ANNUAL REPORT

ANNUAL REPORT 2013

FAST

2013

TO OUR SHAREHOLDERS

Key financials

		2013	2012 ("as if")	+/- %
Revenue and results				
Revenue	in EUR million	123.0	113.0	8.8%
Gross profit	in EUR million	31.0	31.9	(2.8%)
EBITDA	in EUR million	25.3	24.5	3.3%
EBIT	in EUR million	22.5	21.9	2.7%
Net profit	in EUR million	15.8	14.5	9.0%
Earnings per share (EPS)	in EUR	1.37	1.29	6.2%
Profitability				**+/- percentage points**
Gross profit margin	in %	25.2%	28.2%	(3.0pp)
EBITDA margin	in %	20.6%	21.7%	(1.1pp)
EBIT margin	in %	18.3%	19.4%	(1.1pp)
Net profit margin	in %	12.8%	12.8%	-
Cash flow statement figures				**+/- %**
Cash flow from operating activities	in EUR million	12.4	9.1	36.3%
Cash flow from financing activities	in EUR million	4.8	6.2	(22.6%)
Cash flow from investing activities	in EUR million	(15.6)	(16.9)	(7.7%)
Employees				**+/- %**
Employees as of 31.12		980	986	(0.6%)
		31 Dec 2013	**31 Dec 2012**	**+/- %**
Key balance sheet statement figures				
Total assets	in EUR million	115.4	99.2	16.3%
Shareholders' equity	in EUR million	83.3	67.6	23.2%
Property, plant and equipment	in EUR million	32.3	28.7	12.5%
Net working capital	in EUR million	33.6	25.6	31.3%
Cash and cash equivalents	in EUR million	1.8	0.2	>100.0%
Long-term liabilities	in EUR million	-	-	-
Equity ratio	in %	72.2%	68.1%	4.1pp

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.

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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 shareholders

Dear fellow shareholders,

In 2013 FAST Casualwear increased its revenue by 8.8% to EUR 123.0 million. Measured in RMB, revenue rose slightly stronger by 9.3%. Our most important segment "FAST brands" remained the growth driver for our revenue. With an increase of 8.6% we reached sales of EUR 98.2 million. Thus, nearly 80% of our revenue derived from this segment, which includes shoe and casual wear products under our own brand FAST. Sales in our second segment, "Others" which mainly comprises our OEM business, amounted to EUR 24.8 million in 2013, a year-on-year growth of 9.7%.

On the profit side, our operating profit (EBIT) increased by 2.7% to EUR 22.5 million in the reporting period. Higher selling and distribution expenses largely influenced this figure. This was in line with our strategy to increase the awareness for the FAST brand and lower administrative expenses compared to 2012 due to the decrease of legal and professional fees arising from the IPO. In combination with the strong growth of our revenue, our EBIT-margin was slightly lower compared to 2012 results and amounted to 18.3% (2012: 19.4%).

These results were in line with our previously stated guidance for 2013.

In 2013 we further accelerated our growth strategy, which consists of brand building, product innovation, expansion of our distribution channels, vertical integration and the planning for the entry into the online shopping business.

During 2013 our distribution network was further developed. At the end of the reporting period we sold our branded products through 28 unaffiliated regional distributors in almost 1,000 retail stores in over 100 cities throughout China. This represents an expansion of our network by more than 100 new retail outlets in the reporting period.

Apart from the sales of our own products we are also designing and producing footwear as a contract manufacturer for international brands, mainly from Europe and the U.S. In line with this we were able to successfully finalize a contract with a European retail chain at the end of last year. We received the first two orders from this new contract at the beginning of 2014.

Another key success factor for us is product development. 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. In this context our R&D department developed a new super-lightweight and highly elastic rubber in 2013. The new material secures the longevity of shoe soles. We are expecting the certificate of Invention Patent from the State Intellectual Property Office of the People's Republic of China in the second half of 2014. Compared to traditional material the shoe soles made of this new material is 15% lighter and it can reduce the material costs for shoe soles. This will have a positive effect on the profitability of FAST Casualwear.

2013 was the first full year as a listed company on the Frankfurt Stock Exchange. We are continuously improving our activities in order to intensify the dialogue with our valuable shareholders and communicate our growth story to new investors. In this context we could successfully resolve two capital increases since our IPO to support working capital and broaden our shareholder base. Despite the fact that our track record as a listed company is not very comprehensive yet, , we are making great efforts to further improve our abilities in order to meet the needs of our investors.

For 2014 we anticipate a continual challenging market environment in our domestic market in China. Nevertheless we remain confident about our business development in the future due to our good market positioning. For 2014 we expect our revenue to grow in the range of 15% to 18% measured in local currency RMB. Our EBIT margin is expected to grow similar to 2013 in a range between 16% and 19%.

I want to thank you, dear valued shareholders, for the ongoing trust in our company. Likewise, my thanks go to our business partners and employees who worked tirelessly and dedicated in the past year.

Sincerely,

Wing Chi CHONG

CEO of FAST Casualwear AG

Members of the management board

The Board of Directors is currently comprised of two members:

Wing Chi CHONG // CEO and founder of the Company

(responsible for overall strategy of FAST Casualwear)

Mr. CHONG has over 26 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 expanded the Wah Lei Group to Hong Kong, increaseing the business to the export of sports & fashion footwear to OEM customers in the US markets. In 2001, he set up HK Rich Profit to enlarge the export of sports fashion footwear to the international markets. Mr. CHONG then established Jinjiang Yiliyi in 2001, manufacturing other footwear, and Fast Fujian in 2002, which further increased FAST's business through 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 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. When FAST sports fashion footwear and apparel gained more recognition, he was promoted to be the General Manager. Mr. ZHANG holds a diploma of business administration from the School of Continuing Education (Tsinghua University), which he completed 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.

Report of the Supervisory Board for the Financial Year 2013

Dear Ladies and Gentlemen,

the financial year 2013 was marked by the continued positive development of the operating business. With the increase in revenue by approximately 8.8 % the Group continues its very dynamic growth. A central topic of the financial year was also the further development of the brand "FAST".

Cooperation with the Management Board

The Management Board informed the Supervisory Board regularly, promptly and comprehensively in written and oral reports about the economic and financial situation and the development of the company. In this context, the Supervisory Board discussed fundamental issues of business and corporate policy, corporate strategy, financial performance and profit situation of the company as well as questions about important transactions with the Management Board.

Both Dr. Söhn, as well as Ms. Ding as Chairperson, discussed and coordinated with the Management Board also outside the meetings on a regular basis all essential issues and questions.
The Supervisory Board with its diversified professional and language skills masters the special challenges that are present due to the Group's intercontinental locations, different working languages and different mentalities in the international structure of FAST Casualwear Group. Beyond its German publicly traded holding company, FAST Group has also two intermediate holding companies in Hong Kong, two operating subsidiaries in China (mainland) and one subsidiary in liquidation. A lively, open exchange between the Management Board and the Supervisory Board also contributed to mutual understanding and trust. The willingness of the Management Board to meet the high standards for a capital market oriented enterprise at any time underlines the willingness to strengthen the confidence of shareholders in FAST Casualwear AG by good corporate governance.

The information of the Management Board to the Supervisory Board took place continually, comprehensively and promptly both in oral as well as in written form. For all transactions and measures that by law, the Articles of Association or the Rules of Procedure required the approval of the Supervisory Board, the Management Board submitted a detailed presentation and reasoning to the Supervisory Board and obtained the required consent.
Thus, in the financial year 2013 the Supervisory Board continuously monitored and advised the activities of the Management Board in the interest of the Company and its shareholders, fulfilling its advisory and monitoring functions required by law, the Articles of Association and Rules of Procedure. The criteria for this supervision were the legality, regularity, economic efficiency and effectiveness of the business management and corporate management.

Meetings of the Supervisory Board

In fiscal year 2013 four meetings of the Supervisory Board took place. Of these, three meetings were held via telephone conference, and one in the form of a meeting by personal attendance. In addition, the Supervisory Board made resolutions through written procedure if it was necessary. The members of the Supervisory Board were present at the meetings of the Supervisory Board, either by personal appearance or by joining via conference call.

As the Supervisory Board consists of only three persons, it has not formed any committees. Relevant issues were dealt with by the entire board.

Supervisory Board Meetings and Decisions

April 18, 2013: The Supervisory Board meeting took place as a meeting by personal attendance on the premises of the company in Jinjiang, with the participation of the Management Board members and part-time telephone connection of the Supervisory Board member, CHAO Yu. The annual report auditor, Mr. Robinson, also participated via telephone. At this meeting the draft of the 2012 consolidated financial statements and the annual financial statements 2012 were discussed. Also items on the agenda were resolutions on the Report of the Supervisory Board, the Corporate Governance Report and the Declaration of Conformity 2013 and the motions to be made to the Ordinary Annual General Meeting. In addition, there was a resolution on loans to members of the Board. Further items on the meeting agenda were a report on the current economic situation, a discussion on the improvement of communication between the Management Board and the Supervisory Board and the improvement of communication with the financial market, as well as the completion of a risk management system and the liquidity situation of FAST Casualwear AG.

July 17, 2013: Written Resolution on the motions to be made to the Annual General Meeting under Topic 5 and 6 of the Agenda (reappointment of Supervisory Board members and the auditors) .

October 14, 2013: Resolutions were made via telephone conference regarding the election of Ms. Ding as Chairwoman of the Supervisory Board and approval of the decision of the Board to increase the capital by EUR 880.000,00 and the amendment of the relevant by-laws.

December 13, 2013: In a resolution via telephone conference a decision was made on a change in the proposals to be adopted for resolution at the Annual General Meeting as well as on the inclusion of a proposal into the agenda for the creation of new authorized capital.

