



Notes on the quarterly report – 31 December 2014

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

A1. Basis of Preparation

These condensed consolidated interim financial statements, for the period ended 31 December 2014, have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s Audited Financial Statements for the year ended 31 December 2013. These condensed interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

A2. Changes in Accounting Policies

The Significant accounting policies and the methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statement for the financial year ended 31 December 2013.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 January 2014 did not have significant impact on the unaudited condensed consolidated financial statements upon their initial application.

MFRSs, Amendments to MFRSs and IC Interpretation

MFRS 10	Consolidated Financial Statement : Investment Entities
MFRS 12	Disclosure of Interest in Other Entities : Investment Entities
MFRS 127	Consolidated and Separate Financial Statements : Investments Entities (as amended by IASB in May 2011)
Amendments to MFRS132	Offsetting Financial Assets and Financial
Amendments to MFRS139	Liabilities
IC Interpretation 21	Recoverable Amount Disclosure for Non- financial Asset Novation of Derivatives and Continuation of Hedge Accounting Levies

The Group did not early adopt the following standards that have been issued by the Malaysian Accounting Standards Board as these are not yet effective for the current financial period: -

<u>MFRSs, Amendments to MFRSs and IC Interpretation</u>	<u>Effective for financial year beginning on or after</u>
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
Amendments to MFRS 119 : Defined Benefit Plans: Employee Contributions	1 July 2014



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

Notes on the quarterly report – 31 December 2014

A3. Qualification of Annual Financial Statements

The latest audited consolidated financial statements of STC for the financial year ended 31 December 2013 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 2014. However, the process equipment’s business operation result is very much dependent on the timing of completion of each project.

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 2014.

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

Saved as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review:

(a) Share Buy-Back

During the twelve months ended 31 December 2014, the Company repurchased 306,000 of its issued share capital from the open market at an average cost of RM 1.60 per share. The total consideration paid for the share buy-back of STC shares during the twelve months ended 31 December 2014, including transaction costs was RM 492,850.35 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.

As at 31 December 2014, the number of treasury shares held was 3,636,777 STC shares at an average cost of RM 1.18 per share.

A8. Dividend Paid

In respect of financial year ending 2014, the Board of Directors had declared a single-tier dividend of RM0.04 per share (Previous corresponding period: RM 0.03 per share) on 116,664,223 ordinary shares amounting to RM 4,666,569 on 19 March 2014.

The entitlement to the interim dividend was determined based on the shareholders registered in the record of depositors as at 21 May 2014 and the dividend has been paid on 13 June 2014.



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

Notes on the quarterly report – 31 December 2014

A9. Segment Information

Business Segments Revenue & Results

	Transformer, Industrial lighting & related products	Process equipment	Eliminations	Consolidated
Twelve Months Ended 31 Dec 2014	RM’000	RM’000	RM’000	RM’000
REVENUE				
External Sales	249,507	121,960	-	371,467
Inter-segment sales	1,090	-	(1,090)	-
Total Revenue	<u>250,597</u>	<u>121,960</u>	<u>(1,090)</u>	<u>371,467</u>
RESULTS				
Segment results				77,546
Share of profit in associate companies				12
Unallocated corporate expenses				(37,495)
Finance cost				(3,978)
Interest income				360
Profit before taxation				<u>36,445</u>
Taxation				(10,930)
Net profit for the period				<u>25,515</u>
Other comprehensive income				<u>1,223</u>
Total comprehensive income for the period				<u>26,738</u>



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

Notes on the quarterly report – 31 December 2014

A9. Segment Information - (Cont’d)

	Transformer, Industrial lighting & related products	Process equipment	Eliminations	Consolidated
Twelve Months Ended 31 Dec 2013	RM’000	RM’000	RM’000	RM’000
REVENUE				
External Sales	217,263	105,666	-	322,929
Inter-segment sales	7	132	(139)	-
Total Revenue	<u>217,270</u>	<u>105,798</u>	<u>(139)</u>	<u>322,929</u>
RESULTS				
Segment results				50,238
Share of profit from associate companies				(305)
Unallocated corporate expenses				(636)
Finance cost				(4,711)
Interest income				206
Profit before taxation				<u>44,792</u>
Taxation				<u>(12,535)</u>
Net profit for the period				<u>32,257</u>
Other comprehensive income				<u>1,984</u>
Total comprehensive income for the period				<u>34,241</u>



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

Notes on the quarterly report – 31 December 2014

A9. Segment Information - (Cont’d)

Geographical Segments Revenue & Results

Twelve Months Ended 31 Dec 2014	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
REVENUE				
External Sales	291,371	80,096	-	371,467
Inter-segment sales	15,850	30,669	(46,519)	-
Total Revenue	307,221	110,765	(46,519)	371,467

RESULTS

Segment results				77,546
Share of profit from associate companies				12
Unallocated corporate expenses				(37,495)
Finance cost				(3,978)
Interest income				360
Profit before taxation				36,445
Taxation				(10,930)
Net profit for the period				25,515
Other comprehensive income				1,223
Total comprehensive income for the period				26,738

Twelve Months Ended 31 Dec 2013	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
REVENUE				
External Sales	260,862	62,067	-	322,929
Inter-segment sales	9,641	25,420	(35,061)	-
Total Revenue	270,503	87,487	(35,061)	322,929

RESULTS

Segment results				50,238
Share of loss from associate companies				(305)
Unallocated corporate expenses				(636)
Finance cost				(4,711)
Interest income				206
Profit before taxation				44,792
Taxation				(12,535)
Net profit for the period				32,257
Other comprehensive income				1,984
Total comprehensive income for the period				34,241



Notes on the quarterly report – 31 December 2014

A10. Valuation of Property, Plant & Equipment

There were no revaluations of property plant and equipment. All property, plant and equipment were stated at cost less accumulated depreciation.

A11. Capital Commitments

The amounts of capital commitments for the Group are as follows:

Approved and contracted for:	RM'000
Purchase of property, plant and equipment	2,900

A12. Material Events Subsequent to The End of The Interim Period

There was no material event subsequent to the end of the current quarter under review.

A13. Changes in the composition of the Group

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

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 2014

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

B1. Review of performance

The Group recorded a revenue of RM 89.97 million for the current quarter ended 31 December 2014 as compared to RM 91.56 million in the previous year corresponding quarter, showing an decrease of 1.7% or RM1.59 million were mainly due to decrease in sales from process equipment segment.

Net profit attributable to owners of the parent (PAT after NCI) of RM 0.21 million for the current quarter ended 31 December 2014 representing a decrease of 96.8% or RM 6.29 million as compared to previous year’s corresponding quarter ended of RM 6.50 million mainly due to loss incurred in process equipment segment despite profit making from transformer and lighting segment.

The Group recorded a revenue of RM 371.47 million for the twelve months ended 31 December 2014 as compared to RM 322.93 million in the previous year corresponding period, showing an increase of 15% or RM 48.54 million due to increase in sales from both transformer and lighting segment and process equipment segment.

PAT after NCI was approximately RM24.44 million for the twelve months ended 31 December 2014, showing a decrease of 15.5% or RM 4.49 million compared to previous year corresponding period of RM 28.93 million mainly due to loss incurred in process equipment segment despite better performance derived from transformer and lighting segment .

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

B2. Variation of results against preceding quarter

The Group recorded a loss before tax (LBT) of RM1.72 million for the current quarter ended 31 December 2014, representing a decrease of 113.5 % or RM14.49 million as compared to preceding quarter ended 30 September 2014 profit before tax of RM 12.77 million, mainly due to loss incurred in process equipment segment.

B3. Prospects

The Group expects competition in the domestic and regional market in respect of the transformer and industrial lighting segment. Nevertheless, the Group is leveraging on its strong track record, extensive customer networking and wider range of products in expanding and penetrating both existing and new markets. The Group also steps up its effort to enhance its competitiveness and productivity in its operations.

In respect of the process equipment segment, the market outlook in the palm oil and oil and gas industries to remain competitive.

Barring any unforeseen circumstances, the Group expects to achieve satisfactory financial performance in 2015.



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

Notes on the quarterly report – 31 December 2014

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		12 Months Ended	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
	RM'000	RM'000	RM'000	RM'000
Income tax	1,621	3,451	12,164	12,353
Deferred tax	(967)	198	(1,234)	182
Total	654	3,649	10,930	12,535

The effective tax rate for the current quarter and financial year under review was higher than the statutory tax rate of 25% is mainly due to under provision of taxation in prior year.

B6. Status of Corporate Proposals

There was no corporate proposal announced but not completed in the interval from the date of the last report and the date of this announcement.

B7. Group Borrowings

The Group’s borrowings as at 31 December 2014 were as follows:

<u>Secured</u>	Payable within	Payable after 12
	12 months	Months
	RM'000	RM'000
Bank Borrowings	76,265	23,161
Hire Purchase Payables	1,185	2,387
Bank Overdraft	1,550	-
Total Borrowings	79,000	25,548

Details of the borrowings denominated in each currency are as follows.

	Amount
	RM'000
Malaysian Ringgit	100,129
United States Dollar	-
Singaporean Dollar	4,340
Indonesian Rupiah	79
Total Borrowings	104,548



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

Notes on the quarterly report – 31 December 2014

B8. 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.

B9. Proposed Dividends

There were no dividends proposed during the quarter under review save as disclosed in Note A8.

B10. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity owners of the parent by the weighted average number of ordinary shares in issue during the nine months ended 31 December 2014 are computed as follow:-

	4rd Quarter Ended		12 Months Ended	
	31-Dec	31-Dec	31-Dec	31-Dec
	2014	2013	2014	2013
Profit attributable to owners of the parent (RM'000)	208	6,513	24,437	28,934
Weighted average number of ordinary shares RM0.50 each in STC in issue ('000)	116,624	115,745	116,624	115,745
Basic earning per share (sen)	0.18	5.63	20.95	25.00

(b) Diluted

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



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

Notes on the quarterly report – 31 December 2014

B11. Notes to the Statement of Comprehensive Income

	4th Quarter ended		12 Months Ended	
	31-Dec 2014 RM'000	31-Dec 2013 RM'000	31-Dec 2014 RM'000	31-Dec 2013 RM'000
Other income	(2,340)	(439)	(3,089)	(1,673)
Depreciation	2,361	1,725	8,355	7,171
Impairment loss of trade receivables	361	327	361	327
Reversal of impairment loss of trade receivables	-	46	-	(14)
Bad debts written off / (recover)	-	-	-	(56)
Write down of inventories	1,639	1,132	1,639	1,132
(Gain)/loss on disposal of properties, plant & equipment	(304)	(11)	(345)	(219)
(Gain)/loss on foreign exchange	1,078	1,004	1,138	213



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

Notes on the quarterly report – 31 December 2014

B12. Realised and unrealised profit / losses disclosure

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Securities”) had issued directives to all listed issuers pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose a breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the prescribed format of presentation.

Pursuant to the directive, the breakdown of the retained profits of the Group as at 31 December 2014, into realised and unrealised profits is as follows:

	As at End of Current Quarter 31-Dec-2014 RM'000	As at End of Preceding Quarter 30-Sep-2014 (Restated) RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	229,226	267,560
- Unrealised	<u>2,049</u>	<u>3,360</u>
	231,275	270,920
Total share of accumulated profit/(loss) from jointly controlled entities :		
- Realised	<u>12</u>	<u>(308)</u>
	231,287	270,612
Less : Consolidation adjustments	(53,902)	(93,433)
Total group retained profits	<u>177,385</u>	<u>177,179</u>

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 Disclosures Pursuant to Bursa Malaysia Securities Berhad 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.

By order of the Board

Tan Ah Bah @ Tan Ah Ping
Managing Director
27 February 2015