/Casual Wear
- Others, which is subdivided into OEM/Export Trading

These segments are managed by the Group entities.

The following table shows the development of the segments for 2012:

	FAST brands ("as if")		Others ("as if")		
	Shoes	**Casual wear**	**OEM**	**Export Trading**	**Total**
	kEUR	**kEUR**	**kEUR**	**kEUR**	**kEUR**
Revenue					
External customers	65,957	24,441	22,582	-	112,980
Total revenue	**65,957**	**24,441**	**22,582**	**-**	**112,980**

The following table shows the development of the segments for 2011:

	FAST brands ("as if")		Others ("as if")		
	Shoes	**Casual wear**	**OEM**	**Export Trading**	**Total**
	kEUR	**kEUR**	**kEUR**	**kEUR**	**kEUR**
Revenue					
External customers	38,735	20,758	19,368	3,322	82,183
Total revenue	**38,735**	**20,758**	**19,368**	**3,322**	**82,183**

<u>FAST brands</u>

In 2012, 58.4% of the Group's total revenues were attributable to sales of shoes (2011: 47.1%) and 21.6% were attributable to sales of casual wear (2011: 25.3%).

The overall increase in revenues from the sale of shoes has momentum. The revenue of shoes grew from EUR 38.7 million in 2011 to EUR 66.0 million in 2012, while the sales volume in this segment increased from 13.3 million units to 17.6 million units. The average unit selling price amounted to EUR 3.7 in 2012 (2011: EUR 2.9).

<u>OEM/ODM</u>

The OEM/ODM sales accounted for 20.0% of total revenues in 2012 (2011: 23.6%). Revenues in this segment are mainly derived from the sale of casual and sport shoes manufactured for various international brand owners mainly in Europe and United States. The overall revenue generated from OEM/ODM products increased in absolute terms although it accounted for a lower percentage of overall revenue in 2012 as compared to 2011. The revenue of trading business accounts for 4.0% of the total revenues in 2011, and fell from EUR 3.3 million in 2011 to nil in 2012 due to the cessation of the export trading business in 2012.

Financial position

Cash position

The Group maintained a minimum positive cash position and reinvest surplus cash into operations and fixed assets in order to capture the return from the business activities. For details, please refer to the section cashflow below.

Financing

The Group monitored and achieved a more balanced and better mix of equity and debt financing for business development. During the year, short term bank borrowings increased by 23.1% in order to finance working capital and investment requirements of the growing business.

Cash Flow and capital resources

The following table presents a summary of the cash flow data of the Group for 31 December 2012

	31 December 2012	**31 December 2011**
	kEUR	**kEUR**
Cash flows from operating activities	9,117	17,687
Cash flows used in investing activities	(16,881)	(2,549)
Cash flows from used in financing activities	6,230	(15,736)
Cash and cash equivalents at the end of the year	131	1,666

Net cash generated from operating activities was EUR 9.1 million in 2012 while net cash generated from operating activities was EUR 17.7 million in 2011.

Net cash used in investing activities increased to EUR 16.9 million in 2012 from EUR 2.5 million in 2011. This increase was mainly attributable to increase in acquisition of plant and equipment for production of FAST branded footwear and the deposit paid for the application for land use rights for new plant establishment.

Net cash generated from financing activities was EUR 6.2 million in 2012 while net cash used in financing activities was EUR 15.7 million in 2011. This change was mainly attributable to the net effect of:

- increase in restricted cash by EUR 3.3 million (EUR 0.9 million in 2011)
- proceeds from issue of shares of EUR 5.7 million in 2012 (nil in 2011) less costs of their issuance of EUR 0.6 million (Nil in 2011)
- increase in amounts due to related parties by EUR 3.0 million (EUR nil in 2011)
- increase in short term bank loans (net) by EUR 2.7 million (EUR 2.3 million in 2011)
- net repayment to a director is kEUR 77 in 2012, and repayment to a director of 16.6 million in 2011

Net assets

The following table presents the balance sheet data of the Group as at 31 December 2012 on a consolidated basis.

	31 December 2012	**31 December 2011**
		("as if")
	kEUR	**kEUR**
Non-current assets	41,968	29,269
Current assets	57,243	43,848
Total Assets	**99,211**	**73,117**
Total equity	67,607	49,043
Non-current liabilities	-	77
Current liabilities	31,604	23,997
Total liabilities	**99,211**	**73,117**

<u>Non-current assets</u>

Non-current assets mainly comprise property, plant and equipment (including machinery, furniture, fixtures, office equipment and motor vehicles), lease prepayments on land use rights, and deposits paid as part of the application for land use rights for future expansion of the plant. Noncurrent assets increased from EUR 29.3 million as at 31 December 2011 to EUR 42.0 million by EUR 12.7 million. This increase is mainly attributable to the acquisition of plant and machinery and facilities for production of FAST branded footwear products and the deposits paid as part of the application for land use rights for new plant, which has been offset, in part, by the depreciation of the charge for the period, disposal of certain plant and machinery related to OEM business from a PRC subsidiary, and the exchange translation difference.

Current assets

Current assets mainly comprise inventories, trade and other receivables, cash and cash equivalents etc. The amount increased from EUR 43.8 million as at 31 December 2011 to EUR 57.2 million as at 31 December 2012 by EUR 13.4 million.

Inventories

Inventories comprise raw materials, work in progress and finished goods.

Inventories decreased from EUR 1.7 million as at 31 December 2011 by 33.7% to EUR 1.1 million as at 31 December 2012. This decrease resulted primarily from the decrease of raw materials purchased for manufacturing operations and the decrease of finished goods as we completed more orders before the year end of 2012, as workers have their Chinese Lunar New Year holiday after year end. Furthermore the production facilities were closed for more than 2 weeks during the Chinese New Year Holidays from early February 2013. Hence, inventories were on a relatively low level at 31 December 2012 because the production run was scheduled to be completed and products sold by December 2012. The Group, according to its experience in the industry, responded to the market situation in respect of the demand for FAST products and orders on hand by controlling the inventory levels cautiously.

Trade and other receivables

Trade and other receivables comprise trade receivables, notes receivables, prepayments, and other receivables. The amounts increased from EUR 38.2 million as at 31 December 2011 by 34.8%, to EUR 51.5 million as at 31 December 2012. The increase is mainly due to the increase of trade and notes receivables of approximately EUR 14.7 million, 61.3% arising from the increase of the revenue during the year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash on hand.

Cash and cash equivalents decreased by EUR 1.7 million or by 94.4% to kEUR 178 as at 31 December 2012. For a more detailed discussion of cash at the end of each period, see the chapter "Cash flow and capital resources".

Restricted cash (deposits pledged with banks)

Restricted cash relates to deposits pledged with bank to secure the issued bills payable and they are released upon the maturity of the related bills payable. The pledged deposits increased compared with 31 December 2011 by EUR 3.3 million or 265.6% to EUR 4.5 million as at 31 December 2012 which is line with the increase of bills payable outstanding at each balance sheet date.

Equity

Equity comprises share capital, reserves and retained earnings.

Equity increased from EUR 49.0 million as at 31 December 2011 by EUR 18.6 million, or by 38.0% to EUR 67.6 million as at 31 December 2012 mainly due to aggregate effects of the profit for the period and increase of share capital. As at 31 December 2012, the Group achieved a ratio of equity to total assets of 68.1% (31 December 2011: 67.1%).

On 9 July 2012 the FAST Casualwear AG was listed on the Prime Standard of the Frankfurt Stock Exchange. In course of this listing, a capital increase of 1,000,000 new shares took place. The price per share was EUR 5.00. The incremental transaction costs in the amount of EUR 0.6 million directly attributable to the equity transaction were accounted for as an equity deduction.

Non-current liabilities

Non-current liabilities represented loans due to Mr Chong Wing Chi (a major shareholder of the Group) in the sum of kEUR 77 as at 31 December 2011, the amount becomes nil as at 31 December 2012. The amounts were unsecured and non-interest bearing.

Current liabilities

Liabilities from deliveries and services and other liabilities

Trade and other payables comprise mainly trade payables, salary and social security insurance payables, VAT payables, accrued income and other payables. Other payables comprise of amounts for taxes and accruals for normal utility expenses.

Trade and other payables increased from EUR 10.2 million as at 31 December 2011 by 37.3%, to EUR 14.0 million as at 31 December 2012. This is due to increased purchases for the production of the products.

Related party liabilities

Related parties liabilities comprise amounts due to Mr. Chong (major shareholder) in the sum of EUR 1.4 million and the amounts due to the former holding company in the sum of kEUR 724. The amounts are unsecured, interest-free and repayable on demand.

Interest bearing bank borrowings

Interest bearing bank borrowings comprise primarily bank loans and bank overdraft. Bank borrowings increased from EUR 11.1 million as at 31 December 2011 by 22.5%, to EUR 13.6 million as at 31 December 2012. This is due to increased working capital requirements.

Income tax payable

Income tax payable decreased from EUR 2.7 million as at 31 December 2011 by kEUR 870 or 31.6% to EUR 1.9 million as at 31 December 2012, which was due to the payment of tax during the year.

4. Presentation and analysis of the short financial year 22 June to 31 December 2012

The following is the presentation and analysis of the short financial year 22 June to 31 December 2012.

Results of operations

	22 June to 31 December 2012
	kEUR
Revenue	**61,254**
Cost of sales	(45,154)
Gross profit	**16,100**
Other income	869
Selling and distribution expenses	(4,301)
Administrative expenses	(4,343)
Finance income	33
Finance costs	(640)
Profit before income tax	**7,718**
Income Tax	(2,725)
Net profit	**4,993**
Currency translation reserve movement	(1,958)
Total Comprehensive Income	**3,035**
Earnings per share	0.44
Number of share (in thousands)	11,225

For the interim period from 22 June 2012 to 31 December 2012, the Group achieved revenues of EUR 61.3 million and a net profit of 5.0 million. Results of operations for the period 22 June 2012 to 31 December 2012 are not representative of the whole year, especially as it represents only results of a half year and various expenses were incurred after successful listing in July 2012 such as promotion expenses and display shelves and renovation expenses.

Selling and distribution expenses in the short financial year 22 June to 31 December 2012 were EUR 4.3 million. These were mainly incurred for advertisement and promotion of FAST brand products, as well as for decoration and promotion materials for distributor retail stores.

Administrative expenses in the short financial year 22 June to 31 December 2012 of EUR 4.3 million include mainly costs of EUR 1,6 million related to the issue of existing shares as well as various administrative taxes amounting to EUR 0.9 million, payroll costs of EUR 0.4 million and research and development costs of 0.3 million and loss on the disposal of property plant and equipment of 0.3 million.

The income tax charge of EUR 2.7 million or 35.3% of profit before income tax of EUR 7,7 million is higher than the 25% tax rate applying to the PRC operating companies. This is because consolidated profit before tax has been impacted negatively by losses in the German AG, the Hong Kong intermediate subsidiaries and in one minor PRC subsidiary. The Group has not recognised any deferred tax assets in respect of these losses as in particular with regards to FAST Casualwear AG, as the Group does not consider the loss making entity will generate sufficient profits before tax going forward to allow an offset. If deferred tax assets had been recognised, this would have led to a fall in the absolute level of the tax charge and a corresponding reduction of the effective tax rate.

Business performance by segment

The following table shows the development of the segments for the period 22 June to 31 December 2012.

	FAST brands		**Others**	
	Shoes	**Casual wear**	**OEM**	**Total**
	kEUR	**kEUR**	**kEUR**	**kEUR**
Revenue				
External customers	35,306	11,840	14,108	61,254
Total revenue	35,306	11,840	14,108	61,254

In the period 22 June to 31 December 2012, 57.6% of the Group's total revenues were attributable to sales of shoes and sales of casualwear, and 23.1% of total revenues were attributable to sales of OEM/ODM. For more details on segmental reporting please refer to note 4 to the consolidated financial statements.

Financial position

Due to various accounting errors the previously published opening statement of financial position at 22 June 2012 had to be restated. We refer to note 3.1.2 of the consolidated financial statements.

The major changes of non-current assets represented the acquisition of plant and machinery for production of FAST branded footwear and apparel and deposit paid in search for location for the new plant in the future.

The major changes in current assets are due to a reduction in inventories from EUR 16.1 million at 22 June 2012 to EUR 1.1 million at 31 December 2012 as a result of production levels being higher mid-year. Trade and other receivable increased from EUR 43.8 million at 22 June 2012 to 51.5 million at 31 December 2012. This was due to a higher level of notes receivable of EUR 6.2 million compared to EUR nil at 22 June 2012 and of advances to suppliers of EUR 10.9 million compared to EUR 8.7 million at 22 June 2012. The Group was also owed the proceeds from the disposal of the fixed assets on the winding down of one insignificant PRC subsidiary of EUR 0.5 million.

The major changes in equity during the period from 22 June to 31 December 2012 are the increase in share capital of EUR 1.3 million, the creation of a capital reserve and the net profit for the period.

The major change of current liabilities represented the decrease in trade and other payables and the decrease in short term bank borrowings due to a lower level of inventories and a higher level of advances to suppliers. Due to tax payments during the short financial year, the level of the income tax payable reduced from EUR 4.4 million at 22 June 2012 to EUR 1.9 million at 31 December 2012.

Cash flow and capital resources

The following table presents a summary of the cash flow data of the Group for the period 22 June to 31 December 2012.

	22 June to 31 December 2012 kEUR
Cash flows/(outflows) from operating activities	11,839
Cash flows/(outflows) from investing activities	(12,739)
Cash flows/(outflows) from financing activities	(572)
Cash and cash equivalents at the end of the period	131

In the period 22 June to 31 December 2012, the profit before tax of EUR 7.7 million and the cash inflow from the decrease in inventory of EUR 14.9 million offset by the cash outflow from the increase of trade receivables of EUR 4.6 million and tax paid of EUR 5.1 million were the main factors behind the net cash inflows from operating activities of EUR 11.8 million.

Net cash used in investing activities increased to EUR 12.7 million, which was mainly attributable to acquisition of plant and equipment for production of FAST branded footwear and the deposit paid for the application for land use rights in connection with the planned factory.

Net cash used in financing activities was kEUR 572, despite the cash inflow of EUR 5.7 million from the IPO. The increase in restricted cash, the decrease in short term bank loans (net) and the cash outflow from costs of issuing new shares of EUR 0.6 million impacted to reduce the net cash flow from financing activities.

Besides internal funding, the Group may consider equity financing in the long run as a financial measure to strengthen Group liquidity.

Summary on the Group’s business and operating development

Sales growth in FAST owned brand is the major driver of the revenue and profit of the whole Group in the short financial year 22 June to 31 December 2012. Sales in casual footwear and apparels altogether accelerated while revenue from OEM developed at a slower rate. The cessation of the trading business in 2012 will drive the Group to focus its resources to develop its own brand FAST in China. Overall in the said short period, the gross profit margin of both casual footwear and apparels segments increased to 32.0% (2011: 28.4%) and 31.8% (2011: 28.7%) respectively. The gross profit margin of the OEM/ODM segment was affected by the global economic situation and fell to 7.2% (2011: 9.3%).

