



SINOTOP HOLDINGS BERHAD

(114842-H)

(Incorporated In Malaysia)

QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2014

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 MONTHS		CUMULATIVE	
	CURRENT YEAR QUARTER ENDED 31/3/2014 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING QUARTER ENDED 31/3/2013 RM'000 (Audited)	CURRENT YEAR TO DATE ENDED 31/3/2014 RM'000 (Unaudited)	PRECEDING YEAR CORRESPONDING PERIOD ENDED 31/3/2013 RM'000 (Audited)
Revenue	28,958	30,699	28,958	30,699
Operating expenses	(27,489)	(30,973)	(27,489)	(30,973)
Other operating income	299	538	299	538
Profit from operations	1,768	264	1,768	264
Finance costs	(5)	(125)	(5)	(125)
Profit before taxation	1,763	139	1,763	139
Taxation	(428)	(98)	(428)	(98)
Profit for the financial period	1,335	41	1,335	41
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(5,833)	2,133	(5,833)	2,133
Total comprehensive income for the period	(4,498)	2,174	(4,498)	2,174
Profit attributable to:				
Equity holders of the parent	1,335	41	1,335	41
Minority interest	-	-	-	-
	1,335	41	1,335	41
Total comprehensive income attributable to:				
Equity holders of the parent	(4,498)	2,174	(4,498)	2,174
Minority interest	-	-	-	-
	(4,498)	2,174	(4,498)	2,174
Earnings per share (sen) :				
- Basic	0.07	-	0.07	-
- Diluted	N/A	N/A	N/A	N/A

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

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/3/2014 RM'000 UNAUDITED	AS AT 31/12/2013 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, Plant and Equipment	49,322	52,458
Land use rights	6,147	6,347
Other Investments	12,108	12,502
	67,577	71,307
Current Assets		
Land use rights	109	151
Inventories	12,650	15,073
Trade and other receivables	81,318	85,890
Cash and cash equivalents	20,537	19,559
Tax Recoverable	30	30
	114,644	120,703
Total assets	182,221	192,010
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	394,899	394,899
Statutory reserve	14,846	14,718
Reverse take over reserve	(328,124)	(328,124)
Foreign currency translation reserve	12,054	17,887
Retained profits	82,203	80,997
Total equity	175,878	180,377
Current Liabilities		
Trade and other payables	5,707	11,095
Income tax payable	636	538
Total current liabilities	6,343	11,633
Total liabilities	6,343	11,633
Total equity and liabilities	182,221	192,010
Net assets per share (RM)	0.09	0.09

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

SINOTOP HOLDINGS BERHAD CO. NO. 114842-H

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	< ----- Non distributable ----- >				Distributable Unappropriated Profits RM '000	Total Equity RM '000
	Share Capital RM '000	Reverse take-over reserve RM '000	Statutory reserve RM '000	Foreign currency translation reserves RM '000		
Balance at 1/1/2014	394,899	(328,124)	14,717	17,887	80,997	180,376
Total comprehensive income for the financial year	-	-	-	(5,833)	1,335	(4,498)
Transfer to statutory reserve	-	-	129	-	(129)	-
Balance at 31/3/2014 (Unaudited)	394,899	(328,124)	14,846	12,054	82,203	175,878

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	AS AT CURRENT FINANCIAL YEAR ENDED 31/3/2014 RM'000 UNAUDITED	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2013 RM'000 AUDITED
OPERATING ACTIVITIES		
Profit before taxation	1,763	3,574
Adjustments for :-		
Depreciation	1,506	6,051
Amortisation of land use right	38	144
Allowance for impairment losses in trade receivables	-	897
Unrealised loss on foreign exchange	-	712
Write-back of allowance for impairment losses on trade receivables	-	(1,470)
Non-operating items		
- interest expenses	-	186
- interest income	(71)	(128)
Changes in working capital		
- Inventories	2,423	(1,986)
- Trade receivables and other receivables	4,572	(7,123)
- Trade and other payables	(5,389)	(2,165)
Cash generated from operations	<u>4,842</u>	<u>(1,308)</u>
Interest paid on borrowing	-	(186)
Tax paid	(330)	(1,536)
Net cash generated from operating activities	<u>4,512</u>	<u>(3,030)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(2,191)
Interest received	71	128
Proceeds from disposal of property, plant and equipment	-	12
Refund of other investment	-	6,605
Net cash used in investing activities	<u>71</u>	<u>4,554</u>
FINANCING ACTIVITIES		
Net (repayment)/drawdown of bank loans	-	(15,490)
Net cash generated from financing activities	<u>-</u>	<u>(15,490)</u>
Increase in cash and cash equivalents	4,583	(13,966)
Foreign exchange translation differences	(3,605)	2,666
Cash and cash equivalents at beginning of the year	19,559	30,859
Cash and cash equivalents at end of the period	<u>20,537</u>	<u>19,559</u>

Note :

() Denotes cash outflow

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



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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2014
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 2013.

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 2013.

A2. SIGNIFICANT ACCOUNTING POLICIES

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

MFRSs and IC Interpretations (Including The Consequential Amendments)

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 (2011) Employee Benefits

MFRS 127 (2011) Separate Financial Statements

MFRS 128 (2011) Investments in Associates and Joint Ventures

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Annual Improvements to MFRSs 2009 – 2011 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements except as follows:-

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There was no financial impact on the financial statement of the Group upon its initial application but may impact its future disclosures.

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. MFRS 13 has been applied prospectively as of the beginning of the current financial year and there was no financial impacts on the financial statements of the Group upon its initial application.



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A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. There was no financial impact on the financial statements of the Group upon its initial application.

