



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

Notes on the quarterly report – 31 December 2009

**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 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 December 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 December 2009.



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

Notes on the quarterly report – 31 December 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.

Share buy-back and treasury shares sold

As at 31 December 2009, the company had repurchased a total of 110,400 ordinary shares of RM 0.50 each of its issued share capital from the open market at an average cost of RM 0.99 per share. The total consideration paid for the share buy-back of STC shares for the financial year ended 31 December 2009, including transaction costs was RM 138,686 and was 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. During the financial year ended 31 December 2009, the company had disposed of 640,300 treasury shares valued at RM 506,760 for a total consideration of RM 663,514 in the open market, resulting in a surplus of RM 156,754 which has been credited to share premium account.

A8. Dividend Paid

During the financial year ended 31 December 2009, an interim tax-exempt dividend of 6% in respect of the current financial year amounting to RM 3.6 million was paid on 20 July 2009.



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

Notes on the quarterly report – 31 December 2009

A9. Segment information

Business Segments Revenue & Results

	Transformer, Industrial lighting & related products	Process equipment	Eliminations	Consolidated
Twelve Months Ended 31 December 2009	RM’000	RM’000	RM’000	RM’000
REVENUE				
External Sales	129,065	69,036	-	198,101
Inter-segment sales	-	-	-	-
Total Revenue	<u>129,065</u>	<u>69,036</u>	<u>-</u>	<u>198,101</u>
RESULTS				
Segment results	23,716	12,164	(33)	35,847
Unallocated Corporate expenses				(545)
Finance Cost				(213)
Interest income				5
Profit before taxation				<u>35,094</u>
Taxation				(8,550)
Profit for the period				<u>26,544</u>

**Twelve Months Ended
31 December 2008**

REVENUE				
External Sales	122,878	62,128	-	185,006
Inter-segment sales	-	-	-	-
Total Revenue	<u>122,878</u>	<u>62,128</u>	<u>-</u>	<u>185,006</u>
RESULTS				
Segment results	23,268	9,914	-	33,182
Unallocated Corporate expenses				(776)
Finance Cost				(341)
Interest income				3
Profit before taxation				<u>32,068</u>
Taxation				(6,922)
Profit for the period				<u>25,146</u>



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

Notes on the quarterly report – 31 December 2009

A9. Segment information (Continued)

Geographical Segments Revenue & Results

	Malaysia	China	Eliminations	Consolidated
Twelve Months Ended 31 December 2009	RM'000	RM'000	RM'000	RM'000
REVENUE				
External Sales	173,837	24,264	-	198,101
Inter-segment sales	-	15,664	(15,664)	-
Total Revenue	173,837	39,928	(15,664)	198,101

RESULTS

Segment results	33,413	2,434	-	35,847
Unallocated Corporate expenses				(545)
Finance Cost				(213)
Interest income				5
Profit before taxation				35,094
Taxation				(8,550)
Profit for the period				26,544

**Twelve Months Ended
31 December 2008**

REVENUE

External Sales	176,577	8,429	-	185,006
Inter-segment sales	-	4,389	(4,389)	-
Total Revenue	176,577	12,818	(4,389)	185,006

RESULTS

Segment results	32,422	760	-	33,182
Unallocated Corporate expenses				(776)
Finance Cost				(341)
Interest income				3
Profit before taxation				32,068
Taxation				(6,922)
Profit for the period				25,146



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

Notes on the quarterly report – 31 December 2009

A10. Carrying Amount of Revalued Assets

The company’s 100% owned subsidiary, Seremban Engineering Bhd (SEB) had on 22 July 2009 revalued its landed properties based on a valuation carried out by a registered valuer with an independent firm of professional valuers, using the “cost, comparative and investment method” basis. The revaluation deficit amounting to RM 1.27 million has been recognized as impairment loss in income statement.

The subsidiary companies, namely Success Electronics & Transformer Manufacturer Sdn. Bhd.(“SETM”), Daiichi Steel Sdn. Bhd. (“DS”), Omega Metal Industries Sdn. Bhd. (“OMI”) and SES Property Sdn.Bhd. (“SESP”) had on 31 December 2009 revalued its landed properties based on valuation carried out by a registered valuer with independent firm of professional valuers, using the “cost, comparative and investment method” basis. The revaluation surplus net of deferred tax of approximately RM0.7 million and revaluation deficit of approximately RM 90 thousand have been accounted for in the Group results respectively during the current quarter under review.

A11. Capital Commitments

The amount of capital commitments are as follows:

	RM’000
Approved and contracted for:	
Purchase of property, plant and equipment	5,972

A12. 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.

A13. Changes in the composition of the Group

Cooperation Agreement (CA)

Further to the announcement dated 17 September 2009 and 17 December 2009 in relation to the CA with Affcom Resources Sdn. Bhd., there are no further developments on the said CA.

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



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

Notes on the quarterly report – 31 December 2009

A14. 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.



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

Notes on the quarterly report – 31 December 2009

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

B1. Review of performance

The Group recorded revenue of RM 52.8 million for the current quarter ended 31 December 2009 as compared to RM 42.1 million in the previous year corresponding quarter, showing an increase of 25.4% with all segments achieved higher revenue.

The Group achieved profit after tax (PAT) of RM 6.5 million for the current quarter ended 31 December 2009, representing an increase of 20.4% as compared to previous year corresponding quarter ended 31 December 2008 of RM 5.4 million. This was mainly due to contribution from transformer and industrial lightings and process equipment segments

The Group recorded revenue of RM 198.1 million for the financial year ended 31 December 2009 as compared to RM 185.0 million recorded in the last financial year ended 31 December 2008, showing an increase of 7.1%, which was contributed by process equipment segment and the China operation.

For the financial year ended 31 December 2009, The Group achieved PAT of RM 25.7 million, representing an increase of 8.0% as compared to last financial year ended 31 December 2008 of RM 23.8 million.

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

There was no significant variance on the Group’s result for the current financial quarter as compared to the preceding quarter.

B3. Prospects 2010

Although business sentiment may improve on the back of the government’s fiscal stimulus and the expected recovery in major developed economies, the Group is of the view that the economic outlook for the manufacturing of low voltage transformer, industrial lightings and process equipment to remain challenging. Nevertheless, the Group will intensify its effort in offering wider range of products and tapping on its extensive customer network to expand and penetrate both the existing and new markets especially in export markets.

Barring any unforeseen circumstances, the Group aims to achieve improved performance in 2010.



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

Notes on the quarterly report – 31 December 2009

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 2009 RM'000	31-Dec 2008 RM'000	31-Dec 2009 RM'000	31/12/2008 2008 RM'000
Income tax	1,751	459	8,280	6,592
Deferred tax	241	189	270	330
Total	<u>1,992</u>	<u>648</u>	<u>8,550</u>	<u>6,922</u>

The effective tax rate for the current quarter and financial year under review was lower than the statutory tax rate of 25% mainly 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:

	4th Quarter ended 31 December 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 December 2009

B8. Corporate Proposals

Status of Proposed Acquisition

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

Proposed listing of Seremban Engineering Berhad (SEB)

Subsequent to the announcement dated on 2 September 2009, 6 October 2009, 19 November 2009, 29 January 2010 and 12 February 2010 in relation to application for the Proposed Flotation of SEB, there are no further updates on the said proposed floatation.

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	9,185	5,115
Hire purchase payables	185	401
Total Borrowing	<u>9,370</u>	<u>5,516</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

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.



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

Notes on the quarterly report – 31 December 2009

B12. Dividends

There was no dividend proposed in the current quarter under review.

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 December 2009 are computed as follow:-

	4 th Quarter ended		Twelve months ended	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Net Profit attributable to equity holders of the parent (RM'000)	6,539	5,429	25,709	23,802
Weighted average number of ordinary shares RM0.50 each in STC in issue ('000)	119,330	119,849	119,330	119,849
Basic earning per share (sen)	5.48	4.53	21.54	19.86

(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 February 2010