5. Other factors that impacted on results

Research and development

The Group believes that design is of key importance to maintain its competitive advantages. All of FAST's own brand products are designed by its in-house design and product development team. As at 31 December 2012, the Group's design and product development team comprised 64 members.

In 2012 ("as if") the Group introduced to the market approx. 500 new footwear styles and approx. 240 new apparel styles. The Group has also designed around 200 styles of casual shoes for its ODM business, which are marketed to Europe and the United States.

The Group's design and product development team identifies new fashion trends by visiting major fashion centers, fashion shows and exhibitions as well as by drawing inspiration from magazines and other media. The Group interprets contemporary ideas for styles, fabrics and colors into customized products and designs to meet the lifestyle needs of its Chinese customers. The Group also works closely with its suppliers and distributors on product development and design. It collaborates with its suppliers to develop varying uses of materials and fabrics in its products. In addition, the Group involves its distributors in the product selection process to take advantage of their market intelligence, which helps ensure that the Group adapts to the constantly changing consumer trends in its local markets.

The Group's expenses relating to its design and product development activities amounted to kEUR 472 for the short financial year 22 June to 31 December and kEUR 591 for the full year of 2012 ("as if"), consisting mainly of labor costs and materials for the design team. The Group has recently worked with the material research centre of Huaqiao University, a renowned University in FuJian province, for the purpose of producing new materials to cope with the design and market needs for the casual footwear.

After the listing in July 2012, the Group has utilised IPO proceeds as working capital to meet the increasing sales orders, strengthened the brand image by providing consistent display shelves to distributors to upgrade the shop outlets, promoted the Group by designing and distributed promotion materials in order to raise the market awareness and brand recognition of FAST brand in China market.

Sales and distribution

Segment FAST brands

The Group sells its own brand products to unaffiliated regional distributors (including the distributors in form of department stores) on a wholesale basis. The distributors may distribute FAST's own brand products via self-operated retail stores or via retail stores operated by third parties. Our retail outlets can be divided into the following two categories: those exclusively selling products under the "FAST" brand ("Exclusive FAST Shops") and non-exclusive retail outlets.

Exclusive FAST Shops are either located in shopping malls or shopping districts in lower tier cities in the PRC, in particular Tier 2, Tier 3 and Tier 4 cities and usually have sales areas of approx. 60 to 80 sqm. They display a large selection of FAST's current own brand product series of casual shoes, apparel and accessories.

Non-exclusive retail stores offering FAST own brand products are either specialty stores, such as shoe stores, or department stores and supermarkets. Generally, the FAST's own brand products are displayed in designated areas within the store, which are marked with the FAST logo.

Since the launch of the FAST own brand products in 2007, FAST's distribution network has expanded rapidly, providing widespread geographical coverage throughout the PRC. In 2012, we have added 114 retail sales point in the distribution network to cater for the demand of the sales of FAST products.

As at 31 December 2012, the Group had 25 regional distributors, who operated or subcontracted the operation of 872 retail outlets, respectively, in over 100 cities throughout China. 12 out of the regional distributors are department stores, which sell the products of FAST in their respective department store as sole point of sale. As at 2012, more than 140 of the retail outlets exclusively sell products under the FAST brand.

Segment OEM/ODM

FAST's OEM/ODM products are sold to PRC trading companies (denominated in RMB), which resell the products to international brand owners. Generally, the trading companies approach the Group based on existing long-standing relationships or word-of-mouth recommendation. Occasionally, the Group attends international footwear trade fairs and exhibitions to establish new contacts or intensify existing contacts with international brand owners and trading companies.

In 2012, the gross profit margin of OEM/ODM business dropped to 6.4% from 8.7% (2012) due to the economic downturn worldwide. The Group will keep customers that can bring relatively higher profit margin in medium term.

Production, quality control and sourcing

During the year the Group operates three shoe production facilities in Huzhong Industrial Park, Chendai Town, Jinjiang City, Fujian Province, which is one of the largest footwear manufacturing hubs in the PRC. Two facilities with a total area of 40,967 sqm are owned by the Group whereas the third facility with an area of 16,537 sqm was rented from an unrelated party. The rental agreement for the third facilities was terminated at the end of 2012 as the leased premises were no long required.

In order to better utilise the existing resources, regarding the third facility rented from an unrelated party, the Group is considering shifting and re-allocating the resources and workers to work on our owned facility by end of 2012 gradually.

In 2012, the production facilities operated by the Group comprised 14 production lines. The major part of the shoe production process is in-house production. However, to a certain extent, the shoes are fully or partly produced by independent contract manufactures. The production of the apparel and accessories is fully outsourced. Looking forward, the Group will continuously to do research for a new production facility in order to expand the production capacity to meet the demand for its products.

Quality control

The Group believes that quality is one of the key factors to its success, and wishes to gain market share and brand recognition by providing quality products.

As at 31 December 2012, the Group’s quality control department consisted of 41 employees. The quality control team monitors each stage of the production process, from raw material testing to finished goods inspecting. The Group’s customers also frequently visit its production facilities to ensure that the quality check procedures meet their requirements.

Sourcing

The Group continues to work with various suppliers of raw materials either in Jinjiang regions or other provinces in China to ensure timely delivery of raw materials for its manufacturing operation.

6. Employees

As of 31 December 2012, the Group had 986 employees (31 December 2011 “as if”: 1,138).

The following table shows a breakdown of the Group’s employees by function as of 31 December 2012 and 31 December 2011(“as if”), respectively:

	31 December 2012	**31 December 2011 (“as if”)**
Management and administration	49	54
Sales	107	113
Production	725	863
Research & Development	64	73
Quality control	41	35
Total	**986**	**1,138**

In 2012, the Group continued to control the personnel costs during the rapid growth of business. The labour costs for production could be maintained at approximately 2.7% to the total revenue. For further information please also see chapter Cost of sales in this report.

Development of employees

The decrease of the total number of workers results from the decrease of workers in the OEM/ODM section at the end of period. This was due to the Group giving priority to those OEM customers with relatively higher profit margin in OEM/ODM business, and run off the OEM business of a PRC subsidiary, namely Yiliyi, in order to focus on its self-brand business and employ talented staff to develop and work with the Group.

7. Remuneration system

The remuneration report describes the remuneration paid to the members of the Management Board and the Supervisory Board. It takes into account the recommendations of the German Corporate Governance Code and the commercial law requirements.

In the short 2012 fiscal year, the members of the Management Board of FAST Casualwear AG did neither receive fixed nor variable remuneration for their role as Management Board members. All remuneration received by them was paid by the Hong Kong and Chinese subsidiary for their work at these companies.

Total remuneration of the Management Board for their work at the subsidiaries in the short financial year 2012 was granted as follows:

	in kEUR
Mr CHONG Wing Chi	30
Mr. ZHANG Wenya	11
Mr. TAM Parkco	188
Total	**229**

Out of the above kEUR 188 for Mr. TAM Parkco around kEUR 140 is for additional work performed by Mr. TAM Parkco with regard to the successful initial public offering of the Company in 2012, that Mr TAM Parkco is entitled to receive as a premium from Wah Lei Group International Company Limited (HK). kEUR 70 out of the kEUR 140 have already been paid out.

In addition to the respective cash remuneration, Mr. TAM Parkco is entitled to the reimbursement of mobile phone charges, which mainly are incurred for business purposes. Mr ZHANG Wenya is entitled to live in a staff quarter next to the factory owned by one of the Chinese subsidiaries of FAST Casualwear AG. The value of this benefit should be approximately EUR 400.00 per month.

According to Section 14 of the Article of Association each member of the Supervisory Board receives the compensation, which is determined by the General Shareholders' Meeting. If a member of the Supervisory Board does not serve the entire year, compensation will be paid on a pro-rata basis. The ordinary annual general shareholders' meeting 2013 will determine the pro-rata compensation for the members of the first Supervisory Board in 2012. Compensation of supervisory board is due seven days after Annual General Meeting. The Supervisory Board members are reimbursed for the expenses incurred in performing the duties of its office.

Total remuneration of the Supervisory Board for the year is determined as follows:

	in kEUR
Dr. Stefan Söhn	40.0
Mr. SHUM Shing-kei	8.3
Mr. YU Chao	6.2
Total	**54.5**

Pro rata for the short financial year 22 June to 31 December 2012, the remuneration of the Supervisory Board Members amounts to kEUR 27.

8. Disclosures in accordance with Sec. 315 Para. 4 HGB and narrative explanations
Other information (pursuant to Section 315 (4) of the HGB [Handelsgesetzbuch, German Commercial Code])

1. Composition of subscribed capital

As of 31 December 2012, the share capital of FAST Casualwear AG was EUR 11,320,000.00 and was divided into 11,320,000 no par value bearer shares, each share representing EUR 1.00 of the share capital. All shares have the same voting and dividend rights.

2. Interests in share capital that exceed 10% of the voting rights

FAST Casualwear AG has currently been notified about the following interests in share capital that exceed 10% of the voting rights:

Mr. CHONG Wing Chi holds an interest in the company’s share capital in the amount of 58 percent.

3. Restrictions regarding voting rights or the transfer of shares

Restrictions on the voting rights of shares are stipulated in statutory provisions (Sections 71b and 136 of the AktG). Besides that, the Management Board is not aware of any restrictions on the exercise of voting rights.

Mr. CHONG Wing Chi has according to a market protection agreement undertaken, that he inter alia will not for a period of 18 months following the commencement of trading of the shares on the Frankfurt Stock Exchange transfer any shares of FAST Casualwear AG. Further information regarding the market protection agreement is available in the prospectus dated 28 June 2012 on the page 85 ff.

Ms. CHONG Ping Yu, Ms. CHONG Ping La, Mr. CHING Shu Cheung, Silver Stone Advisors LLC and Silver Rock Capital Ltd. have according to a market protection agreement respectively undertaken, that each of them inter alia will not for a period of 6 months following the commencement of trading of the shares on the Frankfurt Stock Exchange transfer any shares of FAST Casualwear AG. Further information regarding the market protection agreement is available in the prospectus dated 28 June 2012 on pages 85 ff.

The Management Board is not aware of any further restrictions on the transfer of shares.

4. The appointment and dismissal of members of the management board and the amendment of the articles of association

According to sec. 7 para. 1 of the Articles of Association, the Management Board consists of one or more members, which will be appointed and dismissed pursuant to the legal provisions (sec. 84 and 85 AktG). The Supervisory Board is solely responsible for the appointment and dismissal. The Supervisory Board decides on the number of members and appoints the members for no longer than five years. A repeated appointment or a term extension for no longer than five years, respectively, is allowed.

The articles of Association be can amended by resolution of the General Shareholders’ Meeting. According to sec. 181 para. 3 AktG, amendments will be effective upon registration into the commercial register. The General Shareholders' Meeting decides on amendments pursuant to sec. 179 para. 2 AktG in conjunction with sec. 18 para. 2 of the Articles of Association by a simple majority of the share capital represented at the meeting, unless mandatory provisions of the AktG require a greater majority. In accordance with sec. 10 para 2 of the Articles of Association, the Supervisory Board is authorized to make amendments to the Articles of Association which relate solely to their wording.

5. Authority of the management board to issue or repurchase shares

FAST Casualwear AG has according to sec. 5 para. 1 of the Articles of Association currently an authorized capital of EUR 5,000,000.00. Contingent capital is not provided in the Articles of Association. The company also does not have an authorization to acquire its own shares. Pursuant to the authorized capital, the Management Board is authorized, until 10 June 2017, to increase the share capital of the Company with the approval of the Supervisory Board up to EUR 5,000,000.00 by one or more issues of a total of up to 5,000,000 shares. Ordinary shares and / or preference shares may be issued.

The shareholders have the statutory subscription right. However the subscription right can be excluded in the following cases: for fractional amounts, for capital increases against contributions in kind for the issuance of shares for the acquisition of or merger with companies or parts of companies or the acquisition of shareholdings in companies, for capital increases against cash contributions of no more than 10% of the share capital or to issue shares to employees and directors of the Company or an affiliate in connection with employee stock ownership plans.

6. Change of control

Only legal provisions and the Articles of Association including the provisions of the German Securities Acquisition and Takeover Act (WpÜG) apply for any public offer to acquire shares of the company. The General Shareholders' Meeting has not authorized the Management Board to undertake actions within its sphere of competence to prevent the success of potential takeover bids.

The Company has not agreed with the members of the Management Board any compensation payments in case of a takeover bid.

9. Opportunity and risk report

Risk Report

Internal risk management system

The Group has started to implement a risk management and detection system. The logic is to identify risks, evaluate the impact, and reduce them with appropriate actions. Risks are defined as internal and external that can impact to the operation of the Group. The identification of risks is on-going for the management of each field of responsibility. The ways to identify risks are from analysis of market situation and through collaboration and discussion with customers, distributors, suppliers. Information will be digested and evaluated as to the level of impact to the Group, whether the possibilities of occurrence are likely or unlikely and the extent of any potential loss. Yet, it is reasonable to expect that no absolute guarantee can be given that all uncertainties and risks will be detected. The Group aims to mitigate risks as far as possible.

By the end of 2012, the Group has defined major rules as guidelines for a systematic and effective risk management. The Group has defined the catalogue of risks it is exposed to and wishes to monitor, evaluated them and designated the persons responsible for risk management.

Each Group department has a line of reporting and responsibility. The purpose is to ensure preventive measures can be made, and any potential risks can be reported and handled, and more importantly, risks can be identified by risk manager and risk management officer as soon as practicable.

The characteristics of the internal control and risk management system can ensure the financial reporting system operates to the extent that the data are recorded, processed, and validated correctly, and the transactions are recorded and processed, and documented efficiently and in compliance with relevant rules and regulations.

Overall speaking, risk management has been structured to the extent that should material risks are identified, the supervisory board will be informed on a timely basis by the Management Board. It is anticipated that when transactions are evaluated of particular important, it will be approved by management board, and in special circumstances, by supervisory board as well.

Description of the Key Features of the Internal Control and Risk Management System with regard to the Group Accounting Process (Sec. 315 Para. 2 No. 5 of the German Commercial Code – HGB)

The Group has an internal control system in place. In addition, the Group is in the process of establishing a risk management system under which appropriate structures and processes for (Group) accounting and financial reporting are to be defined and implemented throughout the organization. This system is to be designed to guarantee timely, uniform and accurate accounting for all business processes and transactions. It is to ensure compliance with statutory regulations, accounting and financial reporting standards, binding upon all the companies included in the consolidated financial statements. The relevance and consequences for the consolidated financial statements of any amendments to laws, accounting or financial reporting standards or other pronouncements are to be continually analyzed.

Apart from defined control mechanisms such as system-based and manual reconciliation processes, the fundamental principles of the internal control system include the separation of functions and compliance with directives and operating procedures. The accounting and financial reporting process for the Group is managed by the Accounting Department of the Group and an external German service provider supporting the IFRS-based financial reporting.