December 16, 2013: By way of a resolution of a telephone conference, the financial statement 2012 fully confirmed by the auditor was approved, and the also fully confirmed 2012 consolidated financial statement was approved, too.

Composition of the Supervisory Board

Effective August 21, 2013, the previous Supervisory Board Chairman, Dr. Stefan Soehn, and Mr. CHAO Yu resigned as members of the Supervisory Board. By order of the District Court of Cologne, dated October 2, 2013, Ms. Nanyan DING and Mr. WONG Tsz Piu were appointed as new members of the Supervisory Board. Ms. Ding was elected Chairwomen of the Supervisory Board by Supervisory Board resolution on 14 October 2013.

Annual Financial Statement and Consolidated Financial Statement 2013

The audit and tax consulting firm Dr. Steinberg & Partner GmbH, was appointed annual auditor and group auditor for the financial year 2013 by the General Meeting on 23 January 2014. The Supervisory Board has issued the relevant audit assignment.

The management report at hand and the annual financial statement of FAST Casualwear AG persuant to the German Commercial Code (HGB) for the year ending on 31 December 2013, the consolidated management report persuant to IFRS / IAS and the consolidated financial statement for the year ending on 31 December 2013 were audited and given unqualified certificationby the auditor. The risk management of the Group was also subject of the audit in accordance with the law.

The Supervisory Board was regularly informed by the auditor on the progress of the audit and concurred with the audit reports. Annual and consolidated financial statements, the combined management report of FAST Casualwear AG and the Group and the audit reports of Dr. Steinberg & Partner GmbH auditors / tax consultants were available to all members of the Supervisory Board, and the Supervisory Board discussed it comprehensively in the telephone presence of the auditor in its meeting on 25 April 2014. The auditors reported on the main findings of the audit and that the identification of risks, which has already been started in prior year, was finalized and documented in risk control matrices in the reporting period. Furthermore the risks identified were assessed and measures to address these risks were defined. A formal documentation of the monitoring and a communication process to the supervisory board was not implemented yet. In particular, he provided explanations regarding the assets, financial and earning position of the company and of the group and was available to the Supervisory Board for additional information.

The Supervisory Board reviewed the annual financial statement, the consolidated financial statement and the combined management report of the FAST group and the FAST Casualwear AG for the financial year 2013 presented by the Management Board closely and found that to the final result of this review there was no objection to be raised. The Supervisory Board approved the audit reports of the auditor after examination. With the resolution on 25.04.2014 the annual financial statements prepared by the Management Board were approved and thus adopted. The Supervisory Board also approved the consolidated financial statement. Furthermore, the Supervisory Board approved the consolidated management report of the FAST Casualwear AG and the Group, and in particular the assessment of the future development of the enterprise.

Corporate Governance

The Supervisory Board has also concerned itself with the question of Corporate Governance and in the process has discussed the recommendations and suggestions of the German Corporate Governance Code. Management Board and Supervisory Board have approved the joint Declaration of Conformity according to § 161 AktG. The declaration of 2013 is included in the Corporate Governance Report, and is also published on the website of the Company. The recommendations from the Corporate Governance Code were followed with the exception of the items listed in the Declaration of Conformity. There are no conflicts of interest of members of the Supervisory Board known to the Supervisory Board. The Declaration of Conformacy will be published on 25 April 2014. Further comments on the topic of corporate governance can be found in the joint Corporate Governance Report of the Management Board and the Supervisory Board.

Relations with Affiliated Companies

Pursuant to § 312 AktG, the Company is required to prepare a report on the relations of a principal shareholder of the Company to the affiliated companies. The controlling shareholder of the FAST Casualwear does not have any significant business interests outside the Group, which could lead to disadvantages for the FAST Casualwear AG and / or the Group. In light of this, to the Management Board's view for the year 2013 there is no dependence report to be made.

Shenzhen, 25 April 2014

For the Supervisory Board
Nanyan Ding

Chairperson of the Supervisory Board

The share

Optimistic climate on the stock markets

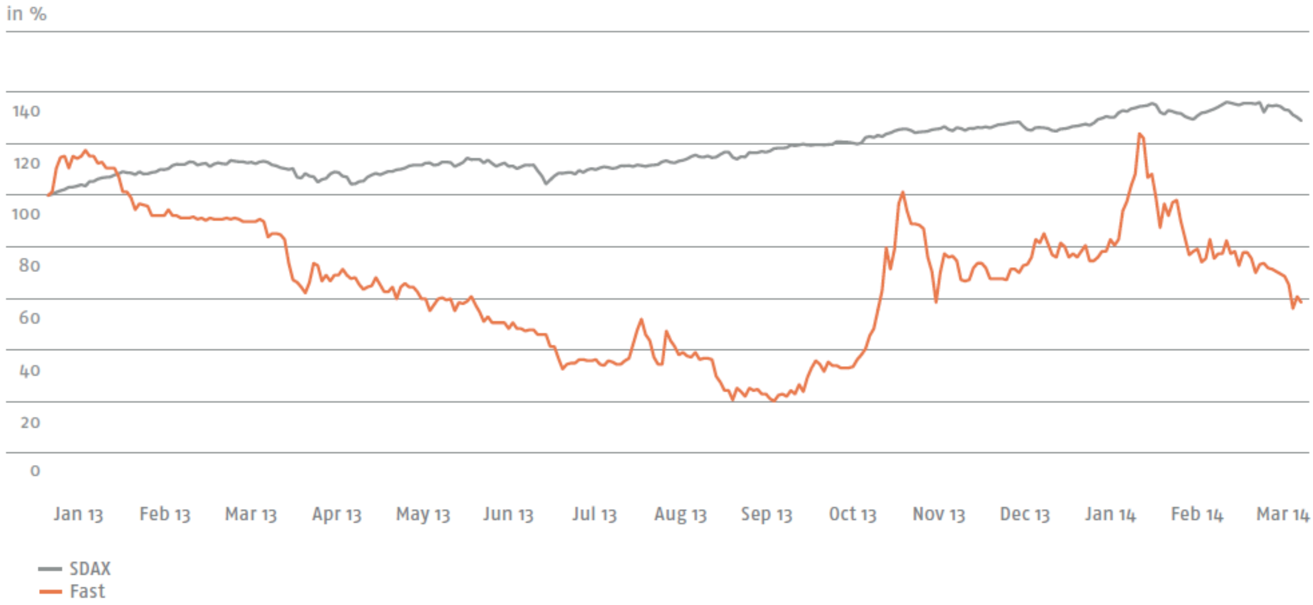
Looking back on the financial year 2013 it becomes evident that the main global stock markets revealed a generally growing optimism. Despite the difficult investment climate in the first half of the year, which was affected by the uncertainties in line with the economic development in Europe and the emerging markets, the main indices performed positive. This can be related to an anticipated rise in inflation rates in the U.S. as well as the Eurozone leading to an increasing demand in the markets throughout the second half of the year. Also relatively low interest rates on fixed-interest securities and favourable valuations for many shares contributed to the positive climate. Given these advantageous circumstances the SDAX (FAST`s benchmark index) performed well and rose to 6,789 points by the end of 2013. This is equivalent to an increase of almost 30% over the course of 2013.

A turbulent year for the FAST Casualwear share

The fiscal year 2013 turned out to be a very turbulent and volatile year for the FAST share. The share showed a strong performance in the beginning of the year and climbed until mid January to the share price high of 2.55 EUR. Given the difficult investment environment in the first two quarters the share experienced a constant downturn and suffered a loss of over 60% of its value until July 2013. This negative trend could not be stopped by the publication of the solid financial results of the first and second quarter. The share further declined and reached its share-price low at 0,44 EUR per share on 10 October 2013. In line with some positive news, the share price rose by almost 60%. This positive upturn however could not be adhered and the share price fell constantly to end with a closing price of 1.62 EUR on 30 December 2013. This is a decrease of 25% compared to the starting price on 2 January 2013.
The new fiscal year 2014 began with a positive performance of the share until mid of January. This positive trend could not be maintained and from the second half of January until 14 March 2014 the share decreased by over 40% to 1,27 EUR.

Dividend policy
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.

Share price development FAST vs. SDAX



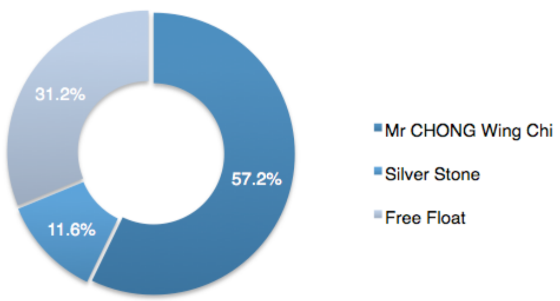
Market capitalization

As at 30 December 2013 the company had a market capitalization of EUR 20.0 million. Compared to the previous year this was a decline of EUR 6.1 million.

Capital increase

In December 2013 the Management Board of FAST Casualwear decided with the approval of the Supervisory Board to carry out a capital increase for cash by EUR 880,000.00 to EUR 12,200,000.00 by issuing 880,000 new shares at a price of EUR 1.25 and using the authorized capital. The gross proceeds amounting EUR 1,100,000.00 are to be used to support the overall working capital and further growth. In particular, in line with FAST's strategy to expand the distribution network and strengthen the product development of the own brand FAST.

Shareholder structure



* The Free Float includes all shareholdings <5%.

Basic data

Basic Data	Market Segment/ Stock Exchange	Regulated Market (Prime Standard)/ Frankfurt Stock
	First Trading Day	9 July 2012
	Shares Issued (unit shares)	1,065,020
Key Share Indicators 2013	Year end price (EUR)	1.62
	Share-price high (EUR)	2.69
	Share price low (EUR)	0.44
	Earnings per share (EUR)	2.40
	Market capitalization (as at 31 December 2013)	EUR 19.8 million

Investor Relations

FAST Casualwear AG aims to provide its shareholders with regular information about its financial and operational development. Therefore, the company plans to attend investor conferences like the German Equity Forum in 2014. 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.

