



SUCCESS TRANSFORMER CORPORATION BERHAD ("STC")  
(Company No. 636939-W)

CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	4TH QUARTER ENDED		12 MONTHS ENDED	
	31-Dec-15 RM'000	31-Dec-14 RM'000	31-Dec-15 RM'000	31-Dec-14 RM'000
Revenue	95,978	89,969	396,517	371,467
Operating profit	15,649	(913)	42,781	39,439
Interest expense	(1,507)	(996)	(4,949)	(3,366)
Interest income	121	186	264	360
Share of (loss) /profit of associate companies	(314)	2	(385)	12
Profit before tax	13,949	(1,721)	37,711	36,445
Income tax expense	(4,754)	(654)	(15,141)	(10,930)
Net profit for the period	9,195	(2,375)	22,570	25,515
<b>Other comprehensive income</b>				
Currency translation differences for foreign operations	759	1,456	1,964	1,223
Total comprehensive income for the period	9,954	(919)	24,534	26,738
<b>Net profit attributable to:</b>				
Owners of the parent	8,896	208	27,077	24,437
Non-controlling interest	299	(2,583)	(4,507)	1,078
	9,195	(2,375)	22,570	25,515
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	8,988	1,066	29,575	25,219
Non-controlling interest	966	(1,985)	(5,041)	1,519
	9,954	(919)	24,534	26,738
<b>Earnings per share (in sen) for net profit attributable to owners of the parents :</b>				
Basic earnings per share	7.68	0.18	23.37	20.95

*The Condensed Interim Financial Statements should be read in conjunction with STC's Audited Consolidated Financial Statements for the financial year ended 31 December 2014 with the accompanying explanatory notes attached to the financial statements.*



**SUCCESS TRANSFORMER CORPORATION BERHAD ("STC")**  
(Company No. 636939-W)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	<b>31-Dec-15</b> <b>RM'000</b>	<b>Audited</b> <b>31-Dec-14</b> <b>RM'000</b>
<b>Assets</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	144,543	138,853
Investment properties	18,995	12,763
Investment in associate company	8,684	9,069
Other receivables	615	767
Goodwill on consolidation	7,616	7,763
Deferred Tax Assets	1,013	433
	<b>181,466</b>	<b>169,648</b>
<b>Current Assets</b>		
Inventories	125,703	121,415
Trade and other receivables	132,626	97,152
Amount due from contract customer	7,168	29,491
Total Prepayment and Other Assets	5,056	8,260
Tax Recoverable	3,760	2,888
Cash and bank Balances	35,638	43,924
	<b>309,951</b>	<b>303,130</b>
<b>TOTAL Assets</b>	<b>491,417</b>	<b>472,778</b>
<b>EQUITY AND Liabilities</b>		
<b>Equity</b>		
Share capital	60,000	60,000
Treasury Shares	(5,750)	(4,293)
Reserve	208,708	185,100
<b>Equity attributable to owners of the parent</b>	<b>262,958</b>	<b>240,807</b>
<b>Non-Controlling Interests</b>	<b>34,717</b>	<b>37,370</b>
<b>Total equity</b>	<b>297,675</b>	<b>278,177</b>
<b>Non-current Liabilities</b>		
Long term Borrowings	26,939	25,947
Deferred Tax Liabilities	4,620	3,243
	<b>31,559</b>	<b>29,190</b>
<b>Current Liabilities</b>		
Trade and other payables	83,336	84,914
Short term Borrowings	71,814	78,569
Current tax payable	7,033	1,928
	<b>162,183</b>	<b>165,411</b>
<b>TOTAL Liabilities</b>	<b>193,742</b>	<b>194,601</b>
<b>TOTAL EQUITY AND Liabilities</b>	<b>491,417</b>	<b>472,778</b>
Net Assets per share attributable to owners of the parent holders of the parent (RM)*	<b>2.27</b>	<b>2.06</b>

\* Non-Controlling Interests are excluded from the computation of the net Assets per STC Share.