The Group companies prepare their financial statements locally and report them using Excel based schedules and reporting packages standardized throughout the Group. The Group companies are responsible for their compliance with the procedures applicable throughout the Group and for the proper and timely operation of their accounting-related processes and systems. The employees involved in the accounting and financial reporting process receive regular on the job training, and the Group companies are supported by an external service provider. As part of the process, measures are implemented that are designed to ensure the regulatory compliance of the consolidated financial statements. These measures serve to identify and evaluate risks, and to limit and monitor any risks that may be identified.

The consolidated financial statements are prepared by a German external service provider centrally on the basis of the data supplied by the included subsidiaries. The consolidation, certain reconciliation operations to Group policies and monitoring of the related time schedules and procedures are performed by the accounting department of the Group and a German external service provider. System-based controls are monitored by personnel and supplemented by manual inspection. At least one additional check by a second person is carried out at every level. Defined approval procedures must be observed at all stages in the accounting process.

Risk and opportunity management

In the on-going process to pursue the business goals and mission of the Group, risks are identified with opportunities. The risk management system being established is expected to ensure we can recognize risks in association with the opportunities identified. Business environment, and business activities are changing from time to time, the Group is paying attention to the relevant changes, the related opportunities and risks arising from the changes.

The Group is mainly competing with casualwear market industry players in China. Our strategies are to introduce high quality products to suit the customers' need, and extend our market coverage from province to province, reinforce our brand image etc. Our research and development team is working closely with sales department and distributors to introduce new products to the market; our operating team is working with a view to introducing more capable distributors that is to avoid the risks on relying too much on single product, or a single distributor.

Product and business risks

The Group is subject to products risk and competitive business risk. The Group operates in a highly competitive casualwear industry. Numerous domestic and international brands compete with each other based on, amongst other things, brand image, product variety, product design, product quality and price. The Group is well aware of the competition among industry players and therefore is dedicated to have a strong design team to produce marketable product to the customers. Sales teams are also working closely with the front-line distributors who have first hand information on the market trends. During the normal visit to the distributors and the exhibitions with distributors and retailers, the Group can capture the first hand market information in order to catch the pulse of the market and produce commercially viable products to response consumer preferences.

Brand development and domestic distribution network

The Group believes that the development of the FAST brand is and will be one of the key competitive criteria for the further expansion in China, and therefore intends to continue making substantial marketing investments to promote and increase awareness of the brand in the Chinese market and to position ourselves as a producer of high-quality and design Casualwear. However, as the Group is still in the process of establishing its own brand in the Chinese market, and is thus particularly vulnerable to external events and factors which could adversely affect the reputation with Chinese consumers, there can be no assurance that the Group will be successful in establishing the "FAST" brand as a brand recognized for high-quality Casualwear products in the Chinese market. Any failure to maintain and develop our own brand could have a material adverse effect on business, the financial condition and results of operations. At the same time, when achieving the intended brand reputation, the Group expects the "FAST" brand to be one of the key factors for success which will enable the Group to accomplish its goals with respect to business, the financial condition and results of operations.

The distribution network in China consists of retail stores managed or controlled by regional distributors, which have been granted exclusive rights to sell "FAST" branded products in specific regions of China under distribution agreements that the Group has entered into with these distributors. As the Group does not have direct control over the management of these retail stores, the Group depends on the cooperation of its distributors. Such distribution agreements could adversely affect business if such retail stores selling the "FAST" brand products are managed ineffectively or inappropriately. The Group depends on finding new distributors which are of good standing and reputation to operate this network of retail store. There can be no assurance that the Group will be able to upgrade as many retail stores successfully as it intends, or keep the number of opened stores at the current level, or that demand for its products will grow sufficiently to justify the opening or upgrading of these retail store from an economic perspective. Therefore, the occurrence of any of these risks could have a material adverse effect on business, the financial condition and results of operations.

Price changes in raw materials

The profitability of the Group's business is affected by changes in costs of raw materials, The cost of raw materials accounted for approximately 86% of the Group's total costs of goods sold for the financial year 2012 ("as if"). Raw materials include in particular rubber, thermoplastic elastomer ("TPE") and ethylene vinyl acetate ("EVA") for the soles, synthetic and natural leather, fabric and cloth for the uppers as well as cotton and terylene for the outsourced production of the apparel. As the Group does not have any long term arrangements with its suppliers for such key raw materials, there is no assurance that the Group will be able to obtain, or continue to obtain, quality raw materials at competitive prices. The continuous and timely supply of quality raw materials is, however, the basis for quality products. Market prices of such raw materials may fluctuate due to changes in the level of global demand and supply, in particular fluctuations in crude oil prices affect the pricing of raw materials, including synthetic leather. Any substantial increase in the prices of these raw materials is likely to have a material adverse impact on the Group's production costs. In the event of any significant increase in the costs of such materials and should the Group be unable to pass on such costs to its customers or do so on a timely basis, The Group's business and its net assets, financial condition and results of operations may be materially and adversely affected.

In order to minimize the risks associated with these price changes, the Group fixes raw material prices in supply contracts to avoid the impact of raw material price fluctuations to some degree. The corresponding adjustment procedure will be set forth in the contract. Furthermore, the Group diverts raw material risks by increasing product prices and tries to reduce the risk by increasing productivity and inventory management in order to increase inventory turnover. However, the Group has not used any hedging arrangements to minimize price fluctuations in its raw materials costs so far. But, the Group might, under necessary circumstances, take such measures as hedging and forward transaction to respond to future fluctuations.

Environmental, health and safety risks

The Group's business operation in the PRC is subject to environmental laws and regulations applicable in the PRC. These laws and regulations require enterprises engaged in the manufacturing that may cause environmental wastes to adopt effective measures to control and properly dispose of industrial wastes. As part of the manufacturing process, hazardous materials such as glue are used and industrial waste is produced, e.g. waste water, rubber leftovers etc., which has to be disposed of properly. If failure to comply with environmental laws or regulations results in pollution, the administrative department for environmental protection can levy material fines. Moreover, the PRC governmental authorities have the discretion to cease or close down any operation if the failure to comply with such laws and regulations is serious. There can also be no assurance that the PRC government will not change the existing laws and regulations or impose additional or stricter laws and regulations. Compliance with any of these additional or stricter laws or regulations may cause the Group to incur additional capital expenditure, which the Group may be unable to pass over to the customer through higher prices for the Group's products. This could have a material adverse effect on the Group's business and its net assets, financial condition and results of operations

Insufficient financing capabilities

In order to finance our growth strategy, the Group may have to raise additional capital in the future through debt or equity offerings. The Group cannot be certain that suitable financing will be available in the required amounts or on acceptable terms. If additional debt is incurred, this would result in debt service obligations which could have a negative impact on profitability and could expose the Group to general adverse economic and industry conditions. In addition, the terms of any financing agreement could limit the ability to pay dividends or restrict the Group's flexibility in planning for, or reacting to, changes in its business or industry.

Group subsidiaries in China are also subject to foreign exchange registration and approval if they intend to borrow funds from entities outside of China. In addition, Group subsidiaries in China need to obtain approval or registration from Chinese government agencies if they intend to secure financing through equity contributions. In the event that the Group cannot obtain necessary financing on reasonable terms, or at all, the Company may be forced to scale back plans for future business expansion.

Finally, Group subsidiaries in China are subject to certain restrictions on the amount of foreign debt they can borrow. In utilizing financial instruments issued by FAST Casualwear AG and the Group intermediate holding entities in Hong Kong, can make loans or additional capital contributions to Group PRC subsidiaries which qualify as a so-called foreign invested enterprise ("FIE") under PRC law. Any loans by an offshore parent company to a FIE established by it are subject to approvals and/or registration requirements and must be within the margin between the FIE's total investment amount and registered capital. Further, loans to FIEs have to be registered with SAFE or its local Chinese counterpart. In addition, if the Group finances its operating entities in China through additional capital contributions to PRC subsidiaries, the amount of these capital contributions must be approved by, and registered with, the relevant Chinese government authorities. If the Group were to fail to receive such registrations or approvals, the ability to use the proceeds of financial instruments issued by FAST Casualwear AG or Hong Kong intermediate holding entities and the ability to fund and expand the operational business in China could be adversely affected, which could have material adverse effects on the business, financial condition and results of operations of the Group.

Personnel and management team risks

The Group is subject to personnel risk and management team risks. The Group's business depends substantially on the continuing efforts of its management and other key personnel. The Group's future success heavily depends upon the continued services of its management and other key employees. CEO, COO and other department heads have vast experience in the casualwear industry. The Group understands that the key personnel will continue their employment with the Group due to the prosperous developments of the Group. The Group will continue review the remuneration package and career development path for its employees so as to retain the talents to grow with the Group as a whole.

Insurance coverage risks

The Group is subject to insurance coverage risk. The Group has taken out property insurance covering basic risks for its business premises. However, the Group may become subject to liabilities for events that cannot be insured against, e.g. natural disasters, riots, general strikes, acts of terrorism or against which it may elect not to be so insured. A lack of insurance coverage may expose the Group to substantial financial risks for which it may not be adequately compensated. When this happens, it could have a material and adverse effect on the Group's business and its net assets, financial condition and results of operations.

Fluctuation in the supply of workers

The high fluctuation and shortage of the production workforce in China may affect the efficiency of the manufacturing process. The production workforce of the Group consists of local workers as well as workers from other parts of the PRC. The Group has historically been exposed to high fluctuation rates, in particular since migration workers may return to their hometowns. The Group intends to build new production facilities outside the centre part of Jinjiang believing that since many shoe manufacturers are located in Jinjiang the Group will not face such problems with labor shortage for its shoe production outside Jinjiang due to less competition. However, it cannot be guaranteed that the Group will be able to attract more employees or temporary workers and that the relocation of part of its production will result in a higher utilization rate and profitability of the business. In addition, any significant fluctuation in its workforce or further increase in the outsourcing of its production in the future may affect the efficiency of the manufacturing process and the quality of the Group's products. This could have material and adverse effects on the Group's business and its net assets, financial condition and results of operation.

Economic risks

Fluctuations in consumer spending caused by changes in macroeconomic conditions in the PRC may significantly affect the Group's prospect. The Group sells its own brand products only in the PRC. The success of the business of the Group depends on the condition and growth of the PRC consumer market, which, in turn, depends on worldwide economic conditions and individual income levels in the PRC and their impact on levels of consumer spending, which have recently deteriorated significantly in many countries and regions and may remain depressed for the near future. There are many factors affecting the level of consumer spending, including but not limited to interest rates, currency exchange rates, recession, inflation, deflation, political uncertainty, taxation, stock market performance, unemployment level and general consumer confidence. There can be no assurance that historical growth rates of the PRC economy will continue or that projected growth rates of the PRC economy and the PRC consumer market will be realized. Any future slowdowns or declines in the PRC economy or consumer spending may materially and adversely affect the Group's business and its net assets, financial condition and results of operations. Having said that, the Group foresees that the economy of China will continue to grow according to the recent trend of GDP and increased disposable income.

Foreign exchange rate, interest rate fluctuation and credit tightening

The Consolidated Financial Statements of the Group were prepared in EUR, while its functional currency is RMB, which is currently not a freely convertible currency. A devaluation of the RMB versus the EUR would therefore have an adverse currency translation effect on the Group's Consolidated Financial Statements. As the value of the RMB is controlled by PRC authorities, it is also possible that foreign exchange policies of the PRC government could have a significant impact on currency exchange rates. Therefore, fluctuations in currency exchange rates could have material adverse effects on the business, financial condition and results of operations.

Today the Group relies on loans taken from banks located in the PRC. The ongoing growth of the Group will not allow it to significantly reduce this reliance within the near future. The Group will therefore be exposed to changes in market interest rates through the bank borrowings being renewed at interest rates different to those currently in place. In addition, those banks located in the PRC are subject to the PRC rules and regulations applicable to such financial institutions. The introduction of changes or new rules and regulations might reduce the total volume of loans offered by those banks to its customers in China leading to a tightened loan market. Therefore, a tightened Chinese loan market and/or fluctuations in interest rates could have material adverse effects on the business, financial condition and finance results. However, the exposure to interest rates for the Group's funds deposited with banks is considered as being immaterial.

Beside these direct effects on the Group, the general credit tightening in China may affect suppliers and also customers in China. With respect to Group suppliers, this could lead to an increased need for working capital within the Group and also possible supply disruption caused by suppliers with insufficient capital to support their own activities. For its Chinese customers, this could lead to extended debtor days, increasing bad debt provisions and therefore additional refinancing needs for the Group. The same issue, however, would also affect the Group's competitors on the Chinese market, which may lead to less liquid competitors being forced into bankruptcy or becoming target of acquisition or consolidation. The Group believes that this may have beneficial consequences, and allow it, due to its superior financial structure, to take additional market share in the market as a whole.

Management assessment of overall risks and opportunities

The major risks encountered are related to the development of products, the maintenance of high calibre and experienced personnel, together with the workers for the production of the products. The Group is not aware of particular risk that is industry related, or any existing risks that have adversely material impact to the Group on net assets, financial position and results.

Assessment of overall risk situation

The overall risk is assessed in conjunction with the planning, management and control systems used. The main potential risks to the future development of the Group are posed in particular by risks arising from development of products and production capacity and price changes in raw materials. Taking into account all the circumstances of which the Group is aware, there is no group- or industry-specific risk that could individually or in conjunction with other risks have a lasting and material adverse influence on the net assets, financial position and results of operations of the Group. Future opportunities have not been considered in assessing the overall risk. In terms of organization, all the conditions for being able to recognize possible opportunities and risks in good time have been fulfilled.

10. Dependency report

As the controlling shareholder of FAST Casualwear AG does not pursue other material business interests outside the Group, which could potentially disadvantage FAST Casualwear AG and/or the Group, the Management Board has concluded that a Dependency Report 2012 does not need to be prepared.

11. Corporate governance statement

The declaration on corporate governance required by section 289a German Commercial Code (HGB) under the section Corporate Governance Report on page 14 of this Annual Report.

12. Developments after the end of the reporting period

There are no other significant events subsequent to 31 December 2012 to the date of this report.

13. Outlook

Industry outlook

In 2013, the Chinese economy is expected to continue to grow. However, it is generally believed that 2013 and the coming future will remain challenging for retail operators.

The continuing European debt crisis and slow economic growth among developed countries continue to seed uncertainty throughout the global economy. We believe the European sovereign debt crisis has the potential to deepen, depending on the political decisions. However, if the countries can respond effectively, it is unlikely that the world economy will fall into a recession in 2013. We believe that the world economy will still grow but at a slow pace.

In addition, the future for the Chinese leisure products industry is expected to remain very competitive in 2013 and in the near future. The Group is aware of these continued global economic challenges and we are therefore cautious in planning our business development. We believe that the China retail market is essentially driven by continuous urbanization, the general wage growth, increasing spending etc. Rising disposable income will result in increased consumer spending and that will provide positive forces to the domestic leisure product market in the short and medium terms. The past trend of the casualwear market leads us to believe that the forces of increasing demand will continue. With our clear brand positioning, we will continue to plan as to capture the market shares in view of sustainable growth of our business in casualwear market.

