



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

**Notes on the quarterly report – 30 JUNE 2009**

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

**A1. Basis of preparation**

The condensed interim financial statements for the 2nd quarter ended 30 June 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 30 June 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 30 June 2009.



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**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 30 June 2009.

**A8. Dividend Paid**

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



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**A9. Segment information**

**Business Segments Revenue & Results**

	Transformer, Industrial lighting & related products	Process equipment	Eliminations	Consolidated
<b>Six Months Ended 30 June 2009</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
<b>REVENUE</b>				
External Sales	61,392	36,002	-	97,394
Inter-segment sales	-	-	-	-
Total Revenue	<b>61,392</b>	<b>36,002</b>	<b>-</b>	<b>97,394</b>
<b>RESULTS</b>				
Segment results	11,950	6,016	(33)	17,933
Unallocated Corporate expenses				(271)
Finance Cost				(133)
Interest income				1
Profit before taxation				<b>17,530</b>
Taxation				<b>(4,331)</b>
Profit for the period				<b>13,199</b>

**Six Months Ended  
30 June 2008**

<b>REVENUE</b>				
External Sales	56,734	34,563	-	91,297
Inter-segment sales	-	-	-	-
Total Revenue	<b>56,734</b>	<b>34,563</b>	<b>-</b>	<b>91,297</b>
<b>RESULTS</b>				
Segment results	12,717	4,712	-	17,429
Unallocated Corporate expenses				(378)
Finance Cost				(107)
Interest income				2
Profit before taxation				<b>16,946</b>
Taxation				<b>(4,245)</b>
Profit for the period				<b>12,701</b>



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**A9. Segment information (Continued)**

**Geographical Segments Revenue & Results**

	Malaysia	China	Eliminations	Consolidated
Six Months Ended 30 June 2009	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>				
External Sales	86,446	10,948	-	97,394
Inter-segment sales	-	8,365	(8,365)	-
Total Revenue	<b>86,446</b>	<b>19,313</b>	<b>(8,365)</b>	<b>97,394</b>

**RESULTS**

Segment results	16,715	1,218	-	17,933
Unallocated Corporate expenses				(271)
Finance Cost				(133)
Interest income				1
Profit before taxation				<b>17,530</b>
Taxation				<b>(4,331)</b>
Profit for the period				<b>13,199</b>

**Six Months Ended  
30 June 2008**

**REVENUE**

External Sales	91,297	-	-	91,297
Inter-segment sales	-	-	-	-
Total Revenue	<b>91,297</b>	<b>-</b>	<b>-</b>	<b>91,297</b>

**RESULTS**

Segment results	17,429	-	-	17,429
Unallocated Corporate expenses				(378)
Finance Cost				(107)
Interest income				2
Profit before taxation				<b>16,946</b>
Taxation				<b>(4,245)</b>
Profit for the period				<b>12,701</b>



**Notes on the quarterly report – 30 JUNE 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**

There were no changes in the composition of the Group during the current quarter and financial year 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 RM 51.9 million for the current quarter ended 30 June 2009 as compared to RM 48.7 million in the previous corresponding quarter, showing an increase of 6.8%.

Profit after tax (PAT) of RM 6.8 million for the current quarter ended 30 June 2009 represents an increase of 3.8% as compared to previous corresponding quarter ended 30 June 2008 of RM 6.6 million.

The Group recorded revenue of RM 97.4 million for the six months financial period ended 30 June 2009 as compared to RM 91.3 million in the previous corresponding financial period ended 30 June 2008, showing an increase of 6.7%.

PAT of RM 12.9 million for the six months financial period ended 30 June 2009 represent an increase of 10.4% as compared to previous corresponding financial period ended 30 June 2008 of RM 11.7 million mainly due to an increase in sales from process equipment segment and the China operation.

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 9.4 million for the current quarter was approximately RM 1.3 million or 16.4% higher than the preceding quarter ended 31 March 2009 of RM 8.1 million mainly due to increase in sales from transformer, industrial lighting & related products segment.

**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.

Barring any unforeseen circumstances, the directors believe the group is able to achieve favourable results for the current financial year.

**B4. Profit Forecast or Profit guarantee**

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



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**B5. Tax expense**

	2nd Quarter ended		Six months ended	
	30-Jun 2009 RM'000	30-Jun 2008 RM'000	30-Jun 2009 RM'000	30-Jun 2008 RM'000
Income tax	2,272	2,289	4,376	4,153
Deferred tax	55	75	(45)	92
<b>Total</b>	<b>2,327</b>	<b>2,364</b>	<b>4,331</b>	<b>4,245</b>

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 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:

	2nd Quarter ended 30 June 2009 RM'000
At cost	5
At book value	2
At market value	4

**B8. Corporate Proposals**

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



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**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
<b><u>Secured</u></b>		
Bank Borrowings	14,974	4,519
Hire purchase payables	198	626
Total Borrowing	<u>15,172</u>	<u>5,145</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 seeking damages of RM 1,454,700 together with interest against the Defendant.

The Parties had on 19 July 2009 entered into a Consent Judgement that the Defendant shall pay the sum of RM200,000.00 by way of monthly instalments of RM2,500.00 per month until full settlement of the same. The first instalment shall commence on the August, 2009. In the event of any default of the instalments, then the whole balance outstanding sum shall become immediately payable by the Defendant to the Plaintiff. Each party to bear their own legal costs and the case concluded.





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**B12. Dividends**

An interim tax-exempt dividend of 6% per share which was declared on 25 May 2009 was subsequently paid on 20 July 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 30 June 2009 are computed as follow:-

	<b>2nd Quarter ended</b>		<b>Six months ended</b>	
	<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>	<b>30 Jun</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Net Profit attributable to equity holders of the parent (RM'000)	6,837	6,584	12,902	11,684
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)	5.73	5.49	10.81	9.74

**(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  
24 August 2009