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**SUCCESS TRANSFORMER CORPORATION BERHAD ("STC")**  
(Company No. 636939-W)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	<b>31-Dec-15</b>	<b>31-Dec-14</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	37,711	36,445
Adjustments for:		
Non-cash items	20,073	9,805
Non-operating items	4,685	3,006
Operating profit before changes in working capital	62,469	49,256
Changes in working capital:		
Inventories	(10,717)	(25,337)
Trade and other receivables	(12,894)	2,047
Trade and other payables	(1,576)	(2,336)
Cash generated from operating activities	37,282	23,630
Tax (paid)	(9,595)	(12,594)
Interest (paid)	(4,685)	(3,006)
<b>Net cash from / (used) in operating activities</b>	<b>23,002</b>	<b>8,030</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (PPE)	(14,938)	(14,577)
Proceeds from disposal of PPE	1,464	2,301
Purchase of investment property	(6,232)	-
Increase of investment in subsidiary	2,547	-
Investment in associate company	-	(600)
<b>Net cash from / (used) in investing activities</b>	<b>(17,159)</b>	<b>(12,876)</b>
<b>Cash flows from financing activities</b>		
Net movement in fixed deposit pledged	(35)	158
Repayment of bank borrowings and hire purchase payables	(29,057)	(18,962)
Net movement in trade bills	(8,047)	13,457
Drawdown from bank borrowings	30,886	19,697
Purchase of treasury shares	(1,645)	(494)
Dividend paid	(5,684)	(5,220)
<b>Net cash (used) / from in financing activities</b>	<b>(13,582)</b>	<b>8,636</b>
Net (decrease) / increase in cash and cash equivalents	(7,739)	3,790
Effects of exchange rate changes	214	625
Cash and cash equivalents at beginning of Financial period	41,213	36,475
Cash and cash equivalents at end of Financial period	<b>33,688</b>	<b>40,890</b>
<b>Cash and cash equivalents at end of period comprise:</b>		
Cash & bank Balances	31,021	34,742
Deposits with licensed banks	4,617	8,872
	35,638	43,614
Less: Bank Overdraft	(742)	(1,550)
	34,896	42,064
Less : Non-cash & cash equivalent		
-Fixed deposit pledge for banking facilities	(1,208)	(1,174)
	<b>33,688</b>	<b>40,890</b>

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**SUCCESS TRANSFORMER CORPORATION BERHAD ("STC")**  
(Company No. 636939-W)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Attributable to Owners of the Parent					Total	Non Controlling Interest	Total Equity	
	Share Capital	Share Premium	Non-distributable		Distributable				
			Treasury shares	Foreign currency translation reserve	Capital Reserve				Retained Profit
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2014	60,000	1,268	(3,800)	1,783	3,544	157,753	220,548	36,270	256,818
Net profit for the period	-	-	-	-	-	24,437	24,437	1,078	25,515
Other comprehensive income	-	-	-	781	-	-	781	441	1,222
Total comprehensive income	-	-	-	781	-	24,437	25,218	1,519	26,737
Share buy back	-	-	(493)	-	-	-	(493)	-	(493)
Disposal of Treasury Shares	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	(4,667)	(4,667)	(554)	(5,221)
Bonus issue of subsidiary	-	-	-	-	-	(240)	(240)	240	-
Changes in ownership interest in subsidiary that do not result in a loss of control	-	-	-	-	-	102	102	9	111
At 31 December 2014	<u>60,000</u>	<u>1,268</u>	<u>(4,293)</u>	<u>2,564</u>	<u>3,544</u>	<u>177,385</u>	<u>240,468</u>	<u>37,484</u>	<u>277,952</u>
At 1 January 2015	60,000	1,268	(4,293)	2,433	3,544	177,855	240,807	37,370	278,177
Net profit for the period	-	-	-	-	-	27,077	27,077	(4,507)	22,570
Other comprehensive income	-	-	-	(334)	-	-	(334)	2,298	1,964
Total comprehensive income	-	-	-	(334)	-	27,077	26,743	(2,209)	24,534
Share buy back	-	-	(1,457)	-	-	-	(1,457)	-	(1,457)
Dividend	-	-	-	-	-	(5,684)	(5,684)	-	(5,684)
Changes in ownership interest in subsidiary that do not result in a loss of control	-	-	-	-	2,549	-	2,549	(444)	2,105
At 31 December 2015	<u>60,000</u>	<u>1,268</u>	<u>(5,750)</u>	<u>2,099</u>	<u>6,093</u>	<u>199,248</u>	<u>262,958</u>	<u>34,717</u>	<u>297,675</u>

