



**Notes on the quarterly report – 31 December 2007**

**PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134  
("FRS 134")**

**A1. Basis of preparation**

The condensed interim financial statements for the 4th quarter ended 31 December 2007 are unaudited and have been prepared in accordance with FRS134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The condensed interim financial statements should be read in conjunction with the audited consolidated financial statements of STC for the financial year ended 31 December 2006.

The 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 STC and its subsidiary companies ("Group") since the financial year ended 31 December 2006.

**A2. Changes in Accounting Policies**

The significant accounting policies and methods of computation adopted by STC in these condensed interim financial statements are consistent with those adopted in the audited consolidated financial statements of STC for the financial year ended 31 December 2006 except for the adoption of Amendment to FRS 119 Employee Benefits (Amended "FRS 119") issued by MASB that is effective for the Group's annual reporting date, 31 December 2007. The adoption of Amended FRS 119 does not have significant financial impact on the financial results of the Group.

**A3. Qualification of Annual Financial Statements**

The latest audited consolidated financial statements of STC for the financial year ended 31 December 2006 were not qualified.

**A4. Seasonal and cyclical factors**

The Group's business operation results were not materially affected by any major seasonal or cyclical factors during the financial year ended 31 December 2007. However, the Process Equipment's business operation results is very much depends on the timing of completion of each project.



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**A5. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows**

There were no items of unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows during the financial year ended 31 December 2007.

**A6. Changes in accounting estimates**

There were no changes in accounting estimates that have had a material effect in the current quarter results.

**A7. Issuances and repayment of debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review.

**A8. Dividend**

There was no dividend declared or paid by the Company during the current quarter under review.

**A9. Segment information**

The Group is principally engaged in the manufacturing and trading of electrical industrial equipment and process equipment.



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**A9. Segment information (Continued)**

**Business Segments**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 31-Dec-07 RM'000	Preceding Year Corresponding Quarter 31-Dec-06 RM'000	Current Year To Date 31-Dec-07 RM'000	Preceding Year Corresponding Period 31-Dec-06 RM'000
<b>Revenue</b>				
- Transformer, lighting & related products	27,143	21,451	96,143	80,998
- Process equipment	17,032	-	49,953	-
	<u>44,175</u>	<u>21,451</u>	<u>146,096</u>	<u>80,998</u>
<b>Profit after tax and Minority interest</b>				
- Transformer, lighting & related products	4,161	3,666	14,212	12,070
- Process equipment	1,244	-	3,698	-
	<u>5,405</u>	<u>3,666</u>	<u>17,910</u>	<u>12,070</u>

**Geographical Segment**

The Group operates principally in Malaysia, therefore geographical segment is analysed based on geographical location of its customers. The analysis of segment results is not presented because the basis for making the allocations of operating expenses is arbitrary. Segment revenue from external customers by geographical area based on the geographical location of its customers is shown as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 31-Dec-07 RM'000	Preceding Year Corresponding Quarter 31-Dec-06 RM'000	Current Year To Date 31-Dec-07 RM'000	Preceding Year Corresponding Period 31-Dec-06 RM'000
<b>Revenue</b>				
- Malaysia	25,554	16,873	98,397	65,270
- Outside Malaysia	18,621	4,578	47,699	15,728
	<u>44,175</u>	<u>21,451</u>	<u>146,096</u>	<u>80,998</u>



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**A10. Carrying Amount of Revalued Assets**

The Group did not revalue any of its property, plant and equipment for the current quarter under review and the valuations of property, plant and equipment have been brought forward without amendment from the audited consolidated financial statements of STC for the financial year ended 31 December 2006.

**A11. Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the current quarter under review.

**A12. Changes in the composition of the Group**

There were no changes in the composition of the Group during the current quarter under review.

**A13. Changes in contingent liabilities and contingent assets**

As at the date of this announcement, there were no material contingent liabilities and contingent assets incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.



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**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of performance**

The Group recorded revenue of approximately RM 44.2 million and RM 146.1 million respectively for the current quarter and financial year ended 31 December 2007 under review as compared to RM 21.5 million and RM 81.0 million in the previous corresponding quarter and financial year ended 31 December 2006, a strong increase of approximately 105.9% and 80.4% respectively. This substantial increase was mainly due to higher sales volume from both local and export sales with Seremban Engineering Sdn Bhd (SESB) contributes approximately RM 17.0 million and RM 50.0 million respectively.