Future business development of FAST Casualwear Group

Looking ahead, the Group believes that the domestic footwear and apparel retail market and consumer sentiment will continue to grow in line with the development of China’s economic growth.

With our clear brand positioning, we are expanding our range of products to meet the needs of an increasingly affluent customer base.

<u>Sales network expansion</u>

The Group will continue to review its sales strategy and expand its sales network coverage over China with competent distributors. Therefore the Group will continue to work closely with its distributors on the distribution channel with a view to maintaining healthy and substantial growth of retail outlet operations. We are confident that this will be in the best interests of the Group and its distributors. FAST will tightly control the expansion of its distribution network while we hope to capture market share by expanding cautiously.

<u>Product innovation</u>

Our research team will improve the quality, functions, and comfort of our casual wear products. Consumers are aspiring towards healthier lifestyles and prefer products with distinct design, comfortable materials and a good-looking outlook that we aim at achieving the same. We are expanding our variety of products to meet the desires of different client groups.

<u>Upgrade retail outlet design</u>

In order to achieve a consistent brand image, the Group will continue to upgrade the design and interior of the retail outlets in coordination with our distributors.

Promotion and advertising activities

We see brand awareness and recognition as a crucial success factor to attract customers and maintain their loyalty. We will continuously promote and advertise the FAST brand to strengthen our brand image.

The Group is going to focus on FAST brand products, and will maintain only minimum efforts to our lower profit margin segment, OEM/ODM.

Financial outlook

The Group expects an increase of revenues for the financial year 2013 due to its strong production capabilities and the expanding distribution network. Nevertheless we see a slightly slower growth compared to 2012 due to uncertain market environment. All in all we expect a revenue growth rate in the range of 10.0% for full year 2013, measured in local currency RMB. The company assumes a continued revenue growth also for 2014 though we still need to handle various challenges including the rising income, rising material costs, etc. EBIT margin is expected to be similar to that of 2012 and will be around 20%.

Due to the expected growth, the Group expects its working capital to increase in the future. This is expected to require additional financing, however as the business is expected to be profitable, positive operating cash flows are expected.

The Group foresees that with the increasing coverage of sales outlets, the joint effort with its distributors and with the increasing popularity of FAST products, the Group will keep the momentum to drive the revenue and the profit further for 2013 and 2014.

Hamburg, 18 April 2013
FAST Casualwear AG

The Board of Management

Mr. Chi Wing CHONG Mr. Wenya Zhang Mr. Parkco Tam

Consolidated financial statements

For the short reporting period 22 June to 31 December 2012

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

Short financial year 22 June – 31 December 2012

	Notes	22 June to 31 December 2012
		kEUR
Revenue	5	61,254
Cost of sales	6	(45,154)
Gross profit		**16,100**
Other operating income	5	869
Selling and distribution expenses	7	(4,301)
Administrative expenses	8	(4,343)
Finance income	5	33
Finance costs	9	(640)
Profit before taxation	**10**	**7,718**
Income tax	25	(2,725)
Profit for the period		**4,993**
Other comprehensive income after taxation - Exchange differences on translating foreign operations		(1,958)
Total comprehensive income for the period		**3,035**
Profit for the period		4,993
Total Comprehensive income		
		3,035
Earnings per share (EUR) (basic and diluted)	26	0.44
Number of shares (in thousands)		11,225

* FAST Casualwear AG Group only came into existence when the contribution of the shares of Wah Lei Group International Company Limited and Hong Kong Rich Profit Industrial Limited into FAST Casualwear AG became legally effective with the registration of the corresponding capital increase in FAST Casualwear AG on 22 June 2012. For this reason, consolidated financial statements could not be prepared for the whole of 2012 but only for the period from the start of the Group on 22 June 2012 to 31 December 2012. There was no predecessor Group structure on the level of the Hong Kong Holding companies, which would have allowed predecessor accounting to have been applied from 1 January 2012.

Due to the fact that the Group only came into existence on 22 June 2012, as described above, only the period 22 June to 31 December 2012 is shown and there are no comparative figures for 2011.

Consolidated statement of financial position
as of 31 December 2012

	Notes	31December 2012	22June 2012
		kEUR	kEUR
ASSETS			
Non-Current			
Intangible assets	11	705	746
Property, plant and equipment	12	28,734	26,530
Lease prepayments on land use rights	13	5,334	5,529
Deposit for land use rights	14	7,195	-
Deferred tax assets		-	6
		41,968	**32,811**
Current			
Inventories	15	1,124	16,055
Trade and other receivables	17	51,453	43,847
Deferred IPO costs	18	-	1,140
Tax receivable		2	74
Restricted cash	19	4,486	1,988
Cash and cash equivalents	19	178	1,711
		57,243	**64,815**
Total assets		**99,211**	**97,626**
Equity and Liabilities			
Capital and reserves attributable to equity holders of the parent company			
Share capital	20	11,320	10,000
Capital reserve	20	3,690	-
Statutory reserve	20	6,420	4,513
Currency translation reserve	20	7,516	9,474
Retained earnings	20	38,661	35,575
Total equity		**67,607**	**59,562**
Liabilities			
Current			
Trade and other payables	21	13,993	15,178
Related party liabilities	22	2,105	1,510
Interest bearing bank borrowings	23	13,627	17,005
Income tax payable	25	1,879	4,371
		31,604	**38,064**
Total equity and liabilities		**99,211**	**97,626**

The comparability is affected by movements in the relative value of the functional currency (RMB) compared to the presentational currency (EUR). Due to the fact that the Group only came into existence on 22 June 2012, as described in note 2 below, the comparative period is the opening consolidated statement of financial position at 22 June 2012.

In the course of the audit of the short financial period 22 June 2012 to 31 December 2012, accounting errors were discovered in the opening consolidated statement of financial position at 22 June 2012 which had previously been published in the condensed interim consolidated financial statements of the Group for the interim periods 22 June to 30 June 2012 and 22 June to 30 September 2012. Consequently the opening consolidated statement of financial position at 22 June 2012 has been amended. We refer to note 3.1.2 for more details.

Consolidated statement of changes in shareholders' equity
as of 31 December 2012

	Share capital	Capital reserve	Statutory reserve	Currency translation reserve	Retained earnings	Total equity
	kEUR	**kEUR**	**kEUR**	**kEUR**	**kEUR**	**kEUR**
See Note 20 for further details.						
Balance at 22 June 2012	**10,000**	**-**	**4,513**	**9,474**	**35,575**	**59,562**
Issue of new shares	1,320	3,690	-	-	-	5,010
Comprehensive income for the period	-	-	-	(1,958)	4,993	3,035
Transfer to Statutory reserve	-	-	1,907	-	(1,907)	-
Balance at 31 December 2012	**11,320**	**3,690**	**6,420**	**7,516**	**38,661**	**67,607**

Due to the fact that the Group only came into existence on 22 June 2012, as described in note 2 below, only the period 22 June to 31 December 2012 is shown and there are no comparative figures for 2011.

Costs of the issuance of new shares in the amount of kEUR 642 have been deducted from the capital reserve of the share issuing parent company. No tax benefit was recorded against the deduction, as Management do not expect the parent company to generate sufficient taxable income to allow for the loss generated by the IPO costs to be utilized in the foreseeable future.

Consolidated statement of cash flows
22 June to 31 December 2012

	Notes	22 June to 31 December 2012
		kEUR
Cash Flows from Operating Activities		
Profit before taxation	10	7,718
Adjustments for:		
Expenses on land use rights		63
Amortization of intangible assets		23
Depreciation of property, plant and equipment	12	1,393
Loss on disposal of property, plant and equipment		301
Finance costs		640
Finance income		(33)
Exchange translation difference		(65)
Operating profit before working capital changes		**10,040**
Decrease/(increase) in inventories		14,894
(Increase)/decrease in trade and other receivables		(4,569)
(Decrease)/increase in trade and other payables		(863)
Decrease/(increase) in Advances to third parties		447
(Increase)/decrease in Advances to distributors		(623)
(Increase)/ decrease in Advances to suppliers		(2,452)
Cash generated from operating activities		16,874
Interest received		33
Income tax paid		(5,068)
Net cash generated from operating activities		**11,839**
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	12	(5,159)
Deposit for Acquisition of land		(7,369)
Exchange translation difference*		(211)
Net cash used in investing activities		**(12,739)**
Cash Flows from Financing Activities		
Bank borrowings obtained		10,917
Bank loans repaid		(13,897)
Interest paid		(640)
Advances to related parties		646
Issue of shares		5,652
Costs of the issue of shares		(642)
Increase in restricted cash		(2,608)
Net cash used in financing activities		**(572)**
Net decrease in cash and cash equivalents		(1,472)
Cash and cash equivalents at beginning of year		1,606
Exchange difference translation		(3)
Cash and cash equivalents at end of the period	**19**	**131**

Due to the fact that the Group only came into existence on 22 June 2012, as described in note 1 below, only the period 22 June to 31 December 2012 is shown and there are no comparative figures for 2011.* The exchange loss on investments occurred on a capital increase made by the parent company in a Hong Kong subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the reporting period ended 31 December 2012

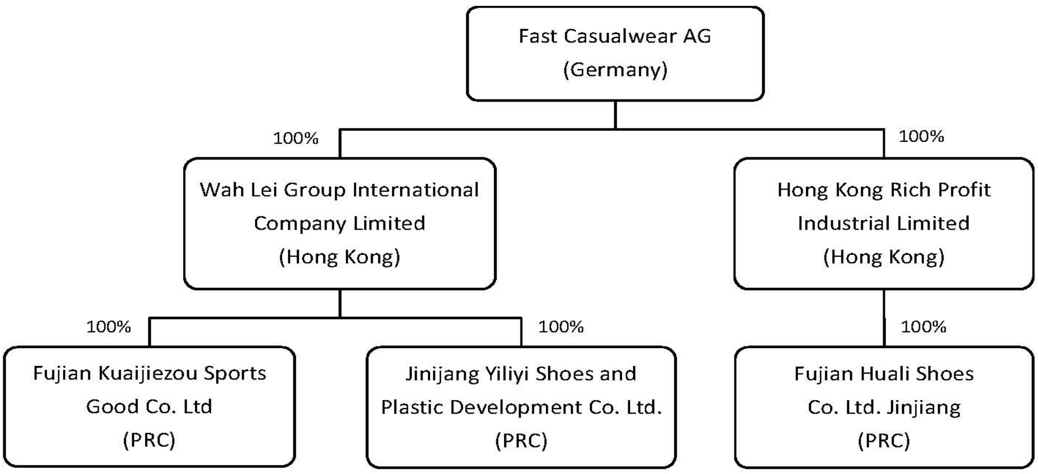
1. Nature of operations

FAST Casualwear AG and its subsidiaries (the "Group") design, produce and sell leisure footwear and fashion apparel, targeting young customers with an age between 16 and 35 primarily in second-tier and third-tier cities in the People's Republic of China ("PRC").

The Group is principally engaged in the design, manufacture and sale of shoes, shoes materials, sports apparels headgear and bags. The Group's shoes materials are sold mainly to the PRC manufacturers of footwear which utilize the Group's shoes materials in the production of footwear products. The Group's shoes, sports apparels headgear and bags are sold mainly to the PRC distributors.

The Group's operating facilities are based in Jinjiang City, Fujian Province, PRC. The Group has established a distribution network in China and distribute under its own brand through distributors who sell the products via retail outlets operated by themselves or third parties. In addition, the Group also designs and manufactures sports and leisure footwear for customers' brands on an Original Equipment Manufacturer ("OEM") or Original Design Manufacturer ("ODM") basis.

The current structure of the Group is as follows:



2. General information and statement of compliance with IFRS

FAST Casualwear AG ("The Company") is the Group's legal parent company. This company is a publicly traded German limited liability stock corporation, which is domiciled in Germany. The address of the company's registered office is c/o Kirchhoff Consult AG, Herrengraben 1, 20459 Hamburg, Germany. The company's shares are traded in the Prime Standard, a special segment of the regulated market of the Frankfurt Stock Exchange. The first day of trading of the company's shares occurred on 9 July 2012.

The Group has its significant business operations including all the manufacturing operations in the PRC, held via 2 Hong Kong registered holding companies, Wah Lei Group International Company Limited and Hong Kong Rich Profit Industrial Limited.

The Group came into existence when the contribution of the shares of Wah Lei Group International Company Limited and Hong Kong Rich Profit Industrial Limited into FAST Casualwear AG became legally effective with the registration of the corresponding capital increase in FAST Casualwear AG on 22 June 2012. For this reason, consolidated financial statements could not be prepared for the whole of 2012 but only for the period from the start of the Group on 22 June 2012 to 31 December 2012. There was no predecessor group structure on the level of the Hong Kong Holding companies, which would have allowed predecessor accounting to have been applied from 1 January 2012.

The financial year of the Group is a calendar year; however this first reporting period of the Group represents a short financial year, 22 June to 31 December 2012.

The Consolidated Financial Statements for the short reporting period 22 June to 31 December 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), London, United Kingdom and the interpretations of the IFRS Interpretations Committee (IFRS IC), in so far as these have been endorsed by the European Union (EU).

These Consolidated Financial Statements are the first set of year end consolidated financial statements prepared in accordance with IFRS by the Group.

The significant accounting policies that have been applied in the preparation of these Financial Statements are summarised below. The Financial Statements are presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007).

IFRS 1, First-time Adoption of Financial Reporting Standards, has been applied in preparing these Financial Statements. The Group maintains its accounting records in Chinese Renminbi (RMB) and prepares its statutory financial statements in accordance with People's Republic of China (PRC) generally accepted accounting practice. The financial information in these financial statements is based on the statutory records without any differences between PRC accounting records and IFRS, except for the separate disclosure of land use rights as lease prepayment for land-use rights. This difference has however no effect on the net assets or on the comprehensive income of the Group.

The Consolidated Financial Statements of FAST AG Group are drawn up in Euros. Amounts are stated in thousands of Euros (EUR thousand or kEUR) except where otherwise indicated. The financial statements of the individual consolidated companies are prepared as of the closing date for the Group financial statements.

The Consolidated Financial Statements for the reporting period ended 31 December 2012 were approved and authorised for issue by the Management Board on 18 April 2013. They were approved by the Supervisory Board in its meeting of 18 April 2013.

3. Significant accounting policies

3.1 General

3.1.1 Overall consideration

The significant accounting policies and measurement bases that have been used in the preparation of these Consolidated Financial Statements are summarized below. The Group has elected to adopt IAS 1 Presentation of Financial Statements (Revised 2007) by presenting the "Statement of Comprehensive Income" in one statement.

An overview of standards, amendments and interpretations issued, but not yet effective, is given in Note 3.1.3.

