



Notes on the quarterly report – 31 March 2015

**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 March 2015, 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 2014. 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 2014.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 January 2015 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: -



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

**Notes on the quarterly report – 31 March 2015**

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2017
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The above mentioned accounting standards and interpretations (including the consequential amendments) do not have any financial impact on the Group’s financial statements upon their initial application.

**A3. Qualification of Annual Financial Statements**

The latest audited consolidated financial statements of STC for the financial year ended 31 December 2014 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 2015. 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 March 2015.

**A6. Changes in Accounting Estimates**

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



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

**Notes on the quarterly report – 31 March 2015**

**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 three months ended 31 March 2015, the Company repurchased 58,000 of its issued share capital from the open market at an average cost of RM 1.67 per share. The total consideration paid for the share buy-back of STC shares during the three months ended 31 March 2015, including transaction costs was RM 92,863.81 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 March 2015, the number of treasury shares held was 3,694,777 STC shares at an average cost of RM 1.19 per share.

**A8. Dividend Paid**

In respect of financial year ending 2015, the Board of Directors had declared a single-tier dividend of RM0.04 per share (Previous corresponding period: RM 0.04 per share) on 116,664,223 ordinary shares amounting to RM 4,666,569 on 24 April 2015.

The entitlement to the interim dividend was determined based on the shareholders registered in the record of depositors as at 18 May 2014 and the dividend is payable on 15 June 2015.



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

Notes on the quarterly report – 31 March 2015

A9. Segment Information

Business Segments Revenue & Results

	Transformer, Industrial lighting & related products	Process equipment	Eliminations	Consolidated
Three Months Ended 31 Mar 2015	RM’000	RM’000	RM’000	RM’000
<b>REVENUE</b>				
External Sales	65,590	36,248	-	101,838
Inter-segment sales	70	-	(70)	-
Total Revenue	<u>65,660</u>	<u>36,248</u>	<u>(70)</u>	<u>101,838</u>
<b>RESULTS</b>				
Segment results				2,592
Share of profit in associate companies				(29)
Unallocated corporate expenses				(98)
Finance cost				(934)
Interest income				44
Profit before taxation				<u>1,575</u>
Taxation				<u>(1,138)</u>
Net profit for the period				<u>437</u>
Other comprehensive income				<u>2,189</u>
Total comprehensive income for the period				<u>2,626</u>



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

**Notes on the quarterly report – 31 March 2015**

**A9. Segment Information - (Cont’d)**

	<b>Transformer, Industrial lighting &amp; related products</b>	<b>Process equipment</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Three Months Ended 31 Mar 2014</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
<b>REVENUE</b>				
External Sales	57,565	29,615	-	87,180
Inter-segment sales	3,699	-	(3,699)	-
Total Revenue	<u>61,264</u>	<u>29,615</u>	<u>(3,699)</u>	<u>87,180</u>
<b>RESULTS</b>				
Segment results				12,124
Share of profit from associate companies				(94)
Unallocated corporate expenses				(222)
Finance cost				(830)
Interest income				68
Profit before taxation				<u>11,046</u>
Taxation				(2,515)
Net profit for the period				<u>8,531</u>
Other comprehensive income				(488)
Total comprehensive income for the period				<u>8,043</u>



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

**Notes on the quarterly report – 31 March 2015**

**A9. Segment Information - (Cont’d)**

**Geographical Segments Revenue & Results**

<b>Three Months Ended 31 Mar 2015</b>	<b>Malaysia RM’000</b>	<b>Overseas RM’000</b>	<b>Eliminations RM’000</b>	<b>Consolidated RM’000</b>
<b>REVENUE</b>				
External Sales	82,440	19,398	-	101,838
Inter-segment sales	5,013	4,530	(9,543)	-
Total Revenue	87,453	23,928	(9,543)	101,838
<b>RESULTS</b>				
Segment results				2,592
Share of profit from associate companies				(29)
Unallocated corporate expenses				(98)
Finance cost				(934)
Interest income				44
Profit before taxation				1,575
Taxation				(1,138)
Net profit for the period				437
Other comprehensive income				2,189
Total comprehensive income for the period				2,626



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

**Notes on the quarterly report – 31 March 2015**

<b>Three Months Ended 31 Mar 2014</b>	<b>Malaysia RM’000</b>	<b>Overseas RM’000</b>	<b>Eliminations RM’000</b>	<b>Consolidated RM’000</b>
<b>REVENUE</b>				
External Sales	69,585	17,595	-	87,180
Inter-segment sales	3,241	5,461	(8,702)	-
Total Revenue	<u>72,826</u>	<u>23,056</u>	<u>(8,702)</u>	<u>87,180</u>
<b>RESULTS</b>				
Segment results				12,124
Share of loss from associate companies				(94)
Unallocated corporate expenses				(222)
Finance cost				(830)
Interest income				68
Profit before taxation				<u>11,046</u>
Taxation				(2,515)
Net profit for the period				<u>8,531</u>
Other comprehensive income				(488)
Total comprehensive income for the period				<u>8,043</u>



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

**Notes on the quarterly report – 31 March 2015**

**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**

There is no capital commitments for the Group during the current quarter under review.

**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 March 2015**

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

**B1. Review of performance**

The Group recorded a revenue of RM 101.84 million for the current quarter ended 31 March 2015 as compared to RM 87.18 million in the previous year corresponding quarter, showing an increase of 16.8% or RM 14.66 million were mainly due to increase in sales from all segments.

Net profit attributable to owners of the parent (PAT after NCI) of RM 2.83 million for the current quarter ended 31 March 2015 representing a decrease of 62.17% or RM 4.65 million as compared to previous year’s corresponding quarter ended of RM 7.48 million mainly due to loss incurred in process equipment segment despite profit making 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 profit before tax (PBT) of RM 1.58 million for the current quarter ended 31 March 2015, representing an increase of 191.86 % or RM 3.30 million as compared to loss before tax (LBT) of preceding quarter ended 31 December 2014 of RM 1.72 million, due to lower losses 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 March 2015**

**B4. Profit Forecast or Profit Guarantee**

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

**B5. Tax Expense**

	1st Quarter Ended	
	31-Mar-2015	31-Mar-2014
	RM'000	RM'000
Income tax	2,944	2,737
Deferred tax	(1,806)	(222)
Total	<u>1,138</u>	<u>2,515</u>

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 loss incurred in a major subsidiary.

**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 March 2015 were as follows:

<u>Secured</u>	Payable within	Payable after 12
	12 months	Months
	RM'000	RM'000
Bank Borrowings	75,726	30,139
Hire Purchase Payables	1,073	2,169
Bank Overdraft	1,912	-
Total Borrowings	<u>78,711</u>	<u>32,308</u>

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

	Amount
	RM'000
Malaysian Ringgit	106,647
Singaporean Dollar	4,294
Indonesian Rupiah	78
Total Borrowings	<u>111,019</u>



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

**Notes on the quarterly report – 31 March 2015**

**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 three months ended 31 March 2015 are computed as follow:-

	<b>1st Quarter Ended</b>	
	<b>31-Mar 2015</b>	<b>31-Mar 2014</b>
Profit attributable to owners of the parent (RM'000)	2,832	7,475
Weighted average number of ordinary shares RM0.50 each in STC in issue ('000)	116,342	116,665
Basic earning per share (sen)	2.43	6.41

**(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 March 2015**

**B11. Notes to the Statement of Comprehensive Income**

	<b>1st Quarter ended</b>	
	<b>31-Mar 2015 RM'000</b>	<b>31-Mar 2014 RM'000</b>
Other income	(356)	(467)
Depreciation	2,277	1,980
(Gain)/loss on disposal of properties, plant & equipment	-	(37)
(Gain)/loss on foreign exchange	(1,147)	(1,336)
	<hr/>	<hr/>



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

**Notes on the quarterly report – 31 March 2015**

**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 March 2015, into realised and unrealised profits is as follows:

	<b>31-Mar-2015</b>	<b>31-Dec-2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Company and its subsidiaries :		
- Realised	229,417	233,385
- Unrealised	1,446	3,276
	<u>230,863</u>	<u>236,661</u>
Total share of accumulated profit/(loss) from jointly controlled entities :		
- Realised	(360)	12
	<u>230,503</u>	<u>236,673</u>
Less : Consolidation adjustments	(49,818)	(56,077)
Total group retained profits	<u><u>180,685</u></u>	<u><u>180,596</u></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 May 2015