



SINOTOP HOLDINGS BERHAD

(114842-H)

(Incorporated In Malaysia)

QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 MONTHS		CUMULATIVE	
	CURRENT YEAR QUARTER ENDED 30/9/2013 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING QUARTER ENDED 30/9/2012 RM'000 (Audited)	CURRENT YEAR TO DATE ENDED 30/9/2013 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING PERIOD ENDED 30/9/2012 RM'000 (Audited)
Revenue	49,037	46,686	121,306	115,934
Operating expenses	(47,933)	(43,952)	(118,709)	(111,702)
Other operating income	321	600	1,103	1,120
Profit from operations	1,425	3,334	3,700	5,352
Finance costs	(10)	(131)	(199)	(727)
Profit before taxation	1,415	3,203	3,501	4,625
Taxation	(356)	(410)	(985)	(614)
Profit for the financial period	1,059	2,793	2,516	4,011
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	1,559	(4,766)	13,315	(5,235)
Total comprehensive income for the period	2,618	(1,973)	15,831	(1,224)
Profit attributable to:				
Equity holders of the parent	1,059	2,793	2,516	4,011
Minority interest	-	-	-	-
Total comprehensive income attributable to:	1,059	2,793	2,516	4,011
Equity holders of the parent	2,618	(1,973)	15,831	(1,224)
Minority interest	-	-	-	-
	2,618	(1,973)	15,831	(1,224)
Earnings per share (sen) :				
- Basic	0.05	0.14	0.13	0.06
- Diluted	N/A	N/A	N/A	N/A

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30/9/2013 RM'000 UNAUDITED	AS AT 31/12/2012 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, Plant and Equipment	51,730	51,177
Land use rights	6,232	5,883
Other Investments	12,276	10,235
	<u>70,238</u>	<u>67,295</u>
Current Assets		
Land use rights	148	136
Short-term investment	-	7,364
Inventories	15,975	11,759
Trade and other receivables	77,789	71,154
Cash and cash equivalents	20,825	30,859
Tax Recoverable	30	-
	<u>114,767</u>	<u>121,272</u>
Total assets	<u>185,005</u>	<u>188,567</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	394,899	394,899
Statutory reserve	14,715	14,420
Reverse take over reserve	(328,124)	(328,124)
Foreign currency translation reserve	13,962	647
Retained profits	81,448	79,227
Total equity	<u>176,900</u>	<u>161,069</u>
Non-current liabilities		
Interest-bearing liabilities	-	7,364
Total non-current liabilities	<u>-</u>	<u>7,364</u>
Current Liabilities		
Trade and other payables	8,105	12,254
Interest-bearing liabilities	-	7,364
Income tax payable	-	516
Total current liabilities	<u>8,105</u>	<u>20,134</u>
Total liabilities	<u>8,105</u>	<u>27,498</u>
Total equity and liabilities	<u>185,005</u>	<u>188,567</u>
Net assets per share (RM)	<u>0.09</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

	THIRD QUARTER ENDED 30/9/2013 RM'000 UNAUDITED	PRECEDING FINANCIAL YEAR ENDED 31/12/2012 RM'000 AUDITED
OPERATING ACTIVITIES		
Profit before taxation	3,501	5,894
Adjustments for :-		
Depreciation	4,295	5,952
Amortisation of land use right	106	136
Allowance for impairment losses in trade receivables	-	859
Gain on disposal of plant and equipment	-	(27)
Write-back of allowance for impairment losses on trade receivables	-	(1,281)
Non-operating items		
- interest expenses	184	726
- interest income	(264)	(126)
Changes in working capital		
- Inventories	(4,216)	1,141
- Trade receivables and other receivables	(6,640)	3,551
- Trade and other payables	(3,792)	2,639
	-	-
Cash generated from operations	<u>(6,826)</u>	<u>19,464</u>
Interest paid on borrowing	(184)	(726)
Tax paid	(1,496)	(829)
	-	-
Net cash generated from operating activities	<u>(8,506)</u>	<u>17,909</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(704)	(566)
Interest received	264	126
Proceeds from disposal of property, plant and equipment	-	49
Redemption of short-term investment	7,376	(14,236)
Purchase of unquoted investment	(1,086)	-
	-	-
Net cash used in investing activities	<u>5,850</u>	<u>(14,627)</u>
FINANCING ACTIVITIES		
Net (repayment)/drawdown of bank loans	(14,728)	(4,549)
	-	-
Net cash generated from financing activities	<u>(14,728)</u>	<u>(4,549)</u>
Increase in cash and cash equivalents	(17,384)	(1,267)
Foreign exchange translation differences	7,350	(2,262)
Cash and cash equivalents at beginning of the year	30,859	34,388
Cash and cash equivalents at end of the period	<u>20,825</u>	<u>30,859</u>