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 in the company. 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 Relations /Corporate Governance.

Explanations according to sec. 289a HGB (Declaration of Conformity 2013)

By date of 18 April 2013 the Management Board (Vorstand) and the Supervisory Board (Aufsichtsrat) of FAST Casualwear AG for the first time jointly declared 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 outlined deviations. The declaration was 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 partly 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. The company's Supervisory Board has a women's quote of 33%.

- 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 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.de also provides further information on the FAST Casualwear Group, its business model and its products.

Information on risk management

A responsible approach to corporate risk is part of good corporate governance. In accordance with Sec. 91 (2) AktG, FAST Casualwear AG has to install a monitoring system in order to identify, at an early stage, developments jeopardizing the Company's ability to continue as a going concern. An adequate early warning system for the detection of risk was not fully implemented in the financial year 2012. The identification of risks, was finalized and documented in risk control matrices in the reporting period. Furthermore the assessment of risks identified and measures to address these risks were defined. Management Board will regularly notify the Supervisory Board of the existing risks, their development and the preventive action take.

Further details of risk management can be found in the opportunity and risk report in the combined management report for 2013 for the FAST Casualwear Group and FAST Casualwear AG. The 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 FAST Casualwear 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 2013 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. All remuneration received by them was paid by the Chinese subsidiaries for their work at these companies.

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 2013. 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 by the Annual General Meeting.

As of 31 December 2013 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 on the page 39 of the Annual 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 57.2% of the company's shares (6,978,038 shares) as at 31 December 2013. As Chairperson of the Supervisory Board, Ms. Ding holds <0.01% (100 shares) as at 31 December 2013. 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, provided that the value of the transactions undertaken by the member and/or related parties reaches or exceeds EUR 5,000 in a calendar year. In the fiscal year 2013, the following transactions of shares of FAST Casualwear AG, undertaken by members of the Management Board and Supervisory Board of FAST Casualwear AG, were subject to these disclosure requirements: Issue of shares with a volume of 880,000 shares and an issue price of EUR 1.25 per share to Mr. CHONG in the course of an increase in share capital (12 December 2013).

All transactions are disclosed on the company's website at www.fast-casualwear.com/Investor Relations/Corporate Governance/Directors-Dealings as soon as they are undertaken.

Munich, 25. April 2014

The Supervisory Board — The Management Board

Group Management Report

For the reporting period 1 January to 31 December 2013

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, primarily targeting consumers aged between 16 and 35 in lower tier cities in China. The Group distributes its own brand products through 28 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 978 retail outlets (in 2013 there are 106 additional new retail outlets) in over 100 cities throughout China. The Group also designs and produces footwear as contract manufacturer for international brands, 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 expanding the sales network.

We have developed the following strategies and will continue to improve them in 2014:

- Expansion of the Group's distribution network

In 2014 the Group will continue to seek high quality distributors and expand sales outlets at a pace that can meet market growth and the Group's overall growth. Expanding the sales capacity in different regions or strengthening our existing network can help to promote our brand name and increase market share in China. In 2012, we worked with 25 unaffliated distributors, while in 2013 we added 3 distributors resulting in 28 unaffliated distrubutros. We will continue to with an increasing number of competent distributors.

- Selection of credible and famous OEM customers

In 2014, the group will continue the OEM business and will work with credible and renowned customers in order to tap the world OEM trends and to maintain the steady profit from this segment.

- 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 Universities to innovate new products and to differentiate our products and to differentiate our products from competitors' in order to increse market share.

In 2014, we will adopt the patented technology and adopt them in manufacturing in order to increase product popularity and gross profit margin.

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

We will continue to focus on the image of the distributor stores and aim for projecting a consistent and unique image of these sales outlets. This further increases the awareness of the FAST brand and enhances sales revenue accordingly.

- Brand building and marketing

In order to strengthen brand recognition, we will continue to advertise a comprehensive image in the coming years in order to enhance visibility and influence of the brand, and thus increase brand awareness and popularity.

- Upgrade of our production equipment

By upgrading the production equipment our manufacturing process will be more efficient in order to meet the growing market demand with new designs and new products. In 2014, we will continuously monitor the new trends of techonology with the aim to upgrade equipment with an effective costs approach.

- Online shopping business strategy

We will further develop new sales models and extend our sales to online shopping platforms. This gives us the opportunity to capture new customers in the growing online shopping market segment in China. This will help the Group to achieve nationwide market coverage.

Internal control system

In order to measure the performance of our business activities, we focus on two indicators.

The first one is group revenue. We measure growth in terms of revenue in local currency (RMB) that is free from the effect of exchange rates.

The second indicator is the EBIT margin in order to measure our profitability. The indicator is defined as earnings before interest and taxes in relation to revenue. On the one hand we are focussing on cost efficiency but on the other hand we are commited to a state of the art design, the quality of our products and further activities to capture customers satisfaction in returns.

2. Overview of our business development

Business and operating environment

General economic environment

Looking back at 2013, the weak global industrial production and trade, the general price level down, the volatility and uncertainties in international financial markets, it is expected that the world economic growth will be slightly increased in 2014. However, the economic environment we are facing is still very complex.

In the last year, the global economy has been recovering at a slower pace than expected and the situation still remains uncertain as at the end of 2013. The European debt crisis has triggered fears of a recession across Europe and the world. In addition the fiscal cliff in the United States led to uncerntainties over a longer period and therefore affected world economiy. The uncertainties in the global economiy had an impact on China's economic growth although the extent was less significant than in Europe. Rising costs and inflation still made it challenging for many enterprises in China.

In 2013, the gross domestic product (GDP) of Chinese this year was 56,884.5 billion yuan (EUR 9.3 trillion), up by 7.7 % over the previous year.

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 23,438.0 billion yuan, up by 13.1% year-on-year (actual increase was 11.5% after deducting price factors). In 2013, the annual per capita net income of rural households was 8,896 yuan, up by 12.4 %, or a real increase of 9.3 % over the previous year when the factors of price increase were deducted. The median of per capita net income of rural households was 7,907 yuan, up by 12.7 %. The annual per capita disposable income of urban households was 26,955 yuan, up by 9.7 %, or a real increase of 7.0 %.

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 of 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. Nevertheless, we still need to deal with the challenges of the increasing raw material prices and supply of labour. In 2014, we will further expand the sales network through our distributors, especially in the areas 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.

Comparison of actual business development versus guidance

	Guidance 2013 (April)	Guidance 2013 (November)	Results 2013
Revenue growth in local currency (RMB)	10%	Slightly below 10%	8.3%
EBIT margin	Around 20%	In the range of 18%	18.3%

From the table above, we note that the revenue growth in local currency (RMB) is a bit lower than the previous guidance. The main reason for this are keen competition in the market and the overall market situation in the sense that industry players offer heavy discounts to promote their products. The management has kept a close eye on the growth of FAST and will endeavour to maintain the guidance. The deveoplment of the EBIT margin was within our expectiations. It was higher than the latest guidance in the Q3 report 2013, which called for an EBIT margin in the range of 18%.

Overall Statement by the Management Board on the Business Situation

FAST experienced a year of fierce competition in 2013, still we achieved growth in revenue and net profit. The future business drivers are both FAST brands representing 80% of revenue and the OEM business. For 2014 we expect our revenue to grow in the range of 15% to 20% measured in local currency RMB. Our EBIT-margin is expected to be between 14% and 19%.

3. Earnings position

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. The discussion and analysis of the Group's financial year 2013 is as follows and based on a "as if" presentation for the respective 12 months period of the previous year:

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).

	2013	**2012 ("as if")**
	kEUR	**kEUR**
Revenue	**122,974**	**112,980**
Cost of sales	(91,963)	(81,059)
Gross profit	**31,011**	**31,921**
Other income	16	870
Selling and distribution expenses	(6,157)	(5,129)
Administrative expenses	(2,508)	(5,760)
Finance income	111	55
Finance costs	(1,130)	(1,110)
Profit before income tax	**21,343**	**20,847**
Income Tax	(5,547)	(6,318)
Net profit	**15,796**	**14,529**
Currency translation reserve movement	(1,247)	(1,025)
Total Comprehensive Income	**14,549**	**13,504**
Earnings per share (2012 "as if " basis)	**1.39**	**1.29**

Revenues

Revenue increased from EUR 113.0 million in 2012 by EUR 10.0 million, or 8.8%, to EUR 123.0 million in 2013. Measured in RMB, revenue increased by 9.3% during the year.

The segment "FAST brands" increased by 8.6% to EUR 98.2 million (2012: EUR 90.4 million). The segment includs both: casual shoes and casual wear. Measured in RMB, the average unit selling price for footwear products grew by 44.7% to EUR 5.4 in 2013 (2012: EUR 3.7). For apparel the average unit selling price increased by 45.9%. The increase was offset by the decrease in the number of units of footwear and apparel sold. In footwear business it was 12.8 million pairs (2012: 17.6 million pairs), the number sold in the apparel business decreased to 2.8 million pieces (2012: 3.4 million pieces).

The segment "Others" representing OEM/ODM grew to EUR 24.8 million (2012: EUR 22.6 million). This represents an increase of 9.8% compared to the previous year.

