



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
(Company No: 636939-W)

Notes on the quarterly report – 31 March 2009

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

A1. Basis of preparation

The condensed interim financial statements for the 1st quarter ended 31 March 2009 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 2008.

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 2008.

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 2008.

A3. Qualification of Annual Financial Statements

The latest audited consolidated financial statements of STC for the financial year ended 31 December 2008 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 period ended 31 March 2009.

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 period ended 31 March 2009.



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
(Company No: 636939-W)

Notes on the quarterly report – 31 March 2009

A6. Changes in accounting estimates

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

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review. The cumulative number of shares repurchased year to-date from the open market on the Bursa Securities was 640,300 at a total consideration of RM506,760. The average price paid for the shares repurchased was RM0.79 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A Subsection 3(A) (b) of the Companies Act, 1965. None of the treasury shares held was resold or cancelled during the financial period ended 31 March 2009.

A8. Dividend Paid

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



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
(Company No: 636939-W)

Notes on the quarterly report – 31 March 2009

A9. Segment information

Business Segments Revenue & Results

	Transformer, Industrial lighting & related products	Process equipment	Eliminations	Consolidated
Three Months Ended 31 March 2009	RM’000	RM’000	RM’000	RM’000
REVENUE				
External Sales	27,425	18,031	-	45,456
Inter-segment sales	-	-	-	-
Total Revenue	<u>27,425</u>	<u>18,031</u>	-	<u>45,456</u>
RESULTS				
Segment results	5,238	3,108	(27)	8,319
Unallocated Corporate expenses				(146)
Finance Cost				(75)
Interest income				1
Profit before taxation				<u>8,099</u>
Taxation				(2,004)
Profit for the period				<u>6,095</u>

**Three Months Ended
31 March 2008**

REVENUE				
External Sales	25,864	16,783	-	42,647
Inter-segment sales	-	-	-	-
Total Revenue	<u>25,864</u>	<u>16,783</u>	-	<u>42,647</u>

RESULTS				
Segment results	5,827	2,119	-	7,946
Unallocated Corporate expenses				(265)
Finance Cost				(5)
Interest income				1
Profit before taxation				<u>7,677</u>
Taxation				(1,879)
Profit for the period				<u>5,798</u>



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
(Company No: 636939-W)

Notes on the quarterly report – 31 March 2009

A9. Segment information (Continued)

Geographical Segments Revenue & Results

	Malaysia	China	Eliminations	Consolidated
Three Months Ended 31 March 2009	RM'000	RM'000	RM'000	RM'000
REVENUE				
External Sales	40,189	5,267	-	45,456
Inter-segment sales	-	3,575	(3,575)	-
Total Revenue	<u>40,189</u>	<u>8,842</u>	<u>(3,575)</u>	<u>45,456</u>

RESULTS

Segment results	7,990	329	-	8,319
Unallocated Corporate expenses				(146)
Finance Cost				(75)
Interest income				1
Profit before taxation				<u>8,099</u>
Taxation				(2,004)
Profit for the period				<u>6,095</u>

**Three Months Ended
31 March 2008**

REVENUE

External Sales	42,647	-	-	42,647
Inter-segment sales	-	-	-	-
Total Revenue	<u>42,647</u>	<u>-</u>	<u>-</u>	<u>42,647</u>

RESULTS

Segment results	7,946	-	-	7,946
Unallocated Corporate expenses				(265)
Finance Cost				(5)
Interest income				1
Profit before taxation				<u>7,677</u>
Taxation				(1,879)
Profit for the period				<u>5,798</u>



Notes on the quarterly report – 31 March 2009

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 valuation 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 2008.

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

The Board of Directors of STC had on 18 February 2009 announced that Seremban Engineering Sdn Bhd (“SESB”), a wholly owned subsidiary of STC has entered into a joint venture cum shareholders’ agreement with Carsten Ranico & Partners (M) Sdn Bhd (“CRP”) to set up a company in British Virgin Islands namely ACE Standard International Limited (“ACE”) to be principally involved in the leasing and servicing of steam stripping equipments wherein SESB shall hold 50% and CRP shall hold the remaining 50% in the share capital of ACE. ACE was successfully established on 15 April 2009. The initial investment of USD10,000 comprising 10,000 shares of USD1.00 each (equivalent to RM35,800 based on the exchange rate of USD1.00 = RM3.58) held by SESB and CRP in equal proportion.