Note :

() Denotes cash outflow

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

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
Balance at 1/1/2012 (audited)	394,899	(328,124)	13,822	4,631	74,992	160,220
Total comprehensive income/(expenses) for the financial year	-	-	-	(3,984)	4,833	849
Transfer to statutory reserve	-	-	598	-	(598)	-
Balance at 31/12/2012 (audited)	394,899	(328,124)	14,420	647	79,227	161,069

	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
Balance at 1/1/2013	394,899	(328,124)	14,420	647	79,227	161,069
Total comprehensive income/(expenses) for the financial year	-	-	-	13,315	2,516	15,831
Transfer to statutory reserve	-	-	295	-	(295)	-
Balance at 30/9/2013 (Unaudited)	394,899	(328,124)	14,715	13,962	81,448	176,900

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



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**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013
PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134**

A1. BASIS OF PREPARATION

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.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012.

These explanatory notes attached to the condensed interim financial statements 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 year ended 31 December 2012.

A2. SIGNIFICANT ACCOUNTING POLICIES

During the financial period, the Group has adopted the following standards, amendments and IC interpretations issued by the Malaysian Accounting Standards Board:

MFRSs and IC Interpretations (Including The Consequential Amendments)

		Effective Date
Amendments to MFRS 1	: Annual Improvements 2009-2011 Cycle	1 Jan 2013
Amendments to MFRS10	: Consolidated Financial Statements	1 Jan 2013
Amendments to MFRS12	: Disclosure of Interests in Other Entities	1 Jan 2013
Amendments to MFRS101	: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS101	: Annual Improvements 2009-2011 Cycle	1 Jan 2013
MFRS 10	: Consolidated Financial Statements	1 Jan 2013
MFRS 12	: Disclosure of Interests in Other Entities	1 Jan 2013
MFRS 13	: Fair Value Measurement	1 Jan 2013
MFRS 119	: Employee Benefits (IAS 19 as amended by IASB in May 2011)	1 Jan 2013
MFRS 127	: Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 Jan 2013
MFRS 128	: Investment in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013

The adoption of the above MFRSs, IC Interpretation and Amendments to MFRSs did not have any significant financial impact to the Group.

A3. AUDITORS' REPORT

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



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A4. SEASONAL OR CYCLICAL FACTORS

The Group's sales of fabric products are subject to a certain degree of seasonality effect, as many of its customers are downstream players, ie mainly export-oriented garment manufacturers. Sales of the Group's fabric products are affected by factors such as change in fashion trends, consumer taste and surge in demand ahead of festive seasons.

The lingering effect of global economy crisis is still affecting the Group's financial performance that has caused contraction of demand over apparels and clothing products from the Group's customers compared to times before eruption of the European Debt Crisis. Consumer sentiment is also an important factor in the sense that they are likely to adopt a more cautious stance while planning their spending.

The Group is riding on its competitive advantage to secure more sales in the export segment, as well as exploring new segments in the domestic market.

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.

A8. DIVIDEND

There were no dividends paid for the financial period ended 30 September 2013.

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 9 Months	
	Current Quarter Ended 30/9/2013 RM'000	Preceding Year Corresponding Quarter Ended 30/9/2012 RM'000	Current Year To Date Ended 30/9/2013 RM'000	Preceding Year Corresponding Period Ended 30/9/2012 RM'000
Revenue				
Domestic Sales	35,440	41,122	93,081	104,225
Overseas Sales	13,597	5,564	28,225	11,709
Total	49,037	46,686	121,306	115,934



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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 this 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.

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	2,396

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 Quarter Ended 30/9/2013	As at Financial Year Ended 31/12/2012
Condensed consolidated statement of comprehensive income Based on average rates for the financial period/year RMB1.00 to RM	0.5118	0.4892
Condensed consolidated statement of financial position Based on closing rates for the financial period/year RMB1.00 to RM	0.5324	0.4909

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 THIRD QUARTER ENDED 30 SEPTEMBER 2013

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

REVENUE

During the current quarter, being the third quarter of the financial year ending 31 December 2013, the Group recorded revenue of RM49.04 million, generated from the manufacturing and sales of customized woven loom-state fabrics made from cotton, synthetic and mixed yarn.