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments have no material impact on the financial statements of the Group upon their initial application

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:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 (2009) Financial Instruments	} To be announced by MASB
MFRS 9 (2010) Financial Instruments	
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7, MFRS 9 and MFRS 139)	
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

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



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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's sales of fabric products are subject to a certain degree of seasonality effect being a primary input of fashion products. Majority of the Group's customers are downstream players, ie mainly export-oriented garment manufacturers. As such, 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.

Fluctuation in Renminbi exchange rate and the generally higher production costs (primarily contributed by higher wages and utilities costs) do impact the Group's financial performance. Consumer sentiment is another important factor that impact the Group's earnings, given their spending pattern varies at different stages in the economic cycle, which will affect the demand for fashion products and consequently the demand over the Group's fabric products.

Nonetheless, being a relatively established player in the fabric manufacturing industry, the Group is able ride on its competitive advantages 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 31 March 2014.



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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 Months	
	Current Quarter Ended 31/3/2014 RM'000	Preceding Year Corresponding Quarter Ended 31/3/2013 RM'000	Current Year To Date Ended 31/3/2014 RM'000	Preceding Year Corresponding Period Ended 31/3/2013 RM'000
Revenue				
Domestic Sales	24,775	27,507	24,775	27,507
Overseas Sales	4,183	3,192	4,183	3,192
Total	28,958	30,699	28,958	30,699

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	2,363



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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 31/3/2014	As at Financial Year Ended 31/12/2013
Condensed consolidated statement of comprehensive income Based on average rates for the financial period/year RMB1.00 to RM	0.5364	0.5163
Condensed consolidated statement of financial position Based on closing rates for the financial period/year RMB1.00 to RM	0.5251	0.5422

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 31 MARCH 2014

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 first quarter of the financial year ending 31 December 2014, the Group recorded revenue of RM28.96 million, generated from the manufacturing and sales of customized woven loom-state fabrics made from cotton, synthetic and mixed yarn.

Sales revenue decreased by RM1.74 million compared to the corresponding quarter in the preceding financial year due to greater seasonal impact of the traditionally weaker first quarter. Export sales increased marginally by approximately RM1.00 million in the current quarter compared to the corresponding quarter in the previous financial year.

Increase in the export sales revenue in the current quarter is due to stronger demand and hence more orders secured from the export segment as opposed to the domestic sales segment. 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 RM1.33 million for the current quarter.

Profit after taxation increased by RM1.29 million in the current year quarter compared to RM0.041 million registered in the corresponding quarter for the financial year ended 31 December 2013. This is due to lower material costs incurred in the current financial year compared to the corresponding quarter in the preceding financial year.

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

The Group registered a profit before taxation of RM1.76 million in the current quarter compared to the profit before tax of RM73,000 recorded in the immediate preceding quarter. The increase of RM1.69 million in profit before taxation registered in the current quarter compared to the immediate preceding quarter was due to lower material costs incurred in the current reporting quarter, as well as the effect of a one-off allowance for impairment losses on trade receivables amounted to RM0.90 million being made in the immediate preceding quarter.

In the current financial year first quarter, despite an operating environment which faces the similar challenges of increasing wages and manufacturing overhead, the Group has managed to record a slightly higher profit before taxation, with lower material costs incurred and after stripping off the effect of allowance for impairment losses on trade receivables made in the immediate preceding quarter.

B3. PROSPECTS

The Group 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 and the development of China gross domestic product growth in the coming years, economic policies, coupled with higher manufacturing overheads, especially wages and utilities, are still affecting the Group's financial performance, particularly when the Group is operating in the fast-moving consumer goods segment which its demand is largely dependent on trend and fashion.



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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 31 March 2014.

B5. TAXATION

	Individual Quarter		Cumulative Quarters	
	Current Quarter Ended 31/3/2014 RM'000	Preceding Year Corresponding Quarter Ended 31/3/2013 RM'000	Current Year To Date Ended 31/3/2014 RM'000	Preceding Financial Year Ended 31/3/2013 RM'000
Tax on profit for the year	428	98	428	98

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. Up to 31 December 2013, the Group has utilized RM17.597 million as working capital and RM1.577 million remained unutilized.

As at 31 March 2014, the Group has fully utilized the remaining balance of RM1.577 million as working capital. There were no corporate proposals announced or outstanding as at the date of this report.



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B7. BORROWINGS

The Group has fully repaid its bank borrowings in the financial year ended 31 December 2013. As at 31 March 2014, the Group did not have any outstanding bank borrowings.

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 2014.

B11. EARNINGS PER SHARE

	Current year quarter ended 31/3/2014 RM '000	Preceding financial year ended 31/12/2013 RM '000
a) Basic earnings per share		
Net profit attributable to equity holders of the Company	1,335	2,068
Weighted average number of ordinary shares ('000)	1,974,496	1,974,496
Basic earnings per share (sen)	0.07	0.10
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 31 March 2014, into realised and unrealised profits is as follows:-

	As at First Quarter Ended 31/3/2014 RM '000	As at Financial Year Ended 31/12/2013 RM '000
- Realised	(147,445)	(148,651)
- Unrealised	-	-
Less: Consolidation adjustments	229,648	229,648
Total retained earnings as per condensed consolidated statement of changes in equity	82,203	80,997

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 31/3/2014 RM'000	Cumulative Quarters Ended 31/12/2013 RM'000
Amortisation of land use rights	38	144
Depreciation of property, plant and equipment	1,506	6,051
Interest expense	-	186
Interest income	(71)	(128)
Writeback of allowance for impairment losses on trade receivables	-	(1,470)
Allowance for impairment losses on trade receivables	-	897