There were no changes in the composition of the Group during the current quarter and financial year under review save as disclosed above.

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.



Notes on the quarterly report – 31 March 2009

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

B1. Review of performance

The Group recorded revenue of RM 45.5 million for the current quarter as compared to corresponding quarter of RM 42.6 million, showing an increase of 6.6%. Current quarter Profit after tax (PAT) of RM 6.1 million represents an increase of 18.9% as compared to previous corresponding quarter of RM 5.1 million mainly due to an increase in sales from process equipment segment and an additional contribution from SESB arising from the acquisition of the remaining 40% equity in SESB.

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 8.1 million for the current quarter was approximately RM 1.8 million or 29.1% higher than the preceding quarter ended 31 December 2008 of RM 6.3 million mainly due to increase in sales from process equipment segment, savings in production cost, operating expenses and improved production efficiency.

B3. Prospects 2009

The outlook for the global economies remains challenging and uncertain. Nevertheless, the Group’s strategies remain focused on leveraging on its extensive customer network, competitive products, quality services and wider range of products to enhance its competitive edge.

The directors are optimistic that barring any unforeseen circumstances, the group is able to achieve comparable results for the current financial year as compared to the previous financial year.

B4. Profit Forecast or Profit guarantee

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



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
(Company No: 636939-W)

Notes on the quarterly report – 31 March 2009

B5. Tax expense

	1st Quarter ended		Three months ended	
	31-Mar 2009	31-Mar 2008	31-Mar 2009	31-Mar 2008
	RM'000	RM'000	RM'000	RM'000
Income tax	2,105	1,862	2,105	1,862
Deferred tax	(101)	17	(101)	17
Total	2,004	1,879	2,004	1,879

The effective tax rate for the current quarter under review was lower than the statutory tax rate of 25% due to the utilization of reinvestment allowances by a subsidiary company 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:

	1st Quarter ended 31 March 2009 RM'000
At cost	5
At book value	2
At market value	4



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
(Company No: 636939-W)

Notes on the quarterly report – 31 March 2009

B8. Corporate Proposals

Save as disclosed in note A12, there were no changes in the composition of the Group during the current quarter under review.

B9. 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
<u>Secured</u>		
Bank Borrowings	21,135	3,243
Hire purchase payables	<u>246</u>	<u>688</u>
Total Borrowing	<u>21,381</u>	<u>3,931</u>

All the borrowings are denominated in Ringgit Malaysia.

B10. 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.

B11. 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 1,454,700 to the Defendant. SESB is now seeking damages of RM 1,454,700 together with interest against the Defendant. The matter is now fixed for case management on 17 June 2009 and 16 July 2009 for trial by the court. The solicitors of SESB are of the view that SESB’s chances of success on the matter to be fair.



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
(Company No: 636939-W)

Notes on the quarterly report – 31 March 2009

B12. Proposed Dividend

- (i) An interim tax-exempt dividend of 6% per ordinary share proposed by the directors on 25 May 2009;
- (ii) Amount per share : 3.0 sen tax-exempt;
- (iii) Previous corresponding period : 3.0 sen tax-exempt;
- (iv) Payment date : 20 July 2009;
- (v) In respect of deposited securities, entitlement to the interim dividend will be determined the basis of the Record of Depositors as at the close of business on 22 June 2009.

B13. 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 quarter ended 31 March 2009 are computed as follow:-

	1st Quarter ended		Three months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2009	2008	2009	2008
Net Profit attributable to equity holders of the parent (RM'000)	6,065	5,101	6,065	5,101
Weighted average number of ordinary shares RM0.50 each in STC in issue ('000)	119,360	120,000	119,360	120,000
Basic earning per share (sen)	5.08	4.25	5.08	4.25

(b) Diluted

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

By order of the Board

Tan Ah Bah @ Tan Ah Ping
Managing Director
25 May 2009