The Group's revenues in 2013 were derived wholly from the PRC. Due to the popularity of FAST products, revenue arising from FAST brand products in 2013 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 81.1 million in 2012 by EUR 10.9 million, or 13.5%, to EUR 92.0 million in 2013. This was mainly due to the increase in costs of raw material consumed by EUR

9.2 million and the increase in outsourcing by EUR 1.7 million, which is partly offset by the decrease of factory overheads of kEUR 180. The cost of sales increased faster, compared to group revenue mainly due to increased costs for raw materials and outsourcing costs. The Group continuously kept a close eye on the cost development in 2013 and the following table presents a breakdown of cost of sales for 2013 and 2012:

	2013		**2012 ("as if")**		
	kEUR	**% of cost of sales**	**kEUR**	**% of cost of sales**	**+/- %**
Cost of raw materials consumed	78,606	85.5%	69,453	85.7%	13.2%
Outsourcing	7,047	7.7%	5,359	6.6%	31.5%
Labor costs	2,992	3.3%	3,081	3.8%	(2.9%)
Depreciation of property, plant and equipment	2,513	2.7%	2,249	2.7%	11.7%
Factory overheads	300	0.3%	481	0.6%	(37.4%)
Amortisation of intangible assets	113	0.1%	23	0.1%	>100.0%
Purchases for export trading sales	-	-	-	-	-
Other	392	0.4%	413	0.5%	(5.1%)
Total	**91,963**	**100.0%**	**81,059**	**100.0%**	**13.5%**

Gross profit and gross profit margin

Gross profit decreased slightly during the reporting period by kEUR 910, or 2.9% to EUR 31.0 million (2012: 31.9 million). The overall gross profit margin decreased from 28.2% in 2012 to 25.2% in 2013. The decrease of the gross profit resulted from the decrease in gross profit derived from our FAST brand segment from EUR 30.0 million in 2012 by kEUR 759, or 2.5%, to EUR 29.3 million in 2013. Further the decrease in gross profit of kEUR 151 from OEM/ODM business contributed to the overall figure. The decrease in gross profit is mainly due to the cost increase for materials even though the Group has significantly transferred the costs to the customers by increasing the selling prices because of its strong brand position in the market.

Other income

Other income decreased from kEUR 870 in 2012 by kEUR 854, 98.2%, to kEUR 16 in 2013. The decrease was mainly due to the one-off nature of government grants received from local authorities for the success of the IPO in 2012.

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 5.1 million in 2012 by 20% to EUR 6.2 million in 2013. This increase is due to the increase in the decoration and promotion materials for the retail shops; this was offset by the slight decrease of advertisement for the promotiom expenses. Selling and distribution expenses as a percentage of revenues increased and amounted to 5.0% in 2013 (2012: 4.5%).

Administrative expenses

Administrative expenses comprise mainly legal and professional fees, provision for various taxes including urban maintenance and construction tax, salaries to management and administrative personnel.

Administrative expenses decreased from EUR 5.8 million in 2012 by 3.3 million, or 56.5%, to EUR 2.5 million in 2013. This decrease is mainly attributed to the decrease of legal and professional fees arising from IPO in 2012 (EUR 1.6 million, net). While the legal and professiomal fees for 2013 was kEUR 512. In addition, various taxes including levee fund tax, urban maintenance and construction tax etc. in the sum of EUR 1.4 million were provided previously in 2012 while EUR 0.4 million were sufficiently provided for the reporting period according to the PRC rules and regulations. Administrative expenses as a percentage of revenues amounted to 2.0% in 2013 compared to 5.1%, in 2012.

Net finance income/expense

The net finance expenses slightly decreased from EUR 1.1 million in 2012 by kEUR 36, or 3.4% to EUR 1.0 million. This decrease was mainly due to the offset effect of the increase of finance income and the increase of finance expenses resulted from the increase of bank borrowing in 2013 as compared to 2012 for funding working capital.

Profit before income tax

Profit before income tax for the period increased from EUR 20.9 million to EUR 21.3 million by kEUR 496 or 2.4%. This increase is mainly due to the decrease of administrative expenses as there were IPO costs last year in 2012 and the increase in revenues in 2013.

Income tax

Income tax expenses decreased from EUR 6.3 million in 2012 to EUR 5.5 million in 2013. For the year under this report, the effective income tax is 26.0% (2012: 30.3%). Under the income tax law of the PRC currently in effect, the general income tax rate is 25%. In 2013, a 25% tax rate applied to all of its operating entities in China the Hong Kong entities and one of the PRC entities (i.e. Yiliyi) made a loss to a larger extent in 2012 and run-off at the end of 2012. 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% in previous year.

Net profit for the period

The net result increased from EUR 14.5 million in 2012 by 9.0% to EUR 15.8 million in 2013. This was mainly due to momentum of sales and lower down of administrative expenses. This represents a net profit margin of 12.8% (2012: 12.8%)

Earnings per share

The earnings per share were EUR 1.39 in 2013 and EUR 1.29 in 2012 (“as if”). For 2013 they were calculated on a weighted average basis of 11,365,000 shares. There was no delution.

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 2013:

	FAST brands		Others		
	Shoes	**Casual wear**	**OEM**	**Export Trading**	**Total**
	kEUR	**kEUR**	**kEUR**	**kEUR**	**kEUR**
Revenue					
External customers	69,156	29,017	24,801	-	122,974
Total revenue	69,156	29,017	24,801	-	122,974

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

	FAST brands		Others		
	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

FAST brands

In 2013, 79.8% of group's total revenues were attributable to sales of the segment "FAST brands". In detail, the sale of shoes generated 56.2% (2012: 58.4%) of the group's total revenues and 23.6% (2012: 21.63%) were attributable to sales of casual wear.

The overall increase in revenue from both the sale of shoes and apparel, gained momentum. The revenue of shoes grew from EUR 66.0 million in 2012 to EUR 69.2 million in 2013, while the revenue of apparels increased from EUR 24.4 million in 2012 to EUR 29.0 million in 2013.

OEM/ODM

The OEM/ODM sales accounted for 20.2% of total revenues in 2013 (2012: 19.9%). Revenues in this segment are mainly derived from the sale of casual and sport shoes manufactured for various international brands mainly in Europe and United States. The overall revenue generated from OEM/ODM products increased in absolute terms and it accounted for a little bit higher percentage of 0.3pp of overall revenue in 2013 as compared to 2012.

Financial management

The Group actively and regularly reviews and manages capital structure to ensure optimal capital structure, 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.

Financial position

Cash position

The Group maintained a minimum positive cash position and reinvested 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 21.7% in order to finance working capital and investment requirements of the growing business. The future investment and comittement will be further discussed in section 27 (comitements), and it will be funded by internal working capital and debt financing.

Cash Flow and capital resources

The following table presents a summary of the cash flow data of the Group for 31 December 2013

	31 December 2013	**31 December 2012 ("as if")**
	kEUR	**kEUR**
Cash flows from operating activities	12,410	9,117
Cash flows used in investing activities	(15,566)	(16,881)
Cash flows from used in financing activities	4,830	6,230
Cash and cash equivalents at the end of the year	1,770	131

Net cash generated from operating activities was EUR 12.4 million in 2013 while net cash generated from operating activities was EUR 9.1 million in 2012.

Net cash used in investing activities decreased to EUR 15.6 million in 2013 from EUR 16.9 million in 2012. This decrease was mainly attributable to increase in acquisition of plant and equipment for production of FAST branded footwear which is offset by the decrease in the deposit paid for the application for land use rights for new plant establishment and the proceeds from the disposal of certain plant and equipements.

Net cash generated from financing activities was EUR 4.8 million in 2013 while net cash generated in in financing activities was EUR 6.2 million in 2012. This change was mainly attributable to the net effect of:

- increase in restricted cash by EUR 2.6 million (nil in 2012)
- proceeds from issue of shares of EUR 1.1 million in 2013 (EUR 5.7 million in 2012)
- decrease in amounts due to related parties by kEUR 961 (EUR 3 million in 2012)
- increase in short term bank loans (net) by EUR 3.2 million (EUR 2.7 million in 2012)

Net assets

The following table presents the balance sheet data of the Group as at 31 December 2013 on a consolidated basis.

	31 December 2013	**31 December 2012**
	kEUR	**kEUR**
Non-current assets	49,630	41,968
Current assets	65,721	57,243
Total Assets	**115,351**	**99,211**
Total equity	83,256	67,607
Non-current liabilities	-	-
Current liabilities	32,095	31,604
Total liabilities	**115,351**	**99,211**

Non-current assets

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 42.0 million as at 31 December 2012 to EUR 49.6 million by EUR 7.7 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 (Wah Lei PRC) and the exchange translation difference.

Current assets

Current assets mainly comprise trade and other receivables, cash and cash equivalents etc. The amount increased from EUR 57.2 million as at 31 December 2012 to EUR 65.7 million as at 31 December 2013 by EUR 8.5 million.

Inventories

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

Inventories decreased from EUR 1.1 million as at 31 December 2012 by 46.1% to kEUR 606 as at 31 December 2013. 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 2013, as workers have their Chinese Lunar New Year holiday after year end. Furthermore the production facilities were closed for more than two weeks during the Chinese New Year Holidays from early February 2014. Hence, inventories were on a relatively low level at 31 December 2013 because the production run was scheduled to be completed and products sold by December 2013. 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 51.5 million as at 31 December 2012 by 19.4%, to EUR 61.4 million as at 31 December 2013. The increase is mainly due to the increase of trade and notes receivables of approximately EUR 11.8 million, 30.4% 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 increased by EUR 1.6 million or by 894.4% to EUR 1.8 million as at 31 December 2013. For a more detailed discussion of cash at the end of each period, see the chapter "Cash flow and capital resources". The major shareholder is willing to support the Group financially, if needed, by providing shareholders' loan and capital injection.

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 decreased compared with 31 December 2012 by EUR 2.6 million or 57.2% to EUR 1.92 million as at 31 December 2013.

Equity

Equity comprises share capital, reserves and retained earnings.

