



SINOTOP HOLDINGS BERHAD

(114842-H)

(Incorporated In Malaysia)

QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2012

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INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS		CUMULATIVE 3 MONTHS	
	CURRENT YEAR QUARTER ENDED 31/3/2012 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/3/2011 RM'000 (Unaudited)	CURRENT YEAR TO DATE ENDED 31/3/2012 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31/3/2011 RM'000 (Unaudited)
Revenue	26,806	32,141	26,806	32,141
Operating expenses	(26,193)	(30,859)	(26,193)	(30,859)
Other operating income	51	209	51	209
Profit from operations	664	1,491	664	1,491
Finance costs	(257)	(306)	(257)	(306)
Profit before taxation	407	1,185	407	1,185
Taxation	(117)	(221)	(117)	(221)
Profit for the financial period	290	964	290	964
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(5,252)	(856)	(5,252)	(856)
Total comprehensive (expense) / income for the period	(4,962)	108	(4,962)	108
Profit attributable to:				
Equity holders of the parent	290	964	290	964
Minority interest	-	-	-	-
Total comprehensive (expense) / income attributable to:	290	964	290	964
Equity holders of the parent	(4,962)	108	(4,962)	108
Minority interest	-	-	-	-
	(4,962)	108	(4,962)	108
Profit per ordinary share (sen):				
- Basic	0.01	0.05	0.01	0.05
- Diluted	N/A	N/A	N/A	N/A

This statement should be read in conjunction with the notes to this report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT FIRST QUARTER ENDED 31/3/2012 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2011 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, Plant and Equipment	54,864	58,045
Land use rights	5,972	6,173
Other Investments	5,966	3,398
	<u>66,802</u>	<u>67,616</u>
Current Assets		
Land use rights	101	140
Inventories	12,841	13,233
Trade and other receivables	68,128	74,703
Cash and cash equivalents	28,758	34,389
	<u>109,828</u>	<u>122,465</u>
Total assets	<u>176,630</u>	<u>190,081</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	394,899	394,899
Statutory reserve	13,857	13,822
Reverse take over reserve	(328,124)	(328,124)
Foreign currency translation	(621)	4,631
Retained profits	75,248	74,993
Total equity	<u>155,259</u>	<u>160,221</u>
Non-current liabilities		
Interest-bearing liabilities	-	-
Total non-current liabilities	<u>-</u>	<u>-</u>
Current Liabilities		
Trade and other payables	6,436	9,818
Interest-bearing liabilities	14,610	19,784
Income tax payable	325	258
Total current liabilities	<u>21,371</u>	<u>29,860</u>
Total liabilities	<u>21,371</u>	<u>29,860</u>
Total equity and liabilities	<u>176,630</u>	<u>190,081</u>
Net assets per share (RM)	<u>0.08</u>	<u>0.08</u>

This statement should be read in conjunction with the notes to this report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	As AT FIRST QUARTER ENDED 31/3/2012 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2011 RM'000 AUDITED
OPERATING ACTIVITIES		
Profit before taxation	407	8,031
Depreciation	909	5,022
Amortisation of land use right	22	132
Allowance for impairment losses	-	2,322
Unrealised exchange (gain)/loss	-	(4,274)
Impairment loss of inventories	-	171
Non-operating items		
- interest expenses	193	1,151
- interest income	(50)	(179)
Changes in working capital		
- Inventories	392	2,976
- Trade receivables	20,269	3,138
- Other receivables	(13,694)	(1,123)
- Trade payables	(2,330)	(11,260)
- Other payables	(1,052)	1,406
Cash generated from operations	<u>5,066</u>	<u>7,513</u>
Interest paid on borrowing	(193)	(1,151)
Tax paid (net)	(50)	(1,484)
Net cash generated from operating activities	<u>4,823</u>	<u>4,878</u>
INVESTING ACTIVITIES		
Capital expenditure	(88)	(3,780)
Interest received	50	179
Investment in unquoted shares	(2,568)	(3,398)
Net cash used in investing activities	<u>(2,606)</u>	<u>(6,999)</u>
FINANCING ACTIVITIES		
Repayment of interest-bearing liabilities	(5,174)	(17,371)
Drawdown of interest-bearing liabilities	-	20,073
Net cash generated from financing activities	<u>(5,174)</u>	<u>2,702</u>
Net increase in cash and cash equivalents	(2,957)	581
Foreign exchange translation differences	(2,674)	7,065
Cash and cash equivalents at beginning of the year	34,389	26,743
Cash and cash equivalents at end of the period	<u>28,758</u>	<u>34,389</u>

Note :

() Denotes cash outflow

This statement should be read in conjunction with the notes to this report.

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	< ----- Non distributable ----- >					Distributable Unappropriated Profits	Total Equity
	Share Capital	Reverse take-over reserve	Statutory reserve	Foreign currency translation reserves			
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Balance at 1/1/2012 (audited)	394,899	(328,124)	13,822	4,631	74,993	160,221	
Total comprehensive income/(expenses) for the financial year	-	-	-	(5,252)	290	(4,962)	
Transfer to statutory reserve	-	-	35	-	(35)	-	
Profit from operations							
Balance at 31/3/2012 (Unaudited)	394,899	(328,124)	13,857	(621)	75,248	155,259	

SINOTOP HOLDINGS BERHAD

QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

A1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Report Standard ("FRS") 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Market.

The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year ended 31 December 2011.

A2. CHANGES IN ACCOUNTING POLICIES

- a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative
FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time
Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment
Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3
(Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A2. CHANGES IN ACCOUNTING POLICIES (CONT ' D)

FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3(Revised)

Annual Improvement to FRSs (2010)

The adoption of the above accounting standards and interpretations (including consequential amendments) does not have any significant financial impact on the Group's financial statements other than the following:-

- i. FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred.

The Group has applied FRS 3 (Revised) prospectively. Accordingly, business combinations entered into prior to 1 January 2011 have not been adjusted to comply with this revised standard.

- ii. FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst maintaining control, to be recognized as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the non-controlling interests instead of by the parent.

The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial year ended 31 December 2011 but may impact the accounting for future transactions or arrangements.

- iii. Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy.
- iv. Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes.

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A2. CHANGES IN ACCOUNTING POLICIES (CONT ' D)

- v. The amendments to FRS 101 (Revised) clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.
- b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
FRS 9 Financial Instruments	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Disclosures - Transfers of Financial Assets	1 January 2012
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A2. CHANGES IN ACCOUNTING POLICIES (CONT ' D)

FRSs and IC Interpretations (including the Consequential Amendments)	Effective Date
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

The Group's financial statements for the annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). As a result, the Group will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1 January 2012.

- c) Following the issuance of MFRSs (equivalent to IFRSs) by the MASB on 19 November 2011, the Group will be adopting the new accounting standards in the current financial year. The Group is currently in the process of assessing the impact of the adoption of these new accounting standards and the directors do not expect any significant impact on the financial statements arising from the adoption.

A3. AUDITORS' REPORT

The auditors' report of the preceding financial year of the Group was not subject to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

In overall, the entire textile industry in China is currently experiencing consolidation. The Group also continues to face pressure from the global economy downturn, which has resulted in lower sales revenue being recorded in the current quarter.

A5. EXCEPTIONAL ITEMS

Not applicable.

A6. CHANGES IN ESTIMATES

There were no changes to the estimates that had been used in the preparation of the current financial statements.

A7. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A8. DIVIDEND

There were no dividends paid for the financial period ended 31 March 2012.

A9. SEGMENTAL INFORMATION

Information on business segments is not presented as the Group operates primarily in the manufacturing and sale of fabric products.

Revenue by geographical segment is based on the geographical location of the customers. As substantial amount of the Group's assets and liabilities are located in PRC and accordingly, no separated geographical segment for assets and liabilities has been presented for the financial period.

Geographical Segments

The following table provides an analysis of the Group's revenue and profit before tax by geographical segments:

	Individual Quarter		Cumulative 3 Months	
	Current Quarter	Preceding Year	Current Year	Preceding Year
	Ended	Corresponding	To Date	Corresponding
	31 March 2012	Quarter Ended	Ended	Period Ended
	RM'000	31 March 2011	31 March 2012	31 March 2011
		RM'000	RM'000	RM'000
Revenue				
Domestic Sales	24,063	27,234	24,063	27,234
Overseas Sales	2,743	4,407	2,743	4,407
Total	26,806	31,641	26,806	31,641

The Group's revenue, based on customers' locations, is derived mainly from the PRC and other overseas countries.

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Not applicable

A11. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There were no material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the said period made up to a date not earlier than 7 days from the date of issue of the quarterly report.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period under review.

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134 (CONT'D)

A13. CHANGES IN CONTINGENT LIABILITIES / ASSETS

- (i) There were no contingent liabilities as at the date of this announcement.
- (ii) There are no changes in contingent assets since the last annual financial statements.

A14. CAPITAL COMMITMENTS

There were no capital commitments during the current financial period under review.

A15. FOREIGN CURRENCY TRANSLATION

The translation of the condensed consolidated financial statements from RMB to RM is based on the following exchange rates:-

	As at First Quarter Ended 31/3/2012	As at Financial Year Ended 31/12/2011
Condensed consolidated statement of comprehensive income Based on average rates for the financial period/year RMB1.00 to RM	0.4819	0.4741
Condensed consolidated statement of financial position Based on closing rates for the financial period/year RMB1.00 to RM	0.4870	0.5034

A16. SIGNIFICANT RELATED PARTY TRANSACTION

There was no related party transaction during the current financial period under review.

SINOTOP HOLDINGS BERHAD

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

PART B - EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND FINANCIAL PERIOD

The current quarter and financial period ended 31 March 2012 revenue of RM26.8 million comprises the revenue from the manufacturing and sales of fabrics.

The Group recorded profit before taxation of RM0.407 million for the current quarter and current financial period ended 31 March 2012 respectively.

The lower profit before taxation for the current quarter and current financial period compared to the corresponding period of preceding financial year is due mainly to the drop in sales revenue of fabric products coupled with higher production overhead and operating costs.

B2. MATERIAL CHANGE IN THE PROFIT BEFORE TAXATION FOR THE REPORTED QUARTER AS COMPARED TO THE IMMEDIATE PRECEDING QUARTER

The increase of RM0.950 million in the Group's profit before taxation for the current quarter at RM0.407 million as compared to the preceding quarter's loss before tax of RM543,000 is due mainly to an allowance for impairment losses on trade receivables charged to the income statement in the immediate preceding quarter.

B3. CURRENT YEAR PROSPECTS

The entire textile industry in China is currently undergoing consolidation. The increase of production complexity level and wages has affected both the Company's revenue growth and profit margin. Nevertheless, with the Company's financial and operational resources, the Board believes that after the completion of the consolidation phase experienced by the textile industry in China, eventually the business conditions will improve and able to maintain a satisfactory financial performance.

B4. EXPLANATORY NOTE FOR VARIANCE FROM PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not provided any profit forecast or profit guarantee during the financial period ended 31 March 2012.

B5. TAXATION

	Individual Quarter		Cumulative 3 Months	
	Current Quarter Ended 31 March 2012 RM'000	Preceding Year Corresponding Quarter Ended 31 March 2011 RM'000	Current Year To Date Ended 31 March 2012 RM'000	Preceding Year Financial Period Ended 31 March 2011 RM'000
Tax on profit for the year	117	221	117	1,082

The tax on profit for the current year is in respect of the Group's subsidiary in China, namely Top Textile (Suzhou) Co. Ltd which operates the customised woven loom-state fabric manufacturing business. .

The corporate tax rate applicable to the Group and its subsidiaries are as follows:

- (a) the enterprise income tax rate of a subsidiary in the People's Republic of China ("PRC") has reverted to the prevailing corporate tax rate of 25% after receiving a 50% tax relief from 2009 - 2011.
- (b) the subsidiary incorporated in The British Virgin Islands ("BVI") is not subject to any corporate tax; and
- (c) the holding company was in a tax loss position.