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

**Notes on the quarterly report – 31 December 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 December 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: -



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**Notes on the quarterly report – 31 December 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 December 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 December 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”)**  
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**Notes on the quarterly report – 31 December 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 twelve months ended 31 December 2015, the Company repurchased 1,002,600 of its issued share capital from the open market at an average cost of RM 1.45 per share. The total consideration paid for the share buy-back of STC shares during the twelve months ended 31 December 2015, including transaction costs was RM 1,457,583.93 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 2015, the number of treasury shares held was 4,639,377 STC shares at an average cost of RM 1.24 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 116,285,223 ordinary shares amounting to RM 4,651,409 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 2015 and the dividend has been paid on 15 June 2015.



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)  
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Notes on the quarterly report – 31 December 2015

A9. Segment Information

Business Segments Revenue & Results

	Transformer, Industrial lighting & related products	Process equipment	Eliminations	Consolidated
Twelve Months Ended 31 Dec 2015	RM'000	RM'000	RM'000	RM'000
External Sales	282,158	114,359	-	396,517
Inter-segment sales	72	-	(72)	-
Total Revenue	282,230	114,359	(72)	396,517

**RESULTS**

Segment results	43,833
Share of profit in associate companies	(385)
Unallocated corporate expenses	(582)
Finance cost	(5,419)
Interest income	264
Profit before taxation	37,711
Taxation	(15,141)
Net profit for the period	22,570
Other comprehensive income	1,964
Total comprehensive income for the period	24,534





**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)**  
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**Notes on the quarterly report – 31 December 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>Twelve Months Ended 31 Dec 2014</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
<b>REVENUE</b>				
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>
<b>RESULTS</b>				
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				<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”)**  
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**Notes on the quarterly report – 31 December 2015**

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

**Geographical Segments Revenue & Results**

<b>Twelve Months Ended 31 Dec 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	301,449	95,068	-	396,517
Inter-segment sales	19,883	34,786	(54,669)	-
Total Revenue	<u>321,332</u>	<u>129,854</u>	<u>(54,669)</u>	<u>396,517</u>
<b>RESULTS</b>				
Segment results				43,833
Share of profit from associate companies				(385)
Unallocated corporate expenses				(582)
Finance cost				(5,419)
Interest income				264
Profit before taxation				<u>37,711</u>
Taxation				(15,141)
Net profit for the period				<u>22,570</u>
Other comprehensive income				<u>1,964</u>
Total comprehensive income for the period				<u>24,534</u>



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)**  
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**Notes on the quarterly report – 31 December 2015**

<b>Twelve Months Ended 31 Dec 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	291,371	80,096	-	371,467
Inter-segment sales	15,850	30,669	(46,519)	-
Total Revenue	<u>307,221</u>	<u>110,765</u>	<u>(46,519)</u>	<u>371,467</u>
<b>RESULTS</b>				
Segment results				77,546
Share of loss from associate companies				12
Unallocated corporate expenses				(37,495)
Finance cost				(3,978)
Interest income				360
Profit before taxation				<u>36,445</u>
Taxation				<u>(10,930)</u>
Net profit for the period				25,515
Other comprehensive income				<u>1,223</u>
Total comprehensive income for the period				<u>26,738</u>



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)**  
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**Notes on the quarterly report – 31 December 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 were no capital commitment approved and contracted for during the current period ended 31<sup>st</sup> December 2015.