Equity increased from EUR 67.6 million as at 31 December 2012 by EUR 15.6 million, or by 23.2% to EUR 83.3 million as at 31 December 2013 mainly due to aggregate effects of the profit for the period and increase of share capital. As at 31 December 2013, the Group achieved a ratio of equity to total assets of 72.2% (31 December 2011: 68.1%).

In 2013, the management board carried out a capital increase for cash by EUR 880,000 to EUR 12,200,000 by issuing 880,000 new shares at EUR 1.25 using authorised capital.

Non-current liabilities

Non-current liabilities is nil. Mr Chong Wing Chi (Major shareholder of the Group) is willing to provide financial support to the group, if needed.

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 decreased from EUR 14.0 million as at 31 December 2012 by 17.1%, to EUR 11.6 million as at 31 December 2013.

Related party liabilities

Related parties liabilities comprise amounts due to Mr. Chong (major shareholder) in the sum of kEUR 989 and the amounts due to the former holding company in the sum of kEUR 149. 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 13.6 million as at 31 December 2012 by 21.7%, to EUR 16.6 million as at 31 December 2013. This is due to increased working capital requirements.

Income tax payable

Income tax payable increased from EUR 1.9 million as at 31 December 2012 by kEUR 898 or 47.8% to EUR 2.8 million as at 31 December 2013, which was due to the increase of taxable profit during the year.

4. 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 2013, the Group's design and product development team comprised 64 members.

In 2013, the Group introduced to the market 505 new footwear styles and approx. 235 new apparel styles. The Group has also designed around 190 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, this helps to 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 458 for the year of 2013 and kEUR 591 for the full year of 2012 ("as if"). The decrease is mainly due to the fact that the Group obtained the related patent in 2012 and relatively substantial effort and resources were put in 2012 (at the initial development stage) as compared to that in 2013. The amounts mainly consist of labor costs and materials for the design team. The Group has been working 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. The cooperation led to success of producing enhanced raw materials for the production of shoes soles.

With the continuous effort put in R&D activities, we believe that it will enhance the functionality of our products and also meet the increasing sales orders, strengthen the brand image, promote the Group by raising 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 2013, we have added 106 retail sales point in the distribution network to cater for the demand of the sales of FAST products.

As at 31 December 2013, the Group had 28 regional distributors, who operated or subcontracted the operation of 978 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 2013, more than 177 of the retail outlets exclusively sell products under the FAST brand.

Segment Others

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 2013, the gross profit margin of OEM/ODM business dropped to 7.1% from 6.4% (2012) due to the economic downturn worldwide. The Group will adopt a strategy to selectively work with European OEM customers with better terms in medium term.

Production, quality control and sourcing

During the year the Group operates two shoe production facilities in Huzhong Industrial Park, Chendai Town, Jinjiang City, Fujianf Province, which is one of the largest footwear manufacturing hubs in the PRC. The two facilities with a total area of 40,967 sqm are fully owned by the Group. In 2013, the production facilities operated by the Group comprised 10 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 look for a new production facility in order to expand the production capacity to meet the demand for its products. Meanwhile, the Group has been in discussion with JinJiang Industrial Park for the acquisition of land for the construction of our new facility to meet future orders. The new plant is scheduled to start operation in 2016, with a planned property space of 100,000 square meters and a factory floor space of 60,000 square metres during the first construction phase, the production plant is smaller than initially planned. Correspondingly, the company received a refund of the deposit for the land already paid in 2012.

<u>Quality control</u>

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 2013, 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 inspection. The Group's customers also frequently visit its production facilities to ensure that the quality check procedures meet their requirements.

<u>Sourcing</u>

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.

5. Employees

As of 31 December 2013, the Group had 980 employees (31 December 2012: 986).

The following table shows a breakdown of the Group’s employees by function as of 31 December 2013 and 31 December 2012, respectively:

	31 December 2013	31 December 2012
Management and administration	43	49
Sales	107	107
Production	725	725
Research & Development	64	64
Quality control	41	41
Total	**980**	**986**

In 2013, the Group continued to control the personnel costs during the rapid growth of business. The labour costs for production could be maintained at approximately 2.5% 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 employees results from the decrease of management team members in the OEM/ODM section at the end of the reporting year. This was due to the fact that the Group ran off the business of a PRC subsidiary, Yiliyi, in 2012 in order to give priority to those OEM customers with relatively higher profit margin and to focus on its self-brand business and employ talented staff to develop and work with the Group.

6. 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 2013 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 financial year 2013 was granted as follows:

	in kEUR
Mr CHONG Wing Chi	66
Mr. ZHANG Wenya	22
Total	**88**

In addition to the respective cash remuneration, 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. 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 (retired in August 2013)	30
Mr. SHUM Shing-kei	8
Mr. YU Chao (retired in August 2013)	5
Ms. Nanyan Ding (appointed by court in October 2013)	10
Mr. Tsz Piu Wong (appointed by court in October 2013)	2
Total	**55**

7. 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 2013, the share capital of FAST Casualwear AG was EUR 12,200,000.00 and was divided into 12,200,000 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 as of the balance sheet date 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.

8. 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 2013, 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 and evaluate them with the designated 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 it should and material risks are identified. The supervisory board will be informed on a timely basis by the Management Board. It is anticipated that when transactions of particular importance are evaluated, 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 within this network of retail stores. There can be no assurance that the Group will be able to upgrade as many retail stores successfully as it intends to, 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 2013. 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 trying 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 material 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 waste. 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. There are not any special opportunities apart from those in normal business development and we will keep an eye on possible opportunities continuously.

9. Dependency report

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. Taking this into account, the Management Board has concluded that a Dependency Report 2013 does not need to be prepared.

10. Corporate governance statement

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

11. Developments after the end of the reporting period

In February 2014, the Management Board resolved with the approval of the Supervisory Board a cash increase of share capital of EUR 500,000.00 to EUR 12,700,000.00 by issuing 500,000 new shares at a price of EUR 1.68, using authorized capital. The capital increase excludes the right of subscription of the shareholders and is subscribed solely by an unrelated individual inverstor. The new shares carry dividend rights for the financial year 2013. The gross proceeds amounting to EUR 840,000.00 are to be used to support overall working capital and further growth.

In February 2014, the Management Board announced that it has started OEM business with a renowed European retail group by producing and delivering 400,000 pairs of casual children's shoes which is of order value of approximately EUR 3.2 million.

In March 2014, the Management Board resolved with the approval of the Supervisory Board a cash increase of share capital of EUR 600,000.00 to EUR 13,300,000.00 by issuing 600,000 new shares at a price of EUR 1.6, using authorized capital. The capital increase excludes the right of subscription of the shareholders and is subscribed solely by an unrelated individual inverstor. The new shares carry dividend rights for the financial year 2013. The gross proceeds amounting to EUR 960,000.00 are to be used to support overall working capital and further growth.

Except for the above matters, there are no other significant events subsequent to 31 December 2013 to the date of this report.

12. Outlook

Industry outlook

At the time of preparation of this report the macroeconomic environment in 2014 is expected to stay challenging.

The European debt crisis has been gradually recovering. Due to this fact the risk for a recession has lowerd compared to preovious year. We believe that if European countries can respond effectively, it is unlikely that the world economy will fall into a recession in 2014. We believe that the growth gap between developed countries and developing countries will be narrowed down, and the world economy will grow in 2014 at a slow pace.

In addition, the future for the Chinese leisure products industry is expected to remain very competitive in 2014 and in the near future. The Group is aware of these continued challenges and we are therefore cautious in planning our business development, and adopt a balancing business strategy including focusing on FAST brand products and selective OEM customers with relatively stable and profitable margin. We believe that the Chinese 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 to capture the market shares through different sales channel including online business sales platform. We aim sustainable growth of our business in casualwear market. We also intend to achieve nationwide market coverage via online shopping platforms and will have our own online sales point in the future.

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. We will also look into the feasibility of online sales platform to extend our sales distribution methods.

<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 design which we aim at achieving. We are expanding our variety of products to meet the desires of different client groups and we are adopting newly developed materials for shoes soles that give us more varieties in designing and enhancing our FAST brand products.

Upgrade retail outlet design

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 at the same time, will selectlvly work with some relatively high and stable profit margin OEM/ODM customers.

Financial outlook

The Group expects an increase of revenues for the financial year 2014 due to its strong production capabilities, the expanding distribution network, adoption of the patented technology on raw materials for the manufacturing of shoes soles that will enhance the features of our products and thus increase in revenue is anticipated, and the new sales to be arising through online platform.

In view of the above, we expect a revenue growth rate in the range of 15% to 20% for full year 2014, measured in local currency RMB. The EBIT margin is expected to grow similar to 2013 in a range between 16% and 19 %. Despite the fact that we still need to handle various challenges including the rising income, rising material costs.

The Management Board will further consider all financing options to finance the expected growth of the company including debt and equiy transactions. 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 2014.

Hamburg, 25 April 2014

FAST Casualwear AG

The Board of Management

Mr Wing Chi CHONG Mr Wenya Zhang

Consolidated financial statements

For the reporting period 1 January to 31 December 2013

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

Financial year 1 January – 31 December 2013

	Notes	1 January to 31 December 2013	1 January to 31 December 2012
		kEUR	**kEUR**
Revenue	5	122,974	61,254
Cost of sales	6	(91,963)	(45,154)
Gross profit		**31,011**	**16,100**
Other operating income	5	16	869
Selling and distribution expenses	7	(6,157)	(4,301)
Administrative expenses	8	(2,508)	(4,343)
Finance income	5	111	33
Finance costs	9	(1,130)	(640)
Profit before taxation	**10**	**21,343**	**7,718**
Income tax	24	(5,547)	(2,725)
Profit for the period		**15,796**	**4,993**
Other comprehensive income after taxation - Exchange differences on translating foreign operations		(1,247)	(1,958)
Total comprehensive income for the period		**14,549**	**3,035**
Profit for the period		15,796	4,993
Total Comprehensive income		14,549	3,035
Earnings per share (EUR) (basic and diluted)	25	1.39	0.44
Number of shares (in thousands)		11,365	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.