3.1.2. Restatements

In the course of the audit of the short financial period 22 June 2012 to 31 December 2012, accounting errors were discovered in the opening consolidated statement of financial position at 22 June 2012 which had previously been published in the condensed interim consolidated financial statements of the Group for the interim periods 22 June to 30 June 2012 and 22 June to 30 September 2012. The opening consolidated statement of financial position has thus been corrected as follows:

	31 December 2012	22 June 2012	22 June 2012
	kEUR	kEUR	kEUR
		restated	published
Non-current assets	41,968	32,811	32,068
Current assets	57,243	64,815	70,296
Total Assets	**99,211**	**97,626**	**102,364**
Total equity	67,607	59,562	60,605
Non-current liabilities	-	-	-
Current liabilities	31,604	38,064	41,759
Total liabilities	**99,211**	**97,626**	**102,364**

The material restatements are as follows:

	Note	22 June 2012	Explanation
		kEUR	
Intangible Assets (before adjustment)		0	
Adjustment		746	1)
Intangible Assets	11	746	
Inventories (before adjustment)		16,547	
Adjustment		(492)	2)
Inventories	15	16,055	
Trade and other receivables (before adjustment)		48,836	
Adjustment		(4,989)	3)
Trade and other receivables	17	43,847	
Current liabilities (before adjustment)		41,759	
Adjustment		(3,695)	3)
Current liabilities		38,064	
Retained profits (before adjustment)		36,591	
Adjustment		(1,016)	4)
Retained profits	20	35,575	

Explanations of the restatements:

1) Intangible assets: the adjustment is due to patents in the amount of KEUR 746, not recognised in the previously published opening consolidated statement of financial position. The Group entered into an agreement for patents and received them in January 2012.
2) Inventories: the previously published opening consolidated statement of financial period included advertising flyers within inventories. The adjustment was to expense them.
3) Due to accounting errors trade and other receivables and current liabilities especially trade and other payables were overstated both by KEUR 4,989. Currrent liabilities especially trade and other payables were also understated by KEUR 1,363 due to the liability for the purchase price of the patents not having being recorded and to other under accruals.
4) Retained profits: the adjustments consists of the following additional expenses:

	Note	22 June 2012
		kEUR
Retained profits	20	
Selling and distribution expenses		
- Expensing of brochures (see inventories)	7	492
Administration expenses		
- mainly unpaid "other taxes"		411
- others		113
Total		**1,016**

3.1.3. Published but not yet applied standards, interpretations and amendments

At the time of preparation of the Group consolidated financial statements, the following standards and interpretations of the IASB as well as their changes and revisions had either not been endorsed by the European Union or were not compulsorily applicable in the 2012 financial year, and were therefore not applied by the Group:

- IFRS 9 – Financial Instruments and subsequent amendments
- IFRS 1 (Amendments) – Government Loans
- IFRS 1 –Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Improvements to IFRSs 2009-2011
- Transition Guidance – Amendments to IFRS 10, IFRS 11 and IFRS 12
- Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27
- IFRS 7 (Amendments) – Disclosures – Offsetting Financial Assets and Financial Liabilities
- IAS 32 (Amendments) – Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosures of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 1 – Presentation of Items of Other Comprehensive Income
- IAS 12 – Deferred Taxes:Recovery of Underlying Assets
- IAS 27 – Separate Financial Statements (issued 12 May 2011)
- IAS 28 – Investments in Associates and Joint Ventures (issued 12 May 2011)
- IFRIC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
- IAS 19 (Amendments) – Employee Benefits

The aforementioned IFRS are to be applied in the Consolidated Financial Statements of the Group from the 2013 financial year or later. Management does not expect the standards to have a material effect on the consolidated statement of financial position, consolidated statement of cash flows or consolidated statement of comprehensive income as a result of the first-time application of these standards, interpretations or changes to them. However IFRS 9 and IFRS 12 are expected to have a material impact on the Consolidated Financial Statements of the Group or on the disclosures in the Notes to the Consolidated Financial Statements of the Group as a result of the first-time application of these standards, interpretations or changes to them.

3.2 Summary of accounting policies

3.2.1 Basis of combination and consolidation

FAST Casualwear AG and its subsidiaries (the "Group") became a group on 22 June 2012 when the transfer of the entire share capital of Wah Lei Group International Compay Limited and Hong Kong Rich Profit Industrial Limited into FAST Casualwear AG took legal effect. Hence, the first consolidated financial data of the Group was derived from the consolidated financial statements for the short financial year from 22 June to 31 December 2012 prepared in accordance with IFRS, as endorsed for application in the EU, as at 31 December 2012. Consequently, there are no comparative figures for the consolidated statement of comprehensive income, the consolidated statement of changes in equity or the consolidated statement of cash flow for 2011. The comparative figures for the consolidated statement of financial position at 31 December 2012 are those of the restated opening consolidated statement of financial position at 22 June 2012.

At the time of the aforementioned transaction of June 22, 2012, FAST Casualwear AG was essentially a shell company, without its own business. The purpose of the transaction was to enable a listing on the Prime Standard segment of the German Stock Exchange. Hence this transaction has been accounted for similarly to a reverse acquisition, without the recognition of goodwill.

The Consolidated Financial Statements include the financial statements of HK Wah Lei and its respective subsidiaries and HK Rich Profit and its respective subsidiary, each forming a sub group. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. All subsidiaries have an annual reporting date of 31 December.

Both sub groups and FAST Casualwear AG have one controlling shareholder, Mr. CHONG Wing Chi. The two sub-groups and FAST Casualwear AG have therefore been consolidated as entities under common control. Acquisitions of entities that are under common control have been consolidated under merger accounting. Under this method, all the entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Accounting for such common control business combinations is not explicitly covered by IFRS 3, however IFRS has been applied analogously and merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the entities in the consolidated financial statements from the date of first consolidation.

A single uniform set of accounting policies is adopted by the Group. Therefore, the Group recognizes the assets, liabilities and equity of the consolidated entities or businesses at the carrying amounts in the financial statements entities prior to the common control combination. The carrying amounts are included as if such financial statements had been prepared by the controlling party, including adjustments required for conforming the consolidated entities' accounting policies and applying those policies to all years presented. There is no recognition of any goodwill or excess of liabilities over cost at the time of the common control transaction. The effects of all transactions between the consolidating entities or businesses, whether occurring before or after the consolidation, are eliminated in preparing the consolidated financial statements of the Group.

Where accounting policies of a subsidiary do not conform to those of the Group, adjustments are made on consolidation when the amounts involved are considered significant to the Group. In preparing the consolidated financial statements, transactions, balances and unrealized gains on transactions between Group entities are eliminated. Unrealized losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.2.2 Foreign currency translation

Functional currency

The Management Board of the Group has determined the currency of the primary economic environment in which the Group operates to be Renminbi ("RMB"). Sales and major costs arising from the provision of goods and services, including major operating expenses, are primarily influenced by fluctuations in RMB.

Transactions in foreign currencies are measured in the respective functional currencies of the entities and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair values are determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognized in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognized initially in a separate component of equity as foreign currency translation reserve in the consolidated statement of financial position and recognized in the consolidated statement of comprehensive income on disposal of the subsidiary.

Presentation currency

The presentation currency of the Group is EUR, being the presentation currency of its ultimate German domiciled legal parent and holding Group, and therefore the financial information has been translated from RMB to EUR at the following rates:

	EUR/RMB	
	Closing Rate	Average Rate
31 December 2012	EUR 1.00 = RMB 8.247	EUR 1.00 = RMB 8.052
22 June 2012	EUR 1.00 = RMB 8.047	
	RMB/HKD	
	Closing Rate	Average Rate
31 December 2012	RMB 1.00 = HKD 1.243	RMB 1.00 = HKD 1.232
22 June 2012	RMB 1.00 = HKD 1.221	

The results and financial position are translated into EUR using the following procedures:
Assets and liabilities for the statement of financial position are presented at the closing rate ruling at that reporting date. Income and expenses for the statement of comprehensive income are translated at average exchange rates for the period. Exchange differences are charged or credited to other comprehensive income and recognized in the currency translation reserve in equity.

On disposal of an operation with functional currency different to the presentation currency the cumulative translation differences recognized in equity are reclassified to profit or loss and recognized as part of the gain or loss on disposal.

3.2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Management Board of the Group.

In identifying its business operating segments, the Management Board generally follows the Group's product categories. These segments also represent reportable segments under IFRS 8. The activities undertaken by the business segment includes the sale of FAST brand shoes, FAST brand casualwear and OEM/trading business.

The operating segments are not yet managed separately as the resources used in the segments do not differ significantly. Hence revenues and costs are allocated to segments only up to gross profit. Segment assets are allocated based on the proportionate share in revenues. Due to the strategic goals of the Group its intended further growth and on-going organizational development, a change in the segmental structure may become necessary in the future.

The accounting policies the Group uses for segment reporting under IFRS 8 are the same as those used its consolidated financial statements.

3.2.4 Revenue and other operating income

Sales of Goods

Revenue from the sale of manufactured products is recognized when the Group has transferred to customers the significant risks and rewards of ownership of the goods, which generally coincides with the delivery to and acceptance of goods by the customers; and when the Group can reliably measure the amount of revenue and the cost incurred and to be incurred in respect of the transaction; and it is probable that the collectability of the related receivables is reasonably assured. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue is measured at the fair value of the consideration received or receivable and presented net of goods and services taxes and trade discounts.

Finance Income

Finance income is recognized on a time-apportioned basis using the effective interest rate method.

Government grant

Government grants are recognized as income over the periods necessary to match the grant with the related costs which they are intended to compensate. Government grants are not recognized as income until there is a reasonable assurance that the Group will comply with the conditions attaching to it. Receipt of the grants will not of itself provide conclusive evidence that the conditions attaching to the grants have been or will be fulfilled.

3.2.5 Other operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin.

3.2.6 Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in process and the expenditures or borrowing costs are being incurred. Borrowing costs are capitalized until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

3.2.7 Intangible assets

Intangible assets relate to patents and are stated at cost less accumulated amortization. The costs of intangible assets comprise the purchase price and any costs directly attributable to bringing the assets to the working condition for intended use. Patents are amortized on a straight line basis over 8 years.

3.2.8 Research and development activities

Expenditure on research (or the research phase of an internal project) for example of product designs is recognized as an expense in the period in which it is incurred. Costs that are directly attributable to the development phase of new products, designs and collections are also expensed as they do not yet meet the criteria to be recognized as an intangible asset in accordance with IAS 38.

3.2.9 Lease prepayments for land-use rights

Lease prepayments for land-use rights are accounted for under IAS 17 "Leases" as operating leases and disclosed in a separate line item under non-current assets. The amounts paid for the right to use the land over the period agreed upon are classified as prepayments to the lessor and expensed during the period over which the land-use rights are expected to be economically useable by the Group. The amounts expensed in respect of lease prepayments for land-use rights are included under cost of sales, other operating expenses and administrative expenses, depending on the nature of their use.

3.2.10 Property, plant and equipment and depreciation

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment comprises the purchase price and any costs directly attributable to bringing the asset to the working condition and location for its intended use. Expenditure incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, is normally recognized in profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, and the expenditure of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Buildings on leasehold land	The shorter of the lease terms and 50 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	10 years
Plant and machinery	5 – 10 years
Computers	5 years
Leasehold improvements	5 years

3.2.11 Impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgment and estimates. The Group assesses at each reporting date whether there is an indication that an asset maybe impaired. If any such indication exists, or an annual impairment test for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses recognized for an asset other than goodwill may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss is recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognized for the asset in prior years. The reversal of an impairment loss is recognized in the statement of comprehensive income. After such a reversal, the depreciation charge is adjusted for future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

3.2.12 Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is de-recognized when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

3.2.13 Financial assets

The financial assets of the Group are categorized as loans and receivables. The Group does not have any other financial assets. The Group’s loans and receivables comprise trade and other receivables, restricted cash and cash and cash equivalents in the consolidated statement of financial position. Regular purchases and sales of financial assets are accounted for at trade date. The loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally via the provision of goods and services to distributors (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue if any, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment. They are presented as current assets, as all mature within 12 months after the statement of financial position date.

Impairments are recognized when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms of receivables, the amount of such an impairment being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivables. For trade receivables, which are reported net of impairments such impairments are recorded in a separate impairment account with the loss being recognized within administration expense in profit or loss. On confirmation that the trade receivables will not be collectable, the gross carrying value of the asset is written off against the associated impairment.

Gains on loans and receivables are primarily from interest and are determined on the effective interest method. Losses are primarily from impairment and are determined by management analysis of the ageing of loans and receivables based on experience of default risk and history.

3.2.14 Financial liabilities

The Group's financial liabilities include trade and other payables, related party balances and bank borrowings.

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognized initially at fair value, plus in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest method, except for derivatives, which are measured at fair value. All interest related charges are recognized as an expense in profit or loss.

Financial liabilities are derecognized when the obligation for the liabilities is discharged or cancelled or expired. For financial liabilities other than derivatives, gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired, and through the amortization process.

Borrowings are recognized initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortized cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the consolidated statements of comprehensive income over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortized cost over the period of the borrowings using the effective interest method. Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through the amortization process.

Borrowings which are due to be settled within 12 months after the end of the reporting period are included in current borrowings in the consolidated statements of financial position even though the original terms was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting date. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than 12 months after the end of reporting date are included in non-current borrowings in the consolidated statements of financial position.

Trade and other payables, loan and advances from a director and related party balances are initially measured at fair value, and subsequently measured at amortized cost, using the effective interest method.

3.2.15 Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprise raw materials, direct labor and other overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The carrying values of inventories are disclosed under Note 15.

3.2.16 Provisions and contingent liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

In those cases where the probability of an outflow as a result of present obligations is considered improbable or remote, no liability is recognized but a contingency is disclosed. All provisions and contingent liabilities are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.2.17 Financial guarantees

The Group has issued corporate guarantees to banks for bank borrowings of third parties. These guarantees are financial guarantee contracts as they require the Group to reimburse the banks if the related parties and third parties fail to make principal or interest payments when due in accordance with the terms of its borrowings. Financial guarantee contracts, if any, are initially recognized at their fair value plus transaction costs in the consolidated statements of financial position.

Financial guarantee contracts are subsequently amortized to the consolidated statements of comprehensive income over the period of the third party's borrowings, unless the Group has incurred an obligation to reimburse the bank for an amount higher than the unamortized amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

3.2.18 Income taxes

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

Deferred tax is recognized on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income tax is measured:

- at the tax rates that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

- based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognized as income or expense in the consolidated statements of comprehensive income, except to the extent that the tax arises from a business combination or a transaction which is recognized either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition. Deferred tax assets and liabilities are offset when there is legal enforceable right to offset current income tax assets against current income tax liabilities and when deferred income taxes relate to the same fiscal authority.

3.2.19 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions which are readily convertible to cash and which are subject to an insignificant risk of change in value and include cash on hand and bank deposits net of bank overdrafts and pledged deposits.

3.2.20 Capital and reserves

Share capital represents the nominal value of shares that have been issued by FAST Casualwear AG.