**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, save as disclosed below.

It's 65% owned subsidiary, Seremban Engineering Berhad (SEB) has, on 22<sup>nd</sup> July 2015, entered into a conditional Share Sale Agreement with Grand River Marketing Sdn Bhd (1140512-P) (“Purchaser”) for, inter alia, the proposed disposal of the entire 40% equity interest held by SEB in Selektta Spektra Sdn Bhd (942891-H) (“SELEKTA”) comprising 2,370,000 ordinary shares of RM1.00 each (“Sale Shares”) to the Purchaser at approximately RM4.22 per Sale Share for a cash consideration of RM10,000,000 (Ringgit Malaysia Ten Million) only upon the terms and subject to the conditions as stipulated in the Agreement (“Proposed Disposal”). The details of the arrangement was announced on 22<sup>nd</sup> July 2015 at the Company Announcement section of Bursa Malaysia.

Further to the company announcement made on 22<sup>nd</sup> July 2015, we have received RM2,000,000 ( Ringgit Malaysia Two Million) being the deposit pursuant to Clause 1.3(a) of the Share Sale Agreement.

On 23<sup>rd</sup> February 2016 , purchaser’s solicitor confirmed their Client’s satisfaction with the Due Diligence Review report pursuant to Clause 2.6 of the Share Sales Agreement dated 22<sup>nd</sup> July 2015.

**A13. Changes in the composition of the Group**

The Board of Directors of STC (“the Board”) wishes to announce that STC had on 1 October 2015 acquired additional 12,600 shares of RM 1.00 each in Omega Metal Industries Sdn. Bhd. (“OMI”) , representing an additional equity interest of 5% of share in the issued and paid up capital of OMI. Following the Additional Equity Investment, STC holds a total of 70% equity interest in OMI. Within the same date, STC had acquired additional 5,000 shares of RM 1.00 each in Daiichi Steel Sdn. Bhd.(“DS”), representing an additional equity interest of 5% of share in the issued and paid up capital of DS. Following the Additional Equity Investment, STC shall hold a total of 80% equity interest in DS.

Save for disclosed above, there was no change in the composition of the Group as at the date of this announcement.

**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”)**  
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**Notes on the quarterly report – 31 December 2015**

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

**B1. Review of performance**

The Group recorded a revenue of RM 95.98 million for the current quarter ended 31 December 2015 as compared to RM89.97 million in the previous year corresponding quarter, showing an increase of 6.7% or RM 6.01 million due to increase in sales from transformer and lighting segment despite decrease in sales from process equipment segment.

Net profit attributable to owners of the parent (PAT after NCI) of RM8.90million for the current quarter ended 31 December 2015 representing an increase of 4138.1% or RM8.69million as compared to previous year’s corresponding quarter ended 31 December 2014 of RM0.21 million due to profit generated from transformer and lighting segment and loss reduced from process equipment segment.

The Group recorded a revenue of RM396.52 million for the twelve months ended 31 December 2015 as compared to RM 371.47 million in the previous year corresponding period, showing an increase of 6.7% or RM25.05 million due to increase in sales from transformer and lighting segment despite decrease in sales from process equipment segment.

PAT after NCI was approximately RM27.08 million for the twelve months ended 31 December 2015, showing an increase of 10.8% or RM2.64 million compared to previous year corresponding twelve months of RM 24.44 million. While the transformer and lighting segment continued to yield positively, its process equipment segment suffered losses due to cost overrun in Sabah Ammonia and Urea Plant (“SAMUR”) Project despite process equipment segment’s core business still contribute positively to its results.

**B2. Variation of results against preceding quarter**

The Group recorded a profit before tax (PBT) of RM 13.95 million for the current quarter ended 31 December 2015, representing an increase of 118.7 % or RM7.57 million as compared to preceding quarter ended 30 September 2015 profit before tax of RM 6.38 million due to profit generated from transformer and lighting segment and loss reduced from process equipment segment.

**B3. Prospects**

The Group expects stiff 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 the process equipment segment, the market outlook remains challenging. Nevertheless, the group still remain focus on its core business in fabrication of pressure vessels and processed equipment for oil and fats industries, chemical, downstream petrochemical, water treatment and power plants.