Consolidated statement of financial position
as of 31 December 2013

	Notes	31 December 2013	31 December 2012
		kEUR	kEUR
ASSETS			
Non-Current			
Intangible assets	11	607	705
Property, plant and equipment	12	32,264	28,734
Lease prepayments on land use rights	13	5,160	5,334
Deposit for land use rights	14	11,599	7,195
Deferred tax assets		-	-
		49,630	**41,968**
Current			
Inventories	15	606	1,124
Trade and other receivables	17	61,418	51,453
Tax receivable		9	2
Restricted cash	18	1,918	4,486
Cash and cash equivalents	18	1,770	178
		65,721	**57,243**
Total assets		**115,351**	**99,211**
Equity and Liabilities			
Capital and reserves attributable to equity holders of the parent company			
Share capital	19	12,200	11,320
Capital reserve	19	3,910	3,690
Statutory reserve	19	6,510	6,420
Currency translation reserve	19	6,269	7,516
Retained earnings	19	54,367	28,661
Total equity		**83,256**	**67,607**
Liabilities			
Current			
Trade and other payables	20	11,597	13,993
Related party liabilities	21	1,138	2,105
Interest bearing bank borrowings	22	16,583	13,627
Income tax payable	24	2,777	1,879
		32,095	**31,604**
Total equity and liabilities		**115,351**	**99,211**

The comparability is affected by movements in the relative value of the functional currency (RMB) compared to the presentational currency (EUR).

Consolidated statement of changes in shareholders' equity
as of 31 December 2013

	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 1 January 2013	**11,320**	**3,690**	**6,420**	**7,516**	**38,661**	**67,607**
Issue of new shares	880	220	-	-	-	1,100
Comprehensive income for the period	-	-	-	(1,247)	15,796	14,549
Transfer to Statutory reserve	-	-	90	-	(90)	-
Balance at 31 December 2013	**12,200**	**3,910**	**6,510**	**6,269**	**54,367**	**83,256**

Due to the fact that the Group only came into existence on 22 June 2012, only the period 22 June to 31 December 2012 is shown.

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
1 January to 31 December 2013

	Notes	1 January to 31 December 2013	1 January to 31 December 2012
		kEUR	kEUR
Cash Flows from Operating Activities			
Profit before taxation	10	21,342	7,718
Adjustments for:			
Expenses on land use rights		116	63
Amortization of intangible assets		92	23
Depreciation of property, plant and equipment	12	2,618	1,393
Loss on disposal of property, plant and equipment		-	301
Finance costs		1,130	640
Finance income		(111)	(33)
Exchange translation difference		(184)	(65)
Operating profit before working capital changes		**25,003**	**10,040**
Decrease/(increase) in inventories		516	14,894
(Increase)/decrease in trade and other receivables		(11,950)	(4,569)
(Decrease)/increase in trade and other payables		(2,189)	(863)
(Increase)/decrease in Advances from third parties		(102)	-
Decrease/(increase) in Advances to third parties		47	447
Decrease/(increase) in Advances to distributors		1,164	(623)
Decrease/(increase) in Advances to suppliers		4,419	(2,452)
Cash generated from operating activities		16,908	16,874
Interest received		111	33
Income tax paid		(4,609)	(5,068)
Net cash generated from operating activities		**12,410**	**11,839**
Cash Flows from Investing Activities			
Acquisition of property, plant and equipment	12	(14,555)	(5,159)
Deposit for Acquisition of land		(4,577)	(7,369)
Proceeds from disposal of PPE		3,566	-
Exchange translation difference*		-	(211)
Net cash used in investing activities		**(15,566)**	**(12,739)**
Cash Flows from Financing Activities			
Bank borrowings obtained		15,577	10,917
Bank loans repaid		(12,358)	(13,897)
Interest paid		(1,130)	(640)
Amounts owing by related parties		(233)	-
Advances to related parties		(728)	646
Issue of shares		1,100	5,652
Costs of the issue of shares		-	(642)
Increase / (decrease) in restricted cash		2,570	(2,608)
Exchange translation		32	-
Net cash used in financing activities		**4,830**	**(572)**
Net increase / (decrease) in cash and cash equivalents		1,674	(1,472)
Cash and cash equivalents at beginning of year		131	1,606
Exchange difference translation		(35)	(3)
Cash and cash equivalents at end of the period	**18**	**1,770**	**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the reporting period ended 31 December 2013

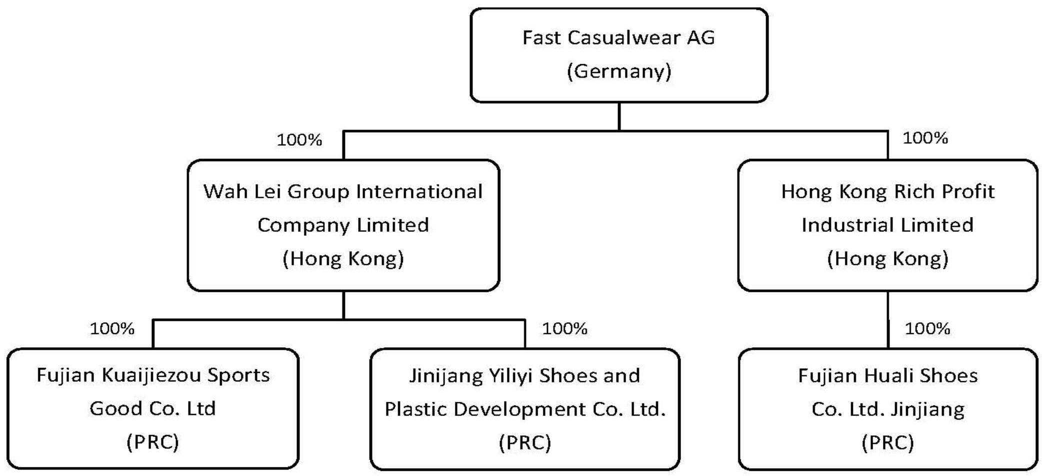
1. Nature of operations

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 distributes 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. In 2013, one of the PRC subsidiaries, namely Yiliyi, became dormant so the Group can focus the resources on selective OEM customers and its FAST brands business.

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 financial year of the Group is a calendar year.

The Consolidated Financial Statements for the reporting period 1 January to 31 December 2013 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).

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 2011).

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 16 December 2013. They were approved by the Supervisory Board in its meeting of 16 December 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 2011) by presenting the "Statement of Comprehensive Income" in one statement.

3.1.2 Published but not yet applied standards, interpretations and amendments

The following standards revised and new standards and interpretations were mandatory for the first time in the financial year under review:

- IAS 1 – Presentation of Items of Other Comprehensive Income
- IAS 19 (Amendments) – Employee Benefits
- IFRS 7 (Amendments) – Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 13 – Fair Value measurement
- IAS 12 – DeferredTaxes: Recovery of underlying assets
- Improvements to IFRSs 2009 – 2011
- IFRS 1 (Amendments) – Government Loans
- IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First – Time adopters
- IAS 32 (Amendments) – Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

The standards do not 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.

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 2013 financial year, and were therefore not applied by the Group:

- IFRS 9 – Financial Instruments and subsequent amendments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosures of Interests in Other Entities
- IAS 27 – Separate Financial Statements (issued 12 May 2011)
- IAS 28 – Investments in Associates and Joint Ventures (issued 12 May 2011)
- IAS 36 – Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets (amended in 2013)
- IAS 39 – Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting (amended in 2013)
- Amendments to IAS 19 – Defined Benefit Obligations: Employee Contributions
- IFRIC 21 – Levies
- Annual Improvements – 2010 – 2012
- Annual Improvements – 2011 – 2013

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 Company 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. The comparative figures for the consolidated statement of financial position at 31 December 2013 are those of the short financial year, 22 June 2012 to 31 December 2012.

At the time of the aforementioned transaction of 22 June 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 2013	EUR 1.00 = RMB 8.340	EUR 1.00 = RMB 8.171
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 2013	RMB 1.00 = HKD 1.281	RMB 1.00 = HKD 1.263
31 December 2012	RMB 1.00 = HKD 1.243	RMB 1.00 = HKD 1.232
22 June 2012	EUR 1.00 = RMB 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 intangible assets and property, plant and equipment

The Group assesses annually whether intangible assets and property, plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of intangible assets and 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 31 December 2013 amounted to EUR 2.8 million.

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 31 December 2013 are EUR 32.3 million. 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 31 December 2013 are kEUR 606.

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 financial year 31 December 2013 is as follows:

By business

	FAST brands		**Others**		**Total**
	Shoes	**Casual wear**	**OEM**	**Trading**	
	kEUR	**kEUR**	**kEUR**	**kEUR**	**kEUR**
Revenue					
External customers	69,156	29,017	24,801	-	122,974
Total revenue	69,156	29,017	24,801	-	122,974
Depreciation	1,592	-	921	-	2,513
Results					
Segment gross profit	20,657	8,602	1,751	-	31,011
Unallocated expenses:					
Unallocated corporate expenses					(9,668)
Profit before taxation					21,343
Taxation					(5,547)
Profit for the period					15,796

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 year of 31 December 2013, two customers made sales of over 10% of the sales within the branded segment.

	By business	**1 January – 31 December 2013**
		% of
Customer A	Others	11.7%
Customer B	FAST brands	10.6%
Total		22.3%

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
Depreciation	789	-	499	-	1,288
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 12 to 31 December 2012, five customers made sales of over 10% of the sales within the branded segment.