Profit after tax (PAT) improved to approximately RM 5.4 million and RM 17.9 million for the current quarter and financial year ended 31 December 2007, increased by approximately 47.4% and 48.4% respectively as compared to previous corresponding quarter and financial year ended 31 December 2006 of RM 3.7 million and RM 12.1 million. This was achieved on the back of higher sales volume from transformer and industrial lighting segment coupled with SESB's profits contribution of approximately RM 1.2 million and RM 3.7 million respectively.

Save as disclosed as above, there were no material factors affecting the earnings and/or revenue of the Company and the Group for the current quarter under review.

**B2. Variation of results against preceding quarter**

The Group's PBT of RM 7.8 million for the 4th quarter ended 31 December 2007 shows an increase of RM 1.3 million as compared to the PBT of RM 6.5 million for the preceding quarter ended 30 September 2007 mainly due to increase in sales recorded from transformer, industrial lighting and process equipment segment.

**B3. Prospects 2008**

We expect the outlook for the manufacturing of transformers, industrial lightings and process equipment to remain challenging. Nevertheless, the Board is confident that barring any unforeseen circumstances, the Group with its continuous strong brand building effort, extensive customers network and superior products quality, is expected to continue to record satisfactory performance in 2008.



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**B4. Profit Forecast or Profit guarantee**

Not applicable as there was no profit forecast or profit guarantee issued by the Group.

**B5. Tax expense**

	4th Quarter ended		Twelve months ended	
	31-Dec 2007 RM'000	31-Dec 2006 RM'000	31-Dec 2007 RM'000	31-Dec 2006 RM'000
Income tax	1,381	(152)	6,479	2,944
Deferred tax	174	373	309	454
Total	<u>1,555</u>	<u>221</u>	<u>6,788</u>	<u>3,398</u>

The effective tax rate for the current quarter and financial under review was lower than the statutory tax rate of 27% due to the utilization of reinvestment and export allowances by subsidiary companies of the Group.

**B6. Unquoted investments and/or properties**

The Group has not disposed of any unquoted investments and/or properties during the current quarter under review.

**B7. Quoted Securities**

There was no purchase or disposal of quoted securities during the financial year-to-date under review.

Details of investment in quoted securities:

	4th Quarter ended 31 December 2007 RM'000
At cost	5
At book value	2
At market value	4



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**B8. Group borrowings**

The Group's borrowings as at the end of the reporting quarter are as follows:

	Payable within 12 months RM'000	Payable after 12 months RM'000
<b><u>Secured</u></b>		
Bank Borrowings	16,859	3,094
Hire purchase payables	167	718
Total Borrowing	<u>17,026</u>	<u>3,812</u>

All the borrowings are denominated in Ringgit Malaysia.

**B9. Off balance sheet financial instrument**

There are no off balance sheet financial instruments as at the date of this report that might materially affect the Group's business position.

**B10. Changes in material litigation**

Save as disclosed below, the Group is not engaged in any material litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Group;

A suit initiated by SESB on 15 August 2003 against Dato Dr. Mohd Aminuddin bin Mohd Rouse ("Defendant") in the Kuala Lumpur High Court via suit number S7-22-1243-2003. SESB's claim arises from an agreement dated 23 April 1998 whereby SESB had advanced an interest free loan of RM 1,104,700 to the Defendant. SESB is now seeking damages of RM 1,454,700 together with interest against the Defendant. The matter is now at an interlocutory stage and no dates have been fixed by the court as of to-date. The solicitors are of the view that SESB's chances of success on the matter to be fair.

**B11. Dividend**

No dividend has been proposed or declared for 4<sup>th</sup> quarter ended 31 December 2007.



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**B12. Earnings per share**

**(a) Basic**

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial year ended 31 December 2007 are computed as follow:-

	<b>4th Quarter ended</b>		<b>12 months ended</b>	
	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>	<b>31 Dec 2007</b>	<b>31 Dec 2006</b>
Net Profit attributable to equity holders of the parent (RM'000)	5,405	3,666	17,910	12,070
Weighted average number of ordinary shares RM0.50 each in STC in issue ('000)	118,972	112,000	118,972	112,000
Basic earning per share (sen)	4.54	3.27	15.05	10.78

**(b) Diluted**

No diluted earnings per share is calculated as there is no potential dilutive ordinary shares.

By order of the Board

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Tan Ah Bah @ Tan Ah Ping  
Managing Director  
25 February 2008