Capital reserves include any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares have been deducted from capital reserve, net of any related income tax benefits.

Statutory reserves arise from the requirement under PRC law for PRC based Group entities to transfer 10% of profit after tax as reported in their PRC statutory financial statements to the statutory reserve in each year, unless this reserve has reached 50% of each entity's registered capital. This reserve can be used to make up for any losses incurred or be converted into paid-in capital, provided that the reserve does not fall below 25% of registered capital.

Foreign currency translation differences arising on the translation are included in the currency translation reserve.

Retained earnings include all retained profits.

All transactions with owners of the Group are recorded separately within equity.

3.2.21 Retirement benefit plans

Pursuant to the relevant regulations of the PRC government, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries located in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries located in the PRC. The only obligation of the Group with respect to the Scheme is to pay the on-going required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions. These plans are considered defined contribution plans. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contributions into the national pension schemes. Contributions to national pension schemes are recognized as an expense in the period in which the related service is performed.

3.2.22 Significant management judgment in applying accounting policies

The preparation of financial statements in conformity with IFRS requires management to exercise judgment in the process of applying the Group's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amount of revenue and expenses during the reporting period. The following estimates that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed below:

Allowance for bad and doubtful debts

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgment and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

Income tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable as at 22 June 2012 and 31 December 2012 amounted to EUR 4.4 million and EUR 1.9 million respectively.

Provisions

Management has determined that there is no obligation to remove buildings from leasehold land once the term of the lease expires and hence that there is therefore no expected outflow from this and hence no requirement to provide a dismantling provision.

3.2.23 Estimation uncertainty

Useful lives and residual values of depreciable assets

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives after taking into account residual values, which management assess at 10% of initial cost. Management estimates the useful lives of property, plant and equipment to be within 5 to 50 years. The carrying amounts of the Group's property, plant and equipment as at 22 June 2012 and 31 December 2012 are EUR 26.5 million, and EUR 28.7 million respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future residual values and depreciation charges could be revised.

Inventories

Inventories are measured at the lower of cost and net realizable value. In estimating net realizable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to raw material price changes and changes in customer behavior which may cause selling prices to change rapidly.

The carrying amounts of the Group's inventories as at 22 June 2012 and 31 December 2012 are EUR 16.1 million, and EUR 1.1 million respectively.

4. Segment reporting

Management currently identifies the Group's two major product categories "FAST branded" and "Other" as operating segments as further described in Note 3.2.4. These operating segments are monitored and strategic decisions are made on the basis of the segmental gross margins.

The segment information provided to the management for the reportable segments for the short financial year 22 June 2012 to 31 December 2012 is as follows:

By business

	FAST brands		**Others**		**Total**
	Shoes	**Casual wear**	**OEM**	**Trading**	
	kEUR	**kEUR**	**kEUR**	**kEUR**	**kEUR**
Revenue					
External customers	35,306	11,840	14,108	-	61,254
Total revenue	35,306	11,840	14,108	-	61,254
Results					
Segment gross profit	11,313	3,770	1,017	-	16,100
Unallocated expenses:					
Unallocated corporate expenses					(8,382)
Profit before taxation					7,718
Taxation					(2,725)
Profit for the period					4,993

All revenues were made in the PRC and substantially all Group assets are based there.

The allocation of the Group assets and liabilities thereon attributable to individual segments is not presented as the information is not provided to the chief operating decision maker.

During the period 22 June – 31 December 2012, five customers made sales of over 10% of the sales within the branded segment.

	22 June – 31 December 2012
	% of
Customer A	16.0%
Customer B	12.8%
Customer C	12.8%
Customer D	12.5%
Customer E	12.4%
Total	66.5%

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

5. Revenue and income

	22 June to 31 December 2012
	kEUR
Revenue	61,254
Other operating income	869
Finance income	33
Total income	**62,156**

Other operating income is as follows:

	22 June to 31 December 2012
	kEUR
Government grants	755
Exchange gain	109
Sundry income	5
Total	**869**

6. Costs of sales

Cost of sales comprise of purchasing materials, labor costs for production staff, depreciation of non-current production assets, outsourced production, factory overheads and others (mainly utilities and maintenance costs). The following table shows a breakdown of costs of sales for the period under review for each category:

	22 June to 31 December 2012
	kEUR
Cost of raw materials consumed	38,716
Outsourcing	2,892
Labor costs	1,639
Depreciation of property, plant and equipment	1,288
Other	380
Factory overheads	216
Amortisation of intangible assets	23
Total	**45,154**

7. Selling and distribution expenses

	22 June to 31 December 2012
	kEUR
Promotion expenses	2,231
Display shelves and renovation of distributor stores	1,522
Labor costs	268
Advertising expenses	265
Others	15
Total	**4,301**

8. Administrative expenses

	22 June to 31 December 2012
	kEUR
Consulting fees	1,723
Administrative taxes	946
Labor costs	384
Research and development and design materials	346
Loss on disposal of property, plant and equipment	301
Research and development and design labor costs	126
Depreciation of property, plant and equipment	106
Legal and professional fee	101
Expensed prepayment of land use rights	63
Bank charges	58
Trade union expense	41
Travelling expense	29
Supervisory Board fee	28
Stamp duty	18
Others	16
Insurance expense	15
Motor vehicle expense	12
Utilities	12
Telecommunication expense	9
Rental on operating leases	5
Office expense	3
Entertainment expense	1
Total	**4,343**

9. Finance costs

The following table shows the finance costs for the period.

	22 June to 31 December 2012
	kEUR
Interest expenses	
- Bank overdraft	3
- Bank borrowings	637
Total	**640**

10. Selected expenses affecting operating profit

The following expenses are included in operating profit.

	22 June to 31 December 2012
	kEUR
Expensed prepayment land use rights	83
Depreciation of property, plant and equipment	1,394
Interest expense	
- bank overdraft	3
- bank borrowings	637
Loss on disposal of property, plant and equipment	283
Rental on operating leases	5
Research and development costs and design material	346
Research and development costs and design labor	126

NOTES TO THE STATEMENT OF FINANCIAL POSITION

11. Intangible assets

Cost	**kEUR**
At 22 June 2012 and 31 December 2012	746
	746
Accumulated amortization	
At 22 June 2012	0
Amortization for the period	23
At 31 December 2012	**23**
Exchange translation differences	(18)
Net book value	
At 31 December 2012	705
At 22 June 2012	746

Intangible assets solely relate to patents acquired by the Group in 2012 and which the Group started to use in October 2012, and which have a useful life of 8 years commencing then. Amortisation for the period is included under Cost of Sales as the patents are used solely in production.

12. Property, plant and equipment

	Buildings on leasehold land	Plants and machinery	Furniture and fittings	Office equipment	Motor vehicles	Lease improvements	Total
Cost							
At 22 June 2012	**11,208**	**23,234**	**96**	**138**	**108**	**218**	**35,002**
Additions	74	5,085	-	-	-	-	5,159
Disposals	-	(1,590)	-	(25)	(108)	(218)	(1,941)
Exchange translation	(275)	(647)	(10)	(7)	-	-	(939)
At 31 December 2012	**11,007**	**26,082**	**86**	**106**	**-**	**-**	**37,281**
Accumulated depreciation							
At 22 June 2012	**885**	**7,161**	**92**	**110**	**45**	**179**	**8,472**
Depreciation for the period	116	1,249	2	4	5	17	1,393
Disposals	-	(826)	-	(22)	(50)	(196)	(1,094)
Exchange translation	(24)	(184)	(13)	(3)	-	-	(224)
At 31 December 2012	**977**	**7,400**	**81**	**89**	**-**	**-**	**8,547**
Net book value							
At 31 December 2012	**10,030**	**18,682**	**5**	**17**	**-**	**-**	**28,734**
At 22 June 2012	**10,323**	**16,073**	**4**	**28**	**63**	**39**	**26,530**

At the date of financial position, the buildings on leasehold land of the Group which have been pledged to certain financial institutions to secure bank facilities are as follows:

	31 December 2012	**22 June 2012**
	kEUR	**kEUR**
At carrying value	10,030	10,323

For details of capital commitments please refer to Note 28.

13. Lease prepayments for land-use rights

The Group prepaid rights to use land in the PRC, which are accounted for as operating leases. No further payments arise in the future on these land-use rights. The land use rights are leased over a period of 50 years in maximum and are expenses over their lease term. As at 31 December 2012, the land use rights have remaining lease periods of approximate 43 to 47 years. The current portion of the rights has not been disclosed under current assets in the statement of financial position as it is immaterial.

	31 December 2012
	kEUR
Balance at beginning of period	5,529
Additions during the period	-
Exchange translation differences	(132)
Expensed for the period	(63)
Balance at end of period	5,334

Land use rights which are acquired and owned by the Group relate to the following parcels of land:

Location	Use of land	Land area (square meters)	Expiry date of tenure
Huzhong Village, Chendai Town, Jinjiang City, Fujian Province, the PRC	Industrial use	2,554	29 December 2055
Huzhong Village, Chendai Town, Jinjiang City, Fujian Province, the PRC	Industrial use	3,649.30	30 March 2059
Huzhong Village, Chendai Town, Jinjiang City, Fujian Province, the PRC	Industrial use	5,362.80	30 March 2059
Huzhong Village, Chendai Town, Jinjiang City, Fujian Province, the PRC	Industrial use	830.76	25 November 2058

At the date of financial position, the land use rights (current and non-current portions) of the Group which have been pledged to certain financial institutions to secure bank facilities are as follows:

	31 December 2012	**22 June 2012**
	kEUR	**kEUR**
At carrying value	5,334	5,529

The terms under which these assets are pledged are as usual and customary for standard bank secured mortgage borrowing agreements.

14. Deposit for land use rights

The company has entered into a contract and paid a deposit in connection with the acquisition of land use rights for the future development of a new factory. For details of capital commitments please refer to Note 28.

15. Inventories

Inventories recognized in the statement of financial position are as follows:

	31 December 2012	22 June 2012
	kEUR	kEUR
At cost		
Raw materials	158	14,186
Work-in-progress	443	1,747
Finished goods	523	122
Total	**1,124**	**16,055**

Inventory levels are managed based on the management's anticipation of market demands and production requirements. In general, production occurs only when orders are placed by customers and raw materials are procured only upon the receipt of such purchase orders. Inventory levels are tracked on a monthly basis at the production facilities. Despite the increase in sales, inventories significantly reduced at 31 December 2012 compared to the levels at June 22, 2012, as the level of orders to be delivered in early 2013 was significantly lower than following 22 June 2012.

16. Financial assets and liabilities

Loans and receivables

	31 December 2012	22 June 2012
	kEUR	kEUR
Trade and other receivables (Note 17)	51,453	43,847
Restricted cash (Note 19(i))	4,486	1,988
Cash and cash equivalents (Note 19(ii))	178	1,711
Total	**56,117**	**47,546**

Financial liabilities measured at amortized cost

	31 December 2012	22 June 2012
	kEUR	kEUR
Current		
Trade and other payables (Note 21)	10,354	9,929
Related parties liabilities (Note 22)	2,105	1,510
Bank borrowings (Note 23)	13,627	17,005
Total	**26,086**	**28,444**

The carrying amounts of the financial assets and liabilities approximate to their fair values due to their short term nature.

A description of the Group's financial risk management objectives and policies for financial instruments is given in Note 29.

17. Trade and other receivables

	31 December 2012	22 June 2012
	kEUR	kEUR
Trade and notes receivable		
Trade receivables	32,569	34,039
Notes receivables	6,220	-
Sub total trade and notes receivable	**38,789**	**34,039**
Other receivables		
Advances to suppliers	10,917	8,735
Advances to distributors	1,153	558
Advances to third parties	51	500
Deposits	7	7
Sundry debtors	536	8
Subtotal other receivables	**12,664**	**9,808**
Total	**51,453**	**43,847**

	31 December 2012	22 June 2012
	kEUR	kEUR
Hong Kong dollar	6	7
Renminbi	51,444	43,833
United States dollar	3	7
Total	**51,453**	**43,847**

a) Trade receivables are usually due between 30 to 90 days. All trade receivables are subject to credit risk exposure.

	31 December 2012	22 June 2012
Ageing of trade receivables (days)	105	114
Total	**105**	**114**

Financial assets that are neither past due nor impaired
Trade receivables that are neither past due nor impaired are substantially customers with a good collection track record with the Group, and are as follows:

	31 December 2012	22 June 2012
	kEUR	**kEUR**
Current	28,973	33,979
Total	**28,973**	**33,979**

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of past due trade receivables. These receivables are mainly arising from customers that have a good credit record with the Group.

Financial assets that are past due but not impaired
The ageing analysis of trade receivables past due but not impaired is as follows:

	31 December 2012	22 June 2012
	kEUR	**kEUR**
Past due for less than 3 months	3,596	55
Past due over 3 months but less than 9 months	-	5
Past due over 9 months	-	-
Total	**3,596**	**60**

b) Notes receivables generally have 30 to 45 days credit terms Impairment on notes receivables is made when debtors are identified to be irrecoverable. No notes receivable are past due or impaired.

c) The advances made to suppliers which are unsecured and are for the purpose of procuring supply of raw materials. None are past due or impaired.

d) The advances made to distributors are loans which are unsecured and repayable on demand. None are past due or impaired.

e) During the short financial year ended 31 December 2012, the Group factored trade debts with carrying amounts of total EUR 4.8 million (22 June 2012 EUR 2.8 million) to a financial institution in exchange for cash. The transaction has been accounted for as a collateralized borrowing as the financial institution has full recourse to the Group in the event of default by the trade receivable.

All financial assets classified as loans and receivables are current and non-interest bearing. Management considers the carrying amounts recognized in the statement of financial position to be a reasonable approximation of their fair value due to the short duration. The maximum credit risk is assessed by management to be the amounts shown in the above table as at the respective reporting dates.

18. Deferred IPO Costs

Being IPO related professional expenses paid on account before the listing date.

19. Restricted cash and Cash and cash equivalents

I - Restricted cash

Restricted cash comprises deposits pledged with banks under usual and customary terms for such pledges and which are denominated in Renminbi. The maximum credit risk is assessed by management to be the amounts disclosed as restricted cash in the statement of financial position as at the respective reporting dates. Management considers the credit quality of the respective banks to be good.

II- Cash and cash equivalents

	31 December 2012	22 June 2012
	kEUR	kEUR
Cash on hand	12	875
Bank balances	166	836
Total	**178**	**1,711**

Included in restricted cash and cash and bank balances of the Group as at 22 June 2012 and 31 December 2012, are kEUR 2,992 and kEUR 4,486 of cash and bank balances denominated in RMB respectively placed with the banks and kept on hand in the PRC. The RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorized to conduct foreign exchange business.

For the purpose of the consolidated statements of cash flow, the year-end cash and cash equivalents comprise the following:

	31 December 2012	22 June 2012
	kEUR	kEUR
Cash and bank balances	178	1,711
Less: Bank overdraft (Note 22 (b))	(47)	(105)
Total	**131**	**1,607**

	31 December 2012	22 June 2012
	kEUR	kEUR
Hong Kong dollar	1	*
Singapore dollar	*	*
Renminbi	*	1,004
United States dollar	*	*
Euro	**177**	**707**
Total	**178**	**1,711**

* Amount less than EUR 1,000.

The maximum credit risk is assessed by management to be the amounts disclosed above as at the respective reporting dates. The credit quality of the depository banks is considered by management to be good. Interest income from bank balances is disclosed in Note 5.

20. Capital and reserves

Share Capital – FAST Casualwear AG

The share capital of FAST Casualwear AG consists only of fully paid ordinary shares without nominal value (nil-par shares), having a proportional amount of the subscribed capital of EUR 1.00 each. All shares are equally eligible to receive dividends and repayments of capital and represent one vote at the Shareholder's Meeting of FAST Casualwear AG.

	Number of ordinary shares	
	2012	22 June – 31 December 2012
		kEUR
Authorised share capital		
22 June and 31 December 2012	5.000.000	5.000
Issued and fully paid		
At 22 June 2012	10.000.000	10.000
Increase in ordinary shares	1.320.000	1.320
At 31 December 2012	**11.320.000**	**11.320**
Total shares issued	**11.320.000**	**11.320**

At the Shareholder Meeting on 11 June 2012, authorised capital 2012 was created. The Management Board is authorised, in the period until 10 June 2017 to increase the subscribed capital of FAST Casualwear AG, with the agreement of the Supervisory Board, once or more than once, by up to EUR 5,000,000 via the issue of up to 5,000,000 new bearer shares, for cash or non-cash consideration (genehmigtes Kapital). Further, the Management Board is authorised, in each case with the agreement of the Supervisory Board, to decide upon the exclusion of the pre-emptive rights of the shareholders. However, the exclusion of pre-emptive rights is only permissible in accordance with the terms set out in the Articles of Association.

Capital Reserves

	31 December 2012
	kEUR
Balance at 22 June 2012	-
Cash capital increases	3,690
Balance at 31 December 2012	**3,690**

Transaction costs directly attributed to new shares issued in the amount of TEUR 642 were deducted directly from capital reserves**.**

Retained Earnings

The retained earnings reserve comprises the cumulative net gains and losses recognized in the Consolidated Statement of Comprehensive Income.

Statutory Reserves

	31 December 2012
	kEUR
Balance at 22 June 2012	4,513
Movement during the period	1,907
Balance at 31 December 2012	**6,420**

According to PRC Company Law, companies operating in China are required to transfer 10% of the annual profit after tax as reported in their PRC statutory financial statements to the statutory reserve
in each year, unless this reserve has reached 50% of the company's registered capital. This reserve can be used to make up for any losses incurred or be converted into paid-in capital, provided that the reserve does not fall below 25% of the registered capital. The PRC entities transferred more than 10% of their profits after tax.

Foreign Currency Translation Reserve

	31 December 2012
	kEUR
Balance at 22 June 2012	9,474
Movement during the period	(1,958)
Balance at 31 December 2012	**7,516**

Currency translation reserve represents the foreign currency translation difference arising from the translation of the consolidated financial statements from RMB to EUR.

21. Trade and other payables, notes payable

Trade and other payables

	31 December 2012	22 June 2012
	kEUR	kEUR
Trade payables	1,066	4,105
Notes payable	8,124	3,231
Advances from customers	305	655
Amounts owing to suppliers of property, plant and equipment	538	992
Amounts owing to suppliers of patents	-	746
Sundry payables	321	200
Sub total financial liabilities	**10,354**	**9,929**
VAT payable	1,787	4,338
Other tax payable	1,788	601
Accruals	64	310
Total	**13,993**	**15,178**

Trade and other payables are denominated in the following currencies:

	31 December 2012	22 June 2012
	kEUR	kEUR
Hong Kong dollar	74	155
Renminbi	13,620	14,462
United States dollar	9	541
Euro	290	20
Total	**13,993**	**15,178**

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognized in the consolidated statements of financial position to be reasonable approximation of their fair values. The ageing of trade payables

approximates 9 days.
The bills payable, which are interest-free, mature on varying dates as follows:

	31 December 2012 kEUR	22 June 2012 kEUR
Within 0 to 30 days	-	-
Within 30 to 60 days	-	-
Within 60 to 90 days	2,425	-
Within 90 to 180 days	5,699	2,982
Over 180 days	-	249
Total	**8,124**	**3,231**

The non-trade amounts owing to distributors, suppliers and third parties were unsecured, and interest-free.

22. Related party payables

	31 December 2012 kEUR	22 June 2012 kEUR
Current		
Trade		
Amount owing to a related party		
-Jinjiang Chendai Kangdeng Shoes and Apparels Co Ltd	-	111
Non-trade		
Amount owing to a related party		
- Fast Group Limited (BVI)	724	747
Advances from a director		
- CHONG Wing Chi	1,381	652
	2,105	**1,510**

The related party payables are unsecured and interest-free. The carrying value approximates to their fair values.

Related party liabilities are denominated in the following currencies:

	31 December 2012	22 June 2012
	kEUR	kEUR
Hong Kong dollar	724	747
Renminbi	1,381	111
Euro	-	652
Total	**2,105**	**1,510**

23. Interest bearing bank borrowings

	31 December 2012	22 June 2012
	kEUR	kEUR
Current		
Bank loans (a)	13,580	16,900
Bank overdraft (b)	47	105
	13,627	17,005
Amount repayable:		
Not later than one year	13,627	17,005
Bank borrowings are denominated in the following currencies:		
Renminbi	13,580	16,900
Hong Kong dollar	47	105
	13,627	17,005

Bank loans

Bank loans are secured by means of guarantees granted by related parties (see Note 27) as well as by securities of buildings on leasehold land and over land use rights.

24. Employee remuneration

Employee benefits expense

	22 June to 31 December 2012
	kEUR
Salaries and related costs	2,364
Contribution to retirement scheme	53
	2,417

Employee benefits are charged to:

	22 June to 31 December 2012
	kEUR
Cost of sales	1,639
Selling and distribution expenses	268
Administrative expenses	510
	2,417

The following table shows a breakdown of the Group's employees by function as of 31 December 2012 and 22 June 2012 respectively:

	31 December 2012	22 June 2012
	kEUR	kEUR
Management and administration	49	53
Sales	107	111
Production	725	863
Research & Development	64	69
Quality control	41	51
Total	**986**	**1,147**

Retirement benefit plans

Eligible employees of the Group who are PRC citizens are members of a state-managed retirement benefit scheme operated by the local government. The Group is required to contribute a certain percentage of the payroll costs of these employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries located in the PRC. The only obligation of the Group with respect to the Scheme is to pay the on-going required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions. These plans are considered defined contribution plans. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contributions into the national pension schemes.

25. Taxation

	22 June to 31 December 2012
	kEUR
Current taxation	2,725
Deferred taxation	-
Total	**2,725**

The tax expense on the results of the short financial year varies from the amount of income tax determined by applying statutory rates of income tax on Group profits as explained in the following table:

	22 June to 31 December 2012
	kEUR
Profit before taxation	7,718
Tax at respective companies' domestic income	2,550
Tax effect of non-deductible expenses and non payments	175
Total tax charge	**2,725**
Effective tax rate	35.3%
Effect of deferred tax assets not recorded at value	(675)
Effect of non-deductible expenses and non payments	(175)
Adjusted income tax	1,875
Adjusted effective income tax rate	24.3%

The adjusted income tax rate of 24.3% is a reasonable approximation to the 25% rate applicable to the profit making PRC subsidiaries as expected.

The tax benefits connected with losses in the AG, in the two Hong Kong entities and one of the PRC entities were not recorded at value as deferred tax assets as the Group considers that there is no reasonable certainty that sufficient taxable income can be generated in the loss making entities to enable their realization in future periods. The effect and the related losses and deferred tax assets which could have been recorded at value if they had been deemed recoverable are as follows:

	Losses kEUR	Tax rate	Deferred tax asset	Effect on tax charge	Note
FAST Casualwear AG	2,303	30%	691	498	(1)
Hong Kong entities	248	16,5%	41	41	
Loss making PRC entity	543	25%	136	136	
Total effect				**675**	

(1) Rate of 30% used for simplification although actual rate if taxable income made is potentially nearer 32%. The deferred tax asset which could be recognized on total German tax losses of kEUR 2,303 is at kEUR 691, kEUR 193 higher than the effect on the tax charge of kEUR 498. This is because under IFRS reporting of FAST Casualwear AG, kEUR 642 of costs relating to the issuance of new shares were deducted directly from equity and have not decreased profits before tax in the consolidated statement of comprehensive income, whereas in the tax accounts of FAST Casualwear AG, the loss available for offset includes these kEUR 642. Hence the potential deferred tax asset is kEUR 193 (30% of kEUR 642) higher than the effect on the tax charge in the consolidated statement of comprehensive income.

FAST Casualwear AG

In Germany, FAST Casualwear AG is subject to corporate income tax at a rate of 15% plus a 5.5% solidarity surcharge (Solidaritätszuschlag) thereon (in total 15.825%). In addition, FAST Casualwear AG is subject to trade tax (Gewerbesteuer) with its income subject to certain adjustments for trade tax purposes. The trade tax depends on the municipalities in which the corporation maintains permanent establishments. As at 31 December 2012, the effective trade tax rate for Cologne is 16.63% of the trade taxable income (Gewerbeertrag). Dividend income that FAST Casualwear AG receives from corporations domiciled outside Germany such as the Hong Kong based Group entities is generally exempt from corporate income tax. However, 5% of the tax-exempt dividend income is deemed to be a non-deductible business expense for corporate income tax purposes, and as a result is subject to corporate income tax (plus solidarity surcharge). Dividend income of FAST Casualwear AG derived from its shares in the Hong Kong entities will also be subject to trade tax. However, such dividend income of the Company will be exempt from trade tax but for 5%, if specific preconditions are fulfilled (Sec. 9 No. 7 of the German Trade Tax Act, Sec. 8 Para. 1 No 1–6 German Foreign Tax Act). As the Company did not have taxable profits during the short reporting period ended 31 December 2012, no German corporate income taxes have been provided for.

Hong Kong

Wah Lei Group International Company Limited and Hong Kong Rich Profit Industrial Limited are subject to Hong Kong corporate income tax of 16.5% on their taxable profits for the short financial year ended 31 December 2012.

These two entities are the immediate holding companies of the Group subsidiaries established in the PRC and are therefore liable to withholding tax on dividends (5%) distributed by the Group subsidiaries established in the PRC.

PRC Operating subsidiaries

The Group subsidiaries in the PRC, Fujian Huali Shoes Co., Ltd. Jinjiang, Jinjiang Yiliyi Shoes & Plastic Development Co., Ltd and Fujian Kuaijiezou Sports Goods Co., Ltd. are subject to the PRC corporate income tax on their taxable profits.

The applicable tax rates of Fujian Huali Shoes Co., Ltd. Jinjiang, Jinjiang Yiliyi Shoes & Plastic Development Co., Ltd and Fujian Kuaijiezou Sports Goods Co., Ltd. for the short financial year ended 31 December 2012 is 25%.

Income tax payable developed as follows:

	22 June to 31 December 2012
	kEUR
Balance at 22 June 2012	4,371
Current year tax expenses on profit	2,725
Tax paid	(5,068)
Exchange translation differences	(149)
Balance at 31 December 2012	**1,879**

Of the total tax payable at 31 December 2012, kEUR 792 (22 June 2012 kEUR 811) relates to withholding tax.

26. Earnings per share and dividends

Earnings per share

The basic earnings per share have been calculated using the profit attributable to shareholders of the company (the legal parent) as the numerator and correspond directly to the profit or loss attributable to the parent entity for the period without reconciliation.

The weighted average number of outstanding shares used for basic earnings per share for the time period 22 June to 31 December 2012 amounted to 11,224,792 shares based on the share capital of FAST Casualwear AG. There are no dilutive or potentially dilutive effects, and so diluted earnings per share and undiluted earnings per share are equivalent.

Dividends

The parent company FAST Casualwear AG is a holding company without any significant operating business of its own. The Group's assets are largely located in China. Current PRC regulations permit the payment of dividends only out of accumulated profits determined in accordance with Chinese accounting standards and regulations. In addition, a subsidiary of the Company, is required to set aside at least 10% of its after-tax profits each year to fund a statutory reserve fund until such reserves in aggregate reach 50% of its registered capital. Furthermore, foreign-invested entities may be
required to set aside a portion of their after-tax profits to fund an employee welfare fund in an amount which lies within the discretion of the subsidiary's board. These reserves are not distributable as cash dividends.

Under PRC foreign exchange rules and regulations, payments of current account items, including profit distributions and operating-related expenditures, may be made in foreign currencies without prior approval but are subject to procedural requirements. Strict foreign exchange controls continue to apply to capital account transactions. These transactions must be approved by and/or registered with the State Administration of Foreign Exchange or its local counterparts, and repayment of the loan principal, distribution of return on direct capital investment and investments in negotiable instruments are also subject to restrictions.

There can be no assurance that the Group will be able to meet all of its foreign currency obligations under PRC laws or to remit profits out of China. Should any of the PRC subsidiaries of the Company be, or become restricted and/or legally prohibited from and/or unable to pay dividends or other distributions outside of China, this could have material adverse effects on the Group's financial condition.

Under the income tax law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries. Deferred taxation has not been provided for in the Consolidated Financial Statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries, as the Group is able to control the timing of the
reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

27. Related party disclosures

Related party information

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: (i) it possesses the ability, directly or indirectly, to control or exercise significant influence over the operating and financial decision of the Group or vice versa; or (ii) it is subject to common control or common significant influence.

In addition to the related party information disclosed elsewhere in the financial statement, the following are significant related party transactions entered into between the Group and their related parties at agreed rate:

Related party	Type of business	Relationship to the Group
Jinjiang Chendai Kangdeng Shoes and Apparels Co., Ltd.	Manufacturing of shoe sole	33.3% and 33.3% of equity interests are held by Mr. ZHANG Kaimin and Mr. ZHANG Kaiyun respectively
Fast Group Limited (BVI)	Holding Company	65.5% of equity interest is held by Mr. CHONG Wing Chi

Related party	Relationship to the Group
Mr. CHONG Wing Chi	Director of HK Rich Profit, HK Wah Lei and PRC entities
Mr. ZHANG Wenya	Director of HK Rich Profit, HK Wah Lei and PRC entities
Mr. ZHANG Wenyu	Director of PRC entities
Mr. CHONG Wai Hung	A son of Mr. CHONG Wing Chi (a former director of HK Rich Profit and HK Wah Lei)
Mr. ZHANG Kaimin	A cousin of Mr. CHONG Wing Chi
Mr. ZHANG Kaiyun	A cousin of Mr. CHONG Wing Chi
Mr. ZHANG Wenxuan	A cousin of Mr. CHONG Wing Chi
Mr. ZHANG Wenpu	A cousin of Mr. CHONG Wing Chi
Miss LEE Yau Mei	The wife of Mr. CHONG Wing Chi

Related party transactions

Lease agreement

The Group entered into a lease agreement as lessee with Kangdeng as lessor dated 1 January 2010 for factory premises with a total leased area of 16,535.86 sqm located in Huzhong Village, Chendai Town, Jinjiang, Fujian Province, PRC. The initial term of the lease was for one year, beginning from 16 January 2010 with an annual rent of RMB 100,000. (The contract was prolonged twice for another year, the last time on 1 January 2012 with an annual rent of RMB 100,000). The rental agreement was terminated at the end of 2012 as the leased premises were no longer required.