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

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

5. Revenue and income

	1 January to 31 December 2013	2012 as reported
	kEUR	**kEUR**
Revenue	122,974	61,254
Other operating income	16	869
Finance income	111	33
Total income	**123,101**	**62,156**

Other operating income is as follows:

	1 January to 31 December 2013	2012 as reported
	kEUR	**kEUR**
Government grants	-	755
Exchange gain	-	109
Sundry income	16	5
Total	**16**	**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:

	1 January to 31 December 2013	2012 as reported
	kEUR	**kEUR**
Cost of raw materials consumed	78,606	38,716
Outsourcing	7,047	2,892
Labor costs	2,992	1,639
Depreciation of property, plant and equipment	2,513	1,288
Other	392	380
Factory overheads	301	216
Amortisation of intangible assets	113	23
Total	**91,963**	**45,154**

7. Selling and distribution expenses

	1 January to 31 December 2013	2012 as reported
	kEUR	**kEUR**
Promotion expenses	2,165	2,231
Display shelves and renovation of distributor stores	2,694	1,522
Labor costs	514	268
Advertising expenses	780	265
Others	4	15
Total	**6,157**	**4,301**

8. Administrative expenses

	1 January to 31 December 2013	2012 as reported
	kEUR	**kEUR**
Consulting fees	491	1,723
Administrative taxes	363	946
Labor costs	408	384
Research and development and design materials	215	346
Research and development and design labor costs	243	126
Loss on disposal of property, plant and equipment	-	301
Depreciation of property, plant and equipment	105	106
Legal and professional fee	22	101
Expensed prepayment of land use rights	95	63
Bank charges	84	58
Trade union expense	26	41
Travelling expense	10	29
Supervisory Board fee	55	28
Stamp duty	74	18
Others	36	16
Insurance expense	8	15
Motor vehicle expense	17	12
Utilities	150	12
Telecommunication expense	12	9
Rental on operating leases	1	5
Office expense	25	3
Entertainment expense	1	1
Exchange loss	67	-
Total	**2,508**	**4,343**

9. Finance costs

The following table shows the finance costs for the period.

	1 January to 31 December 2013	**2012 as reported**
	kEUR	**kEUR**
Interest expenses		
- Bank overdraft	2	3
- Bank borrowings	1,128	637
Total	**1,130**	**640**

10. Selected expenses affecting operating profit

The following expenses are included in operating profit.

	1 January to 31 December 2013	**2012 as reported**
	kEUR	**kEUR**
Amortization of intangible assets	92	23
Expensed prepayment land use rights	116	63
Depreciation of property, plant and equipment	2,618	1,383
Interest expense		
- bank overdraft	2	3
- bank borrowings	1,128	637
Loss on disposal of property, plant and equipment	-	283
Rental on operating leases	1	5
Research and development costs and design material	215	346
Research and development costs and design labor	243	126

NOTES TO THE STATEMENT OF FINANCIAL POSITION

11. Intangible assets

Cost	**kEUR**
At 22 June 2012	746
Additions	-
At 1 January 2013	746
Additions	-
At 31 December 2013	746
Accumulated amortization	
At 22 June 2012	-
Amortization for the period	23
At 1 January 2013	23
Amortization for the period	92
At 31 December 2013	**115**
Exchange translation differences	(24)
Net book value	
At 31 December 2013	607
At 1 January 2013	705

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 improve ments	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**
Additions	9,964	4,591	-	-	-	-	14,555
Disposals	-	(13,929)	-	-	-	-	(13,929)
Exchange translation	(324)	(101)	4	2	-	-	(419)
At 31 December 2013	**20,647**	**16,643**	**90**	**108**	**-**	**-**	**37,488**
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**
Depreciation for the period	224	2,388	2	4	-	-	2,618
Disposals	-	(5,922)	-	-	-	-	(5,922)
Exchange translation	(14)	(10)	7	(2)	-	-	(19)
At 31 December 2013	**1,187**	**3,856**	**90**	**91**	**-**	**-**	**5,224**
Net book value							
At 31 December 2013	**19,460**	**12,787**	**-**	**17**	**-**	**-**	**32,264**
At 31 December 2012	**10,030**	**18,682**	**5**	**17**	**-**	**-**	**28,734**

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 2013	**31 December 2012**
	kEUR	**kEUR**
At carrying value	19,460	10,030

For details of capital commitments please refer to Note 27.

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 2013, the land use rights have remaining lease periods of approximate 42 to 46 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 2013 kEUR	31 December 2012 kEUR
Balance at beginning of period	5,334	5,529
Additions during the period	-	-
Exchange translation differences	(58)	(132)
Expensed for the period	(116)	(63)
Balance at end of period	5,160	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 2013 kEUR	31 December 2012 kEUR
At carrying value	5,160	5,334

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.

15. Inventories

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

	31 December 2013	31 December 2012
	kEUR	kEUR
At cost		
Raw materials	81	158
Work-in-progress	437	443
Finished goods	88	523
Total	**606**	**1,124**

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.

16. Financial assets and liabilities

Loans and receivables

	31 December 2013	31 December 2012
	kEUR	kEUR
Trade and other receivables (Note 17)	61,418	51,453
Restricted cash (Note 19(i))	1,918	4,486
Cash and cash equivalents (Note 19(ii))	1,770	178
Total	**65,106**	**56,117**

Financial liabilities measured at amortized cost

	31 December 2013	31 December 2012
	kEUR	kEUR
Current		
Trade and other payables (Note 20)	8,038	10,354
Related parties liabilities (Note 21)	1,138	2,105
Bank borrowings (Note 22)	16,583	13,627
Total	**25,759**	**26,086**

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 2013 kEUR	31 December 2012 kEUR
Trade and notes receivable		
Trade receivables	50,586	32,569
Notes receivables	-	6,220
Sub total trade and notes receivable	**50,586**	**38,789**
Other receivables		
Advances to suppliers	6,467	10,917
Advances to distributors	-	1,153
Advances to third parties	4,355	51
Deposits	-	7
Sundry debtors	10	536
Subtotal other receivables	**10,832**	**12,664**
Total	**61,418**	**51,453**

	31 December 2013 kEUR	31 December 2012 kEUR
Hong Kong dollar	-	6
Renminbi	61,408	51,444
United States dollar	10	3
Total	**61,418**	**51,453**

a) Trade receivables are usually due between 30 to 150 days. All trade receivables are subject to credit risk exposure.

	31 December 2013	31 December 2012
Ageing of trade receivables (days)	150	103
Total	**150**	**103**

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 2013	31 December 2012
	kEUR	kEUR
Current	50,586	28,973
Total	50,586	**28,973**

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 2013	31 December 2012
	kEUR	kEUR
Past due for less than 3 months	-	3,596
Past due over 3 months but less than 9 months	-	-
Past due over 9 months	-	-
Total	-	**3,596**

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.

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. 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 2013 kEUR	31 December 2012 kEUR
Cash on hand	18	12
Bank balances	1,752	166
Total	**1,770**	**178**

Included in restricted cash and cash and bank balances of the Group as at 31 December 2013 is kEUR 1,918 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 2013 kEUR	31 December 2012 kEUR
Cash and bank balances	1,770	178
Less: Bank overdraft (Note 22 (b))	-	(47)
Total	**1,770**	**131**

	31 December 2013	31 December 2012
	kEUR	kEUR
Hong Kong dollar	1	1
Singapore dollar	*	*
Renminbi	1,718	*
United States dollar	*	*
Euro	**51**	**177**
Total	**1,770**	**178**

* 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.

19. 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	
	2013	2012
Authorised share capital		
31 December 2012 and 31 December 2013	4,120,000	5,000,000
Issued and fully paid		
At 1 January 2013	11,320,000	10,000,000
Increase in ordinary shares	880,000	1.320.000
At 31 December 2013	**12,200,000**	**11.320.000**
Total shares issued	**12,200,000**	**11.320.000**

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. By resolution of the Management Board and with approval of the Supervisory Board as of October 14, 2013, the authorized capital 2012 has been partly utilized and the share capital has been increased by EUR 880,000.

Capital Reserves

	31 December 2013	31 December 2012
	kEUR	**kEUR**
Balance at beginning of period	3,690	-
Cash capital increases	220	3,690
Balance at end of period	**3,910**	**3,690**

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 2013	31 December 2012
	kEUR	**kEUR**
Balance at beginning of period	6,420	4,513
Movement during the period	90	1,907
Balance at end of period	**6,510**	**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 2013 kEUR	31 December 2012 kEUR
Balance at beginning of period	7,516	9,474
Movement during the period	(1,247)	(1,958)
Balance at end of period	**6,269**	7,516

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

20. Trade and other payables, notes payable

Trade and other payables

	31 December 2013 kEUR	31 December 2012 kEUR
Trade payables	3,844	1,066
Notes payable	3,717	8,124
Advances from customers	83	305
Amounts owing to suppliers of property, plant and equipment	-	538
Sundry payables	394	321
Sub total financial liabilities	**8,038**	**10,354**
VAT payable	1,399	1,787
Other tax payable	1,866	1,788
Accruals	294	64
Total	**11,597**	**13,993**

Trade and other payables are denominated in the following currencies:

	31 December 2013 kEUR	31 December 2012 kEUR
Hong Kong dollar	57	74
Renminbi	11,200	13,620
United States dollar	9	9
Euro	331	290
Total	**11,597**	**13,993**

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

	31 December 2013	31 December 2012
	kEUR	kEUR
Within 0 to 30 days	120	-
Within 30 to 60 days	-	-
Within 60 to 90 days	2,398	2,425
Within 90 to 180 days	1,199	5,699
Over 180 days	-	-
Total	**3,717**	**8,124**

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

21. Related party payables

	31 December 2013	31 December 2012
	kEUR	kEUR
Current		
Non-trade		
Amount owing to a related party		
- FAST Group Limited (BVI)	149	724
Advances from a director		
- CHONG Wing Chi	989	1,381
	1,138	**2,105**

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 2013 kEUR	31 December 2012 kEUR
Hong Kong dollar	149	724
Renminbi	989	1,381
Euro		-
Total	1,138	**2,105**

22. Interest bearing bank borrowings

	31 December 2013 kEUR	31 December 2012 kEUR
Current		
Bank loans (a)	16,583	13,580
Bank overdraft (b)	-	47
	16,583	13,627
Amount repayable:		
Not later than one year	16,583	13,627
Bank borrowings are denominated in the following currencies:		
Renminbi	16,583	13,580
Hong Kong dollar	-	47
	16,583	13,627

Bank loans

Bank loans are secured by means of guarantees granted by related parties (see Note 26) as well as by securities of buildings on leasehold land and over land use rights.