B6. STATUS OF CORPORATE PROPOSALS

The Corporate Proposals in respect of the acquisition of Be Top Group Limited and its subsidiary, namely Top Textile (Suzhou) Co. Ltd. (collectively referred to as the "Be Top Group") for a total consideration of RMB755.0 million (or RM393,229,168) ("Assets Injection") from Mr. Pan Ding and Mr. Pan Dong ("Vendors") and Renounceable Rights Issue on the basis of ten (10) right shares for every one (1) existing Sinotop Share held in Sinotop ("Rights Issue") were completed on 3 August 2010.

The utilisation of RM60.632 million raised from the Right Issue as at 31 March 2012 is as follows. The below utilisation has not changed since the announcement of the quarterly financial results made on 29 February 2012 for the financial year ended 31 December 2011.

Proposed Utilisation of Proceeds	Proposed Utilisation	Actual Utilisation	Intended Time Frame for Utilisation	Balance Unutilised	
	RM'000	RM'000		RM'000	%
Be Top Group's overall expansion and development plan which includes:-			2 years		
• Purchase of machineries	25,000	6,226		18,774	75
• Purchase of auxiliary equipment	1,500	1,500		-	-
• Expansion of sales and marketing network	1,500	-		1,500	100
• R&D expenditures	1,000	-		1,000	100
Construction of factory expenses	9,000	-	2 years	9,000	100
Working Capital	6,632	6,632	1 year	-	-
Repayment of bank borrowings	11,000	22,100*	1 year	(11,100)	(101)
Estimated Expenses	5,000	5,000 #	Immediate	-	-
TOTAL	60,632	41,458		19,174	32

* As disclosed in quarterly results for financial year ended 31 December 2010, in view of the changes in market environment and review of interest rate in People's Republic of China, the Management has utilised additional RM11.1 million from the original allocation to purchase of machineries to repay additional bank borrowings. The Board of Directors has taken note and subsequently rectified in the Board Meeting for financial year ended 31 December 2010.

The actual utilisation for the estimated expenses is RM4.63 million, in which balance of RM0.37 utilised as working capital.

@ As per Abridged Prospectus dated 28 June 2010.

There were no corporate proposals announced or outstanding as at the date of this report.

B7. BORROWINGS

The Group's bank borrowings as at 31 March 2012 were as follows:-

	As at Financial Period Ended 31/3/2012 RM '000	As at Financial Year Ended 31/12/2011 RM '000
Interest-bearing liabilities (denominated in RMB):		
-Secured	7,792	14,750
-Unsecured	6,818	5,034
	<u>14,610</u>	<u>19,784</u>

B8. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There are no off balance sheet financial instruments as at the date of this announcement.

B9. CHANGES IN MATERIAL LITIGATION

The Group does not have any material litigation.

B10. PROPOSED DIVIDEND

The Board does not recommend the payment of any dividend for the financial period ended 31 March 2012.

B11. EARNINGS PER SHARE

	Current year quarter ended 31/3/2012 RM '000	Cumulative Period To-date ended 31/3/2012 RM '000
a) Basic earnings per share		
Net profit attributable to equity holders of the Company	290	290
Weighted average number of ordinary shares ('000)	1,974,496	1,974,496
Basic earnings per share (sen)	<u>0.01</u>	<u>0.01</u>
b) Diluted earnings per share		

The Company does not have any diluted earnings per share.

B12. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the group as at 31 March 2012, into realised and unrealised profits is as follows:-

	As at First Quarter Ended 31/3/2012 RM '000	As at Financial Year Ended 31/12/2011 RM '000
Total retained earnings of the Group		
- Realised	75,248	70,719
- Unrealised	-	4,274
	<hr/> 75,248	<hr/> 74,993
Less: Consolidation adjustments	-	-
	<hr/>	<hr/>
Total retained earnings as per condensed consolidated statement of changes in equity	<hr/> 75,248	<hr/> 74,993

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

B13. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging /(crediting)

Financial period /year ended	Current Year Quarter Ended 31 March 2012 RM'000	Preceding Financial Year Ended 31 December 2011 RM'000
Amortisation of land use rights	22	132
Allowance for impairment losses	-	2,322
Depreciation of property, plant and equipment	909	5,022
Interest expense	193	1,151
Impairment loss of inventories	-	171
(Gain) / loss on foreign exchange		
-realised	-	-
-unrealised	-	(4,274)
Interest income	(50)	(179)