Barring any unforeseen circumstances, the Group expects to achieve satisfactory financial performance in 2016 based on the Group’s strong track record, extensive customer network and wide range of products.



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)**  
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**Notes on the quarterly report – 31 December 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**

	4th Quarter Ended		12 Months Ended	
	31-Dec-2015	31-Dec-2014	31-Dec-2015	31-Dec-2014
	RM'000	RM'000	RM'000	RM'000
Income tax	3,379	1,621	13,971	12,164
Deferred tax	1,375	(967)	1,170	(1,234)
Total	<u>4,754</u>	<u>654</u>	<u>15,141</u>	<u>10,930</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 which is not entitlement for group relief.

**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 2015 were as follows:

<u>Secured</u>	Payable within	Payable after 12
	12 months	Months
	RM'000	RM'000
Bank Borrowings	69,866	24,801
Hire Purchase Payables	1,206	2,138
Bank Overdraft	742	-
Total Borrowings	<u>71,814</u>	<u>26,939</u>

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

	Amount
	RM'000
Malaysian Ringgit	87,055
United States Dollar	6,975
Singaporean Dollar	4,645
Indonesian Rupiah	78
Total Borrowings	<u>98,753</u>



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)**  
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**Notes on the quarterly report – 31 December 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, save as disclosed below.

It's 65% owned subsidiary, Seremban Engineering Berhad (SEB) was served with a notice pursuant to Section 218 of the Companies Act 1965 (“218 Notice”) by a vendor to demand repayment of a purported debt. In response, SEB has filed an Originating Summons (“OS”) together with a Notice of Application seeking an injunction to restrain the said vendor from taking any further action in relation to the 218 Notice. An interlocutory injunction pursuant to the said Notice of Application was granted on 23.12.2015, pending final disposal of the OS.

On 3.2.2016, a decision in respect of the OS was delivered by the Kuala Lumpur High Court (KLHC) which found in the Group's favour. The learned Judge found that the Group had shown that the purported debt was a bona fide disputed debt and satisfied the Court's threshold for granting the declarations sought by the Group. In essence, the vendor is now prevented from presenting a winding-up petition against the Group for the purported debt and this decision constitutes final disposal of the KLHC proceedings.

However, the vendor has appealed against this decision to the Court of Appeal (COA). The appeal is being duly case managed but has not been scheduled for hearing as yet.

**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 twelve months ended 31 December 2015 are computed as follow:-

	<b>4th Quarter Ended</b>		<b>12 Months Ended</b>	
	<b>31-Dec</b>	<b>31-Dec</b>	<b>31-Dec</b>	<b>31-Dec</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Profit attributable to owners of the parent (RM'000)	8,896	208	27,077	24,437
Weighted average number of ordinary shares RM0.50 each in STC in issue ('000)	115,883	116,624	115,883	116,624
Basic earning per share (sen)	7.68	0.18	23.37	20.95



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

**(b) Diluted**

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

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

	4th Quarter ended		12 Months Ended	
	31-Dec 2015	31-Dec 2014	31-Dec 2015	31-Dec 2014
	RM'000	RM'000	RM'000	RM'000
Other income	(1,291)	(2,340)	(1,584)	(3,089)
Depreciation	2,685	2,361	9,525	8,355
(Gain)/loss on disposal of properties, plant & equipment	(31)	(304)	(13)	(345)
(Gain)/loss on foreign exchange	(2,371)	1,078	(4,369)	1,138





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**Notes on the quarterly report – 31 December 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 December 2015, into realised and unrealised profits is as follows:

	<b>31-Dec-2015</b>	<b>30-Sep-2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Company and its subsidiaries :		
- Realised	250,423	241,099
- Unrealised	2,130	309
	<u>252,553</u>	<u>241,408</u>
Total share of accumulated profit/(loss) from jointly controlled entities :		
- Realised	(715)	(402)
	<u>251,838</u>	<u>241,006</u>
Less : Consolidation adjustments	(52,590)	(49,625)
Total group retained profits	<u><u>199,248</u></u>	<u><u>191,381</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  
29 February 2016