23. Employee remuneration

Employee benefits expense

	1 January to 31 December 2013	2012 as reported
	kEUR	**kEUR**
Salaries and related costs	3,906	2,364
Contribution to retirement scheme	268	53
	4,174	**2,417**

Employee benefits are charged to:

	1 January to 31 December 2013	2012 as reported
	kEUR	**kEUR**
Cost of sales	2,992	1,639
Selling and distribution expenses	514	268
Administrative expenses	669	510
	4,174	**2,417**

The following table shows a breakdown of the Group's employees by function as of 31 December 2013 and the average number of employees for the year of 2013 respectively:

	31 December2 013	Average	31 December 2012	Average
	No. of Person	**FY2013**	**No. of Person**	**FY2012**
Management and administration	43	46	49	51
Sales	107	107	107	109
Production	725	725	725	794
Research & Development	64	64	64	67
Quality control	41	41	41	46
Total	**980**	**983**	**986**	**1,067**

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.

24. Taxation

	1 January to 31 December 2013	2012 as reported
	kEUR	kEUR
Current taxation	5,547	2,725
Deferred taxation	-	-
Total	**5,547**	**2,725**

The tax expense on the results of the 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:

	1 January to 31 December 2013	2012 as reported
	kEUR	kEUR
Profit before taxation	21,343	7,718
Tax at respective companies' domestic income	5,530	2,550
Tax effect of non-deductible expenses and non refunded over	17	175
payments		
Total tax charge	**5,547**	**2,725**
Effective tax rate	26.0%	35.3%
Effect of deferred tax assets not recorded at value	(163)	(675)
Effect of non-deductible expenses and non refunded over payments	(8)	(175)
payments		
Adjusted income tax	5,376	1,875
Adjusted effective income tax rate	25.2%	24.3%

The adjusted income tax rate of 25.2% 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:

	1 January to 31 December 2013				
	Losses kEUR	**Tax rate**	**Deferred tax asset**	**Effect on tax charge**	**Note**
FAST Casualwear AG	326	30%	98	98	
Hong Kong entities	395	16.5%	65	65	
Loss making PRC entity	0.09	25%	-	-	
Total effect				**163**	

	2012 as reported				
	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 actural 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 FASR 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 2013, 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 year ended 31 December 2013, 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 year ended 31 December 2013.

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 year ended 31 December 2013 is 25%.

Income tax payable developed as follows:

	31 December 2013	**31 December 2012**
	kEUR	**kEUR**
Balance at beginning of period	1,879	4,371
Current year/period tax expenses on profit	5,547	2,725
Tax paid during the year/period	(4,609)	(5,068)
Exchange translation differences	(40)	(149)
Balance at end of period	**2,777**	**1,879**

Of the total tax payable at 31 December 2013, kEUR 783 (31 December 2012 kEUR 792) relates to withholding tax.

25. 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 31 December 2013 amounted to 11,365,000 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.

26. 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

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

Supervisory Board Members

Dr. Stefan Söhn (since 5 June 2012 and until 21 August 2013), lawyer, Chairman

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

Mr. Chao Yu (since 5 June 2012 and until 21 August 2013), lawyer
Mrs. Nanyan Ding (since 14 October 2013), lawyer, Chairman
Mr. Tsz Piu Wong (since 14 October 2013), advisor

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 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 mentioned before, 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. 6 of the Group Management Report.

Supervisory board's compensation

In 2012, the former Chairman (Dr Sohn) of the Supervisory Board received basic compensation of EUR 40,000 per calendar year and the Deputy Chairman (Mr Shum) received basic compensation of EUR 4,762 per calendar year. Another supervisory board member, Mr Yu received basic compensation of EUR 6,200 per calendar year.

In 2013, the current Chairman (Ms Ding) receives basis compensation of EUR 18,000 per annum, while the Deputy Chairman (Mr Shum) receives basic compensation of EUR 8,300 while another supervisory board member Mr Wong receives basis compensation of EUR 3,744.

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.

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 2013 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 2013 to 29 June 2014 and CNY 10,000,000 (EUR 1.2 million at 31 December 2013 rate) during the period from 23 October 2013 to 23 October 2014. 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.

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.

27. 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 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 day, the Group estimates that such claim for additional payments is less than 50% likely to occur and would not exceed EUR 0.4 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.

Corporate guarantees

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

	1 January to 31 December 2013	31 December 2012
	kEUR	kEUR
Corporate guarantees provided to banks	1,799	1,819

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	180
Two to five years	219
More than five years	96
	495

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 kEUR 120 in 2014

In 2012, the Group requested technical support services regarding the production of patented products, the services will expire in 2020, the total commitment is kEUR 60 within one year in 2014, kEUR 219 within 2 to 5 years, and kEUR 96 for more than 5 years,

28. 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 31 December 2013, 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.

	1 January to 31 December 2013	31 December 2012
	kEUR	kEUR
Financial assets		
Loans and receivables (including cash and cash equivalents)	65,106	56,117
Financial liabilities		
Amortized cost	25,759	26,086

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 Risk

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.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions.

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 56 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 5 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 32.3% of FAST brand sales for the financial year ended 31 December 2013 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 150 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:

	2013
	kEUR
Corporate guarantees provided to banks	1,799
Total	**1,799**

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.

29. 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.

As at year ends	31 December 2013 kEUR	31 December 2012 kEUR
Net debt	27,548	29,547
- Total equity	83,256	67,607
- Total capital	110,804	97,154
Gearing ratio	24.9	30.4

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

30. Auditor's fees

Expenses for services provide by the auditor of the Consolidated Financial Statements, Dr. Steinberg & Partner GmbH Wirtschaftsprüfungsgesellschaft, were recorded of kEUR 34 for audit services of financial statements for the period ended 31 December 2013. Expenses recorded for services provided by other auditors in relation to the audit of the Consolidated Financial Statements as amount to kEUR 82 for 2013. Expenses for audit services by Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft as recorded for the period ended 31 December 2012 were kEUR 126. For other services in relation with the IPO kEUR 150 were recorded in prior year's Consolidated Financial Statements.

31. German corporate governance code

FAST has based its corporate governance on the recommendations and suggestions of the German Corporate Governance Code. Information on corporate governance at FAST and a detailed report on the amount and structure of the remuneration paid to the Supervisory Board and Management Board can be found in the Group management report. FAST issued the declaration of compliance 2013 in accordance with Section 161 of the German Stock Corporation Act (AktG), which is permanently available to shareholders on the company's website (www.**fast-casualwear**.com).

32. Events after the reporting period

In February 2014, the Management Board resolved with the approval of the Supervisory Board a cash increase of share capital of EUR 500,000.00 to EUR 12,700,000.00 by issuing 500,000 new shares at a price of EUR 1.68, using authorized capital. The capital increase excludes the right of subscription of the shareholders and is subscribed solely by an unrelated individual inverstor. The new shares carry dividend rights for the financial year 2013. The gross proceeds amounting to EUR 840,000.00 are to be used to support overall working capital and further growth.

In February 2014, The Management Board announced that it has started OEM business with a renowed European retail group by producing and delivering 400,000 pairs of casual children's shoes which is of order value of approximately EUR 3.2 million.

In March 2014, the Management Board resolved with the approval of the Supervisory Board a cash increase of share capital of EUR 600,000.00 to EUR 13,300,000.00 by issuing 600,000 new shares at a price of EUR 1.6, using authorized capital. The capital increase excludes the right of subscription of the shareholders and is subscribed solely by an unrelated individual inverstor. The new shares carry dividend rights for the financial year 2013. The gross proceeds amounting to EUR 960,000.00 are to be used to support overall working capital and further growth.

Except for the above matters, there are no other significant events subsequent to 31 December 2013 to the date of this report.

Hamburg, 25 April, 2014
FAST Casualwear AG

The Board of Management

Mr. Wing Chi CHONG Mr. Wenya Zhang

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by FAST Casualwear AG, comprising the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the financial statements together with the group management report for the business year from 1 January to 31 December 2013. The preparation of the consolidated financial statements and the group management report in accordance with IFRS as adopted by the EU, and the additional requirements of the German commercial law pursuant to Sec. 315a (1) HGB and 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 Sec. 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 for comply with IFRS as adopted by the EU, 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, 25 April, 2014

Dr. Steinberg & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Lutz Beck	Michael Röseler
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[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, 25 April 2014

FAST Casualwear AG

The Board of Management

Mr. Wing Chi CHONG Mr. Wenya Zhang

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FINANCIAL CALENDER

Interim report Q1 2014	28 May 2014
Annual General Meeting 2014	19 August 2014
Interim Report Q2 2014	28 August 2014
Interim Report Q3 2014	20 November 2014

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENT