



SINOTOP HOLDINGS BERHAD
(114842-H)
(Incorporated In Malaysia)

SINOTOP HOLDINGS BERHAD

QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2012**

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. First-time adoption of Malaysian Financial Reporting Standards (“MFRS”)

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting, and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial reporting issued by the International Accounting Standards Board. For periods up to and including the financial year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

These condensed consolidated interim financial statements are the Group’s first MFRS condensed interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been applied.

The date of transition to MFRS framework is 1 January 2011. As at the transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1.

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

A2. SIGNIFICANT ACCOUNTING POLICIES

The audited financial statements of the Group for the financial year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2011 except as discussed below:

Foreign currency translation reserve

Under FRS, the Group recognized translation differences on foreign operations as a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at the date of the transition to MFRS, the cumulative foreign currency translation reserve of RM2,939,000 was transferred to retained earnings.



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A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group has not adopted the following new and revised MFRSs, IC Interpretations and Amendments as they are not yet effective for the current financial year ended 31 December 2012.

MFRSs, IC Interpretations and Amendments	Effective for annual periods beginning on or after
MFRS 9 : Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2013
MFRS 10 : Consolidated Financial Statements	1 January 2013
MFRS 12 : Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 : Fair Value Measurement	1 January 2013
MFRS 119 : Employee Benefits	1 January 2013
MFRS 127 : Separate Financial Statements	1 January 2013
MFRS 128 : Investment in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7 : Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014

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

The Group continues to face pressure from the global economy uncertainties from the US and Europe which affect demand from downstream players (mainly export-oriented garment manufacturers) over its fabric products.

Operating expenses, ie labour and utilities costs, continue to escalate, thus eroding profit margin of the Group. The Board is of the view that the consolidation phase will continue in the coming financial year which will impact the Group's revenue and earnings growth.

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.



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A8. DIVIDEND

There were no dividends paid for the financial period ended 31 December 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 by geographical segments:

	Individual Quarter		Cumulative 12 Months	
	Current Quarter Ended 31/12/2012 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2011 RM'000	Current Year To Date Ended 31/12/2012 RM'000	Preceding Year Corresponding Period Ended 31/12/2011 RM'000
Revenue				
Domestic Sales	40,157	39,455	144,382	134,227
Overseas Sales	7,529	2,073	19,238	17,357
Total	47,686	41,528	163,620	151,584

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.



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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

	RM '000
Approved and contracted for :	
Purchase of property, plant and equipment	2,209

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 Fourth Quarter Ended 31/12/2012	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	0.4892	0.4741
Condensed consolidated statement of financial position Based on closing rates for the financial period/year RMB1.00 to RM	0.4909	0.5034

A16. SIGNIFICANT RELATED PARTY TRANSACTION

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



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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED
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**PART B - EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET
LISTING REQUIREMENTS**

**B1. REVIEW OF PERFORMANCE FOR THE CURRENT QUARTER AND
FINANCIAL YEAR & CORRESPONDING QUARTER IN THE PRECEDING
FINANCIAL YEAR**

Current quarter and financial year

The current quarter and cumulative quarter revenue of RM47.7 million and RM163.6 million respectively comprise the revenue from the production and sales of customized woven loom-state fabrics made from cotton, synthetic and mixed yarn.

Sales revenue increased by RM1 million compared to the preceding quarter due to slightly higher sales volume recorded as a result of a more aggressive sales and marketing strategy adopted by the Group.

The Group recorded profit after taxation of RM0.8 million for the current quarter and RM4.8 million for the current financial year ended 31 December 2012 respectively.

The profit after taxation for the current quarter decreased by RM1.97 million compared to the preceding quarter is primarily due to escalating operating expenses, ie, wages and utilities costs, incurred in the current quarter.

**Comparison between the current quarter and the corresponding quarter in the
preceding financial year**

For the current quarter ended 31 December 2012, the Group recorded revenue of RM47.7 million, an increased of RM6.2 million compared to the revenue of RM41.5 million recorded in the corresponding quarter ended 31 December 2011. The increase of 14.9% in revenue is due to higher sales volume registered in the current quarter from sales of the Group's fabric products as a result of a more aggressive sales and marketing strategy adopted by the Group.

Current quarter profit after taxation for the Group improved by RM1.7 million compared to the corresponding quarter ended 31 December 2011 is due mainly to a one-off allowance for impairment loss being charged in the fourth quarter ended 31 December 2011.



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

The Group registered a profit before taxation of RM1.2 million as compared to the profit before tax of RM3.2 million recorded in the immediate preceding quarter is due mainly to higher operating expenses, ie wages and utilities costs, that continued to escalate in the current quarter.

B3. PROSPECTS

The Group remains cautious though it observes improvement in terms of revenue. It will continue to strive for higher operating efficiency to improve the profit margin in the challenging operating environment. Uncertainties in the global economic outlook and higher operating costs especially wages and utilities will continue to weight on the Group's sales revenue and earnings.

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 December 2012.

B5. TAXATION

	Individual Quarter		Cumulative 12 Months	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Financial Year
	Ended	Ended	Ended	Ended
	31 December	31 December	31 December	31 December
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Tax on profit for the year	447	369	1,061	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 principally engaged in the production of customised woven loom-state fabrics made from cotton, synthetic and mixed yarn.

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") remains at 12.5% ;
- (b) the subsidiary incorporated in The British Virgin Islands ("BVI") is not subject to any corporate tax; and BeTop
- (c) the holding company was in a tax loss position.



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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. To date, RM41.458 million has been utilised with RM19.174 million remain utilised.

The Board of Directors of Sinotop ("Board") announced that the Board has revised the original proposed utilisation of the proceeds raised from the rights issue with regard to the unutilised portion of RM19.174 million out of the total proceeds of RM60.632 million, for an extended utilisation timeframe of two (2) years commencing immediately from the expiry of the original 2-year timeframe in August 2012.

The authority to revise the utilisation of RI Proceeds has been granted by the shareholders to the Board at the Extraordinary General Meeting held on 12 January 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 December 2012 were as follows:-

	As at Financial Period Ended 31/12/2012 RM '000	As at Financial Year Ended 31/12/2011 RM '000
Interest-bearing liabilities (denominated in RMB):		
-Secured	14,728	14,750
-Unsecured	-	5,034
	14,728	19,784

B8. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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



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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 December 2012.

B11. EARNINGS PER SHARE

	Current year quarter ended 31/12/2012 RM '000	Current financial year ended 31/12/2012 RM '000
a) Basic earnings per share		
Net profit attributable to equity holders of the Company	822	4,833
Weighted average number of ordinary shares ('000)	1,974,496	1,974,496
Basic earnings per share (sen)	0.04	0.24

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 December 2012, into realised and unrealised profits is as follows:-

	As at Fourth Quarter Ended 31/12/2012 RM '000	As at Financial Year Ended 31/12/2011 RM '000
- Realised	76,346	70,719
- Unrealised	(57)	1,335
Total retained earnings of the Group	76,289	72,054
Less: Consolidation adjustments	-	-
Total retained earnings as per condensed consolidated statement of changes in equity	76,289	72,054



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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 December 2012 RM'000	Cumulative Quarters Ended 31 December 2012 RM'000
Amortisation of land use rights	34	136
Depreciation of property, plant and equipment	1,808	5,953
Interest expense	(32)*	726
(Gain) / loss on foreign exchange		
-realised	-	-
-unrealised	25	57
Interest income	(229)	(317)

**Due to reversal of over-provision for interest expense*