Sales revenue increased by RM2.35 million compared to the corresponding quarter in the preceding financial year due to higher export market sales registered in the current quarter. Domestic market sales decreased by RM5.68 million in the current quarter as opposed to RM41.12 million recorded in the third quarter of financial year 2012. However, the effect of decrease in the domestic sales was offset by an increase in the export sales registered in the current quarter. The current quarter export sales increased by RM8.03 million to RM13.60 million compared to the corresponding quarter in financial year 2012. Better performance in the export sales had indeed offset approximately 71% of the effect of drop in the domestic sales in the current quarter.

Increase in the export sales in the current quarter is due to higher sales order secured from the Group's overseas customers over its fabric products. Nonetheless, there has not been any significant change in the sales and marketing direction of the Group.

PROFIT AFTER TAXATION

The Group recorded profit after taxation of RM1.059 million for the current quarter.

The profit after taxation for the current quarter decreased by RM1.734 million compared to the corresponding quarter for the financial year ended 31 December 2012 due to higher production costs and manufacturing overhead in the current financial year.

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 RM1.415 million compared to the profit before tax of RM1.947 million recorded in the immediate preceding quarter. The decrease in profit before tax is attributable to higher production costs and manufacturing overheads, especially wages paid to the production line workers.

B3. PROSPECTS

The Group is positive over the improved sales revenue recorded in the current quarter compared to the immediate preceding quarter ended 30 June 2013. It will continue to strive for improvement in productivity, to counter challenges posed by the generally up-trending wages and other manufacturing overheads (eg utilities cost). In addition, the Group has also been exercising prudent costs control measures to preserve profit margin.

However, uncertainty over the recovery pace of global economy, coupled with higher manufacturing overheads, especially wages and utilities, are still factors affecting the Group's financial performance.



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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 30 September 2013.

B5. TAXATION

	Individual Quarter		Cumulative	
	Current Quarter Ended 30 September 2013 RM'000	Preceding Year Corresponding Quarter Ended 30 September 2012 RM'000	Current Year To Date Ended 30 September 2013 RM'000	Preceding Financial Year Ended 31 December 2012 RM'000
Tax on profit for the year	356	410	985	1,061

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") is 25%.
- (b) the subsidiary incorporated in The British Virgin Islands ("BVI") is not subject to any corporate tax; and BeTop.
- (c) the holding company is 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 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.

As at 30 September 2013, the Group has utilized RM17.597 million as working capital and RM1.577 million remained unutilized.

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



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B7. BORROWINGS

The Group's bank borrowings as at 30 September 2013 were as follows:-

	As at Financial Period Ended 30/9/2013 RM '000	As at Financial Year Ended 31/12/2012 RM '000
Interest-bearing liabilities (denominated in RMB):		
-Secured	-	14,728
-Unsecured	-	-
	-	14,728

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 30 September 2013.

B11. EARNINGS PER SHARE

	Current year quarter ended 30/9/2013 RM '000	Preceding financial year ended 31/12/2012 RM '000
a) Basic earnings per share		
Net profit attributable to equity holders of the Company	1,059	4,833
Weighted average number of ordinary shares ('000)	1,974,496	1,974,496
Basic earnings per share (sen)	0.05	0.24

b) Diluted earnings per share

The Company does not have any diluted earnings per share.



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B12. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 30 September 2013, into realised and unrealised profits is as follows:-

	As at Third Quarter Ended 30/9/2013 RM '000	As at Financial Year Ended 31/12/2012 RM '000
- Realised	(148,200)	(153,359)
- Unrealised	-	-
Less: Consolidation adjustments	229,648	229,648
Total retained earnings as per condensed consolidated statement of changes in equity	81,448	76,289

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)

	Current Year Quarter Ended 30 September 2013 RM'000	Cumulative Quarters Ended 31 December 2012 RM'000
Amortisation of land use rights	106	136
Depreciation of property, plant and equipment	4,295	5,952
Interest expense	184	726
Interest income	(264)	(126)
Gain on disposal of property, plant and equipment	-	27
Writeback of allowance for impairment losses on trade receivables	-	(1,281)