Key management positions are held by Management Board and Supervisory Board Members as follows:

Management Board Members

Mr. Wing Chi Chong, CEO

Mr. Wenya Zhang, COO (since 19. July 2012)

Mr. Parkco Tam, CFO (since 19. July 2012)

Supervisory Board Members

Mr. Philipp Dietz LL.M., lawyer (up to 5 June 2012)

Dr. Gregor Wecker, lawyer (up to 5 June 2012)

Mr. Thomas Weidlich LL.M., lawyer (5 June 2012)

Dr. Stefan Söhn (since 5 June 2012), lawyer Chairman

Mr. Shing-kei Shum (since 5 June 2012), business man,Vice Chairman

Mr. Chao Yu (since 5 June 2012), lawyer

Key management remuneration
Management board compensation

The remuneration for the members of the Management Board basically comprises fixed remuneration and benefits in kind, such as mobile phone charge reimbursements and an accommodation benefit, the value of the latter being around EUR 400 per month. The members of the Management Board did not receive any compensation from FAST Casualwear AG in the financial year. All compensation was paid through the Chinese subsidiaries of the Group. As at 31 December 2012, one member of the Management Board received a performance-related bonus.

The total compensation granted the members of the Management Board amounted to kEUR 229 in the short financial year 2012, of which kEUR 70 had not yet been paid. Beside the before mentioned compensation the management board did not receive any further compensation especially no post-employment benefits, other long-term benefits, termination benefits and share-based payments.

More detailed information on the compensation paid to members of the Management Board is presented in Sec. 7 of the Group Management Report.

Supervisory board's compensation

The Chairman of the Supervisory Board receives basic compensation of EUR 40,000.00 per calendar year and the Deputy Chairman receives basic compensation of EUR 8,300.00 per calendar year. Each of the other Supervisory Board members receives basic compensation of EUR 6,200 per calendar year. If the work of a Supervisory Board member does not cover a full calendar year, compensation is paid on a time-proportionate basis (pro rata temporis). In addition to the basic compensation and board meeting fee, the members of the Supervisory Board are reimbursed for their expenses and outlay that they incur in the performance of their duties as supervisory board members. They are also reimbursed for any sales tax (VAT) on the Supervisory Board's compensation, insofar as they are entitled to invoice the Company separately for the sales tax and they exercise this right.

The total compensation of the Supervisory Board amounted to kEUR 27 in the 2012 short financial year.

More detailed information on the compensation paid to members of the Supervisory Board is presented in Sec. 7 of the Group Management Report.

Credit guarantees

Jinjiang Chendai Kangdeng Shoes and Apparels Co., Ltd. ("Jinjiang Chendai Kangdeng") provided a corporate guarantee with a ceiling amount of CNY 20,000,000 (EUR 2.4 million at 31 December 2012 rate) to secure a loan obtained by Fujian Kuaijiezou Sports Goods Co., Ltd. ("Fujian Kuaijiezou") from the Bank of Quanzhou respectively totaling CNY 10,000,000 (EUR 1.2 million at 31 December 2012 rate) during the period from 29 June 2012 to 29 June 2013 and CNY 10,000,000 (EUR 1.2 million at 31 December 2012 rate) during the period from 23 October 2012 to 23 October 2013. These loans above the Bank of Quanzhou were also secured by a joint guarantee provided by Mr. ZHANG Kaiming, Mr. CHONG Wing Chi, Mr. ZHANG Wenyu and Mr. ZHANG Wenya.

Guarantees for various Group loans have been provided by Mr. CHONG Wing Chi, Miss LEE Yau Mei, Mr. ZHANG Wenxuan, Mr. ZHANG Kaiyun and Mr. ZHANG Wenpu.

Personal undertakings

Mr. CHONG Wing Chi has given several personal undertakings pursuant to which he undertook to reimburse the Group for any payments requested by the competent authorities in connection with any liabilities resulting from labor issues as well as a failure to pay social insurance and housing funds contributions.

Offsetting agreements

Agreements have been entered into between Group entities and Mr. CHONG Wing Chi regarding the offsetting of various credit and debit balances between the Group entities and Mr. CHONG Wing Chi as of 31 December 2012.

Financing transactions

FAST Group Ltd., BVI, as the previous holding company of the Group has paid on behalf of the Group various professional expenses relating to the IPO.

28. Commitments and contingencies

Social insurance back payments

According to the PRC laws and regulations, where a company has not made full contributions to social insurance for all its employees, the administrative department or labor security or the tax authority shall order for the company to pay up the premiums within a prescribed time limit and if the company still fails to make payment within the time limit, a surcharge for overdue payment equal to 0.2 per cent per day of the overdue premiums will be imposed from the date of expiration of the prescribed time limit in addition to the unpaid social insurance premiums. The management of the Group is unable to quantify the estimated amount of surcharge payable as the Group has so far not received any order from the authority to pay for the outstanding contributions. Without considering the penalty of 0.2 per cent per day, the Group estimates that such claim for additional payments is less than 50% likely to occur and would not exceed EUR 5.4 million. The director and majority shareholder in FAST Casualwear AG, Mr. CHONG Wing Chi, has undertaken an agreement with the Group according to which he would reimburse them for any losses incurred for such additional social insurance and housing funds payments.

Risk of penalties and interest on late tax payments

As the Group tends to declare and pay VAT according to VAT invoices issued and not when the goods are delivered, which is when the VAT liability arises, there may be a time lag between when the liability to pay arises and the actual payment. The Group accrues for the liability for unpaid VAT in relation to all deliveries made by a year end in its financial statements for that respective year end. However due to the aforementioned potential time lag there may be an exposure to the risk of penalties and interest for late payment. The Group may also be exposed to late payment penalties and interest in relation to other taxes including withholding taxes. The amount and timing of any outflow from this contingency cannot be determined.

Corporate guarantees

The Group has issued corporate guarantees to banks for borrowings of third parties. These bank borrowings amounted to:

	22 June to 31 December 2012	22 June 2012
	kEUR	kEUR
Corporate guarantees provided to banks	1,819	1,118

Management considers the likelihood of an outflow in respect of the above to be remote.

Commitments

The Group has the following commitments:

	kEUR
Less than one year	9,487
Two to five years	338
More than five years	146
	9,971

On 1 July 2012, the Group signed an agreement with management committee of JinJiang new Industrial Park for the purpose of acquiring land use rights to build a new plant. The contract commits the Group to further payments of a total of EUR 8.6 million in 2013 in addition to the deposit already paid and disclosed under Note 14.

On 8 October 2012, the Group signed an agreement with material and physics chemistry research centre of Huaqiao University with a view to develop new materials and enhance the functionality of materials for the application on shoes soles. The contract period is 3 years and commitments arise of kEUR 121 in 2013 and kEUR 117 within 2 to 5 years period.

The Group during the year requested technical support services regarding the production of patented products, the services will expire in 2020, the total commitment is kEUR 428 over the lifetime of the agreement.

The Group entered into purchase agreements with certain suppliers to purchase raw materials for the production of the finished goods. The total commitment is kEUR 737, all in 2013.

29. Risks management objectives and policies

The Management Board meets periodically to analyze and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding risk management. The Group does not engage in the trading of financial assets for speculative purposes or write options. The most significant financial risks to which the Group is exposed are described below.

As at 22 June 2012 and 31 December 2012, the Group's financial instruments mainly consisted of cash and bank balances, receivables and payables. The Group's financial assets and liabilities by category are summarized in Note 16.

	22 June to 31 December 2012	22 June 2012
	kEUR	kEUR
Financial assets		
Loans and receivables (including cash and cash equivalents)	56,117	47,546
Financial liabilities		
Amortized cost	26,086	28,444

The Group are exposed to various risks in relation to their financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Group are exposed to market risk through use of financial instruments and specifically to foreign currency risk and interest rate risk, which result from their operating, investing and financing activities.

Market Analysis

Foreign Currency Sensitivity

The business of the Group is mainly carried out in Hong Kong and the People's Republic of China ("the PRC").

In terms of operations in Hong Kong, the sales and purchases are denominated in United States dollar ("USD"). However as such, the risk arising from movement in foreign exchange rate is minimized as Hong Kong dollar is pegged to United States dollar.

In terms of the operations in the PRC, the sales and purchases are denominated in Renminbi ("RMB").

The Group incurs foreign currency risk on expenses and transactions denominated in currencies other than RMB and HK$. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD") and United States Dollar ("USD").

In addition, the Group prepares financial statements in EURO and therefore their results and net asset position are exposed to retranslation risk as a result of fluctuation in the EURO exchange rate.

The Group's currency exposure is mainly to RMB.

Net exposures to RMB amounted to an equivalent of circa EUR 27 million at 22 June 2012 and 31 December 2012.

A 5% strengthening of the RMB against the Euro as at 31 December 2012 would have had an estimated impact of EUR 1.4 million on the Group's net profit after taxation and equity.

A 5% weakening of the RMB against the Euro as at 31 December 2012 would have had an estimated impact of EUR -1.4 million on the Group's net profit after taxation and equity.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's' exposure to currency risks.

Interest Rate Sensitivity

The Group's exposure to interest rate risk relates to bank borrowings from financial institutions (Note 22(a)) and bank overdraft (Note 22(b)).

At the financial position dates, if EUR interest rate had been 50 basis points lower/higher with all other variables held constant, the Group's net profit and equity would have been an estimated kEUR 30 higher/lower, arising mainly as a result of lower/higher interest expenses on bank borrowings.

Credit risk analysis

Credit risk is the risk of financial loss to the Group if counterparty fails to meet its contractual obligations. Credit risk of the Group arises primarily from trade receivables.

The Group‘s exposure to credit risks is restricted by credit limits that are approved by the director. The Group typically allow the existing customer credit terms of up to 3 months. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. In relation to new distributors, the sales and marketing department will prepare credit proposals for approval by the director.

Concentration risk arises from sales to the distributors. Group policy is to monitor the business development of the distributors and to continuously source for suitable distributors who are able to promote the brand and expand the existing distribution network.

The Group performs on-going credit evaluation of its distributors' financial position. The concentration of credit risk from trade receivables are 66.5% of FAST brand sales for the short financial year ended 31 December 2012 comprising 5 customers.

Major classes of financial assets are trade and other receivables, receivables from related parties and cash and bank balances. Maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting dates.

The Group considers 30 to 90 days to be normal collection period for trade receivables.

No impairment loss needed to be recognized in the profit or loss in respect of financial assets during the reporting periods.

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	2012
	kEUR
Corporate guarantees provided to banks	1,819
Total	**1,819**

Further details of credit risks on trade and other receivables are disclosed in Note 17.

Liquidity risk analysis

In the management of the liquidity risk, the Group monitors and maintain a level of cash and cash equivalents deemed adequate to finance operations and mitigate the effects of fluctuations in cash flows. The Group monitors the utilization of bank borrowings and ensure compliance with loan covenants. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period.

Exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Group's financial liabilities based on contractual undiscounted cash flows are all due within one year.

The Group manages liquidity risk by ensuring the availability of adequate funds to meet all obligations in a timely and cost-effective manner.

30. Capital Management

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern;
- To support the Group's stability and growth;
- To provide capital for the purpose of strengthening the Group's risk management capability; and
- To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The Group monitors capital on the basis of the carrying amount of equity as presented in the consolidated statements of financial position.

The Group's strategy is to maintain gearing ratios within 25% to 60%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as bank borrowings (including bank overdraft) plus trade and other payables, advances and loan from directors and related party less cash and cash equivalents.

Total capital is calculated as equity plus net debt.

	31 December 2012	**22 June 2012**
As at 31 December 2012	**kEUR**	**kEUR**
Net debt	29,547	31,982
- Total equity	67,607	59,562
- Total capital	97,154	91,544
Gearing ratio	30.4	34.9

The Group is subject to and met its externally imposed capital requirement, which it monitors as part of its capital management.

31. Auditor's fees

Expenses for services provide by the auditor of the Consolidated Financial Statements, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, were recorded of kEUR 114 for audit services of financial statements for the period ended 31 December 2012 as well as of kEUR of 150 for other assurance services relating to work in relation to the IPO.

32. Events after the reporting period

There are no other significant non-adjusting events or any significant adjusting events to report between the reporting date and the date of preparation of these financial statements.

Hamburg, 18 April 2013
FAST Casualwear AG

The Board of Management

Mr. Wing Chi CHONG Mr. Wenya Zhang Mr. Parkco Tam

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by FAST Casualwear AG – comprising a consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements – and the group management report of FAST Casualwear AG for the short financial year from 22 June to 31 December 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the EU, and with the additional requirements of the German commercial law pursuant to section 315a paragraph 1 HGB and the supplementary provisions of the articles of association are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.
We conducted our audit of the consolidated financial statements in accordance with paragraph 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.
Our audit has not led to any reservations.
In our opinion, based on the findings of our audit, the consolidated financial statements of FAST Casualwear AG for the short financial year from 22 June to 31 December 2012 comply with IFRS, as adopted by the EU, and the additional requirements of the German commercial law pursuant to § 315a Abs. 1 HGB and supplementary provisions of the articles of association and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg,. April 18, 2013

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Senger
Wirtschaftsprüfer
[German Public Auditor]

Tim Robinson
Wirtschaftsprüfer
[German Public Auditor]

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, 18 April 2013

FAST Casualwear AG

The Board of Management

Mr. Wing Chi CHONG Mr. Wenya Zhang Mr. Parkco Tam

IMPRINT

Published by

FAST Casualwear AG
c/o Kirchhoff Consult AG
20459 Hamburg
Germany

Concept and Design:

Kirchhoff Consult AG, Hamburg

Investor Relations Contact

Kirchhoff Consult AG

T.: +49-40-609186-0
F.: +49-40-609186-60
E-mail: fast@kirchhoff.de

FINANCIAL CALENDER

Interim report Q1 2013	29 May 2013
Annual General Meeting	17 July 2013
Interim Report Q2 2013	29 August 2013
Interim Report 2013	28 November 2013

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT

This document contains forward-looking statements, which are based on the current estimates and assumptions by the corporate management of FAST Casualwear AG. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations would turn out to be accurate. Future performance and the results actually achieved by FAST Casualwear AG and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside FAST Casualwear AG's control and cannot be accurately estimated in advance, such as the future economic environment or the actions of competitors and others involved in the marketplace. FAST Casualwear AG neither undertakes nor plans to update any forward-looking statements.