



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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	Current Quarter 31-Dec-16	Comparative Quarter 31-Dec-15	Cummulative 6 Months	
			31-Dec-16	31-Dec-15
	RM'000	RM'000	RM'000	RM'000
Revenue	110,353	95,978	212,324	N/A
Operating profit	26,374	15,649	46,664	N/A
Interest expense	(1,153)	(1,507)	(2,184)	N/A
Interest income	27	121	55	N/A
Share of (loss) of associate companies	-	(314)	-	N/A
Profit before tax	25,248	13,949	44,535	N/A
Income tax expense	(6,206)	(4,754)	(11,174)	N/A
Net profit for the period	19,042	9,195	33,361	N/A
Other comprehensive income				
Currency translation differences for foreign operations	(505)	759	(170)	N/A
Total comprehensive income for the period	18,537	9,954	33,191	N/A
Net profit attributable to:				
Owners of the parent	14,825	8,896	27,708	N/A
Non-controlling interest	4,217	299	5,653	N/A
	19,042	9,195	33,361	N/A
Total comprehensive income attributable to:				
Owners of the parent	13,752	8,988	27,315	N/A
Non-controlling interest	4,785	966	5,876	N/A
	18,537	9,954	33,191	N/A
Earnings per share (in sen) for net profit attributable to owners of the parents :				
Basic earnings per share	12.96	7.68	24.23	N/A

In view of the change in the financial year end from 31 December to 30 June, both local and abroad, there were no comparative financial information available for the cumulative 6-month financial period ended 31 December 2016.

The Condensed Interim Financial Statements should be read in conjunction with STC's Audited Consolidated Financial Statements for the financial year ended 30 June 2016 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 2016

	31-Dec-16 RM'000	Audited 30-Jun-16 RM'000
Assets		
Non-current Assets		
Property, plant and equipment	128,792	133,085
Investment properties	29,806	28,514
Investment in associate company	671	695
Other receivables	690	690
Goodwill on consolidation	7,616	7,616
Deferred Tax Assets	1,060	346
	168,635	170,946
Current Assets		
Inventories	112,694	130,234
Trade and other receivables	116,451	121,825
Total Prepayment and Other Assets	2,986	5,066
Amount due from related party	744	2,826
Tax Recoverable	3,121	2,895
Cash and bank Balances	61,643	41,669
	297,639	304,515
TOTAL Assets	466,274	475,461
EQUITY AND Liabilities		
Equity		
Share capital	60,000	60,000
Treasury Shares	(8,193)	(6,462)
Reserve	239,047	211,765
Equity attributable to owners of the parent	290,854	265,303
Non-Controlling Interests	30,033	28,344
Total equity	320,887	293,647
Non-current Liabilities		
Long term Borrowings	21,769	27,023
Deferred Tax Liabilities	3,528	2,765
	25,297	29,788
Current Liabilities		
Trade and other payables	60,372	77,694
Short term Borrowings	48,763	66,659
Current tax payable	10,955	7,673
	120,090	152,026
TOTAL Liabilities	145,387	181,814
TOTAL EQUITY AND Liabilities	466,274	475,461
Net Assets per share attributable to owners of the parent holders of the parent (RM)*	2.54	2.29

* 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)
CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2016

	31-Dec-16 RM'000
Cash flows from operating activities	
Profit before tax	44,535
Adjustments for:	
Non-cash items	603
Non-operating items	2,128
Operating profit before changes in working capital	<u>47,266</u>
Changes in working capital:	
Inventories	16,025
Trade and other receivables	8,036
Trade and other payables	(8,341)
Cash generated from operating activities	<u>62,986</u>
Tax paid	(8,062)
Interest paid	(2,128)
Net cash from in operating activities	<u><u>52,796</u></u>
Cash flows from investing activities	
Purchase of property, plant and equipment ("PPE")	(4,775)
Proceeds from disposal of PPE	792
Decrease in short term investment	1,817
Increase of investment in subsidiary	(1,240)
Net cash used in investing activities	<u><u>(3,406)</u></u>
Cash flows from financing activities	
Net movement in fixed deposit pledged	144
Repayment of bank borrowings and hire purchase payables	(15,219)
Net movement in trade bills	(9,194)
Drawdown from bank borrowings	2,000
Purchase of treasury shares	(1,731)
Net cash outflow on disposal of subsidiary	(3,908)
Dividend paid	(2,338)
Net cash used in financing activities	<u><u>(30,246)</u></u>
Net increase in cash and cash equivalents	19,144
Effects of exchange rate changes	3,526
Cash and cash equivalents at beginning of financial period	37,788
Cash and cash equivalents at end of financial period	<u><u>60,458</u></u>
Cash and cash equivalents at end of period comprise:	
Cash & bank Balances	52,456
Deposits with licensed banks	9,187
	<u>61,643</u>
Less: Bank Overdraft	-
	<u>61,643</u>
Less : Non-cash & cash equivalent	
-Fixed deposit pledge for banking facilities	(1,185)
	<u><u>60,458</u></u>

In view of the change in the financial year end from 31 December to 30 June, both local and abroad, there were no comparative financial information available for the cumulative 6-month financial period ended 31 December 2016.

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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 PERIOD ENDED 31 DECEMBER 2016

	┌ Attributable to Owners of the Parent ─┐						└─┘	Non Controlling Interest	Total Equity	
	Share Capital	Share Premium	Non-distributable			Distributable				Total
			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	RM'000		
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	-	-	-	-	-	35,613	35,613	(8,996)	26,617	
Other comprehensive income	-	-	-	531	-	-	531	490	1,021	
Total comprehensive income	-	-	-	531	-	35,613	36,144	(8,506)	27,638	
Share buy back	-	-	(2,169)	-	-	-	(2,169)	-	(2,169)	
Dividend	-	-	-	-	-	(9,266)	(9,266)	(314)	(9,580)	
Bonus issue of subsidiary	-	-	-	-	4,246	(4,246)	-	-	-	
Changes in ownership interest in subsidiary that do not result in a loss of control	-	-	-	-	-	(212)	(212)	(205)	(417)	
At 30 June 2016	<u>60,000</u>	<u>1,268</u>	<u>(6,462)</u>	<u>2,962</u>	<u>7,790</u>	<u>199,744</u>	<u>265,302</u>	<u>28,345</u>	<u>293,647</u>	
At 1 July 2016	60,000	1,268	(6,462)	2,962	7,790	199,744	265,302	28,345	293,647	
Net profit for the period	-	-	-	-	-	27,708	27,708	5,653	33,361	
Other comprehensive income	-	-	-	813	-	-	813	1,561	2,374	
Total comprehensive income	-	-	-	813	-	27,708	28,521	7,214	35,735	
Share buy back	-	-	(1,731)	-	-	-	(1,731)	-	(1,731)	
Dividend	-	-	-	-	-	-	-	(2,338)	(2,338)	
Disposed of subsidiary	-	-	-	-	-	-	-	(2,049)	(2,049)	
Changes in ownership interest in subsidiary that do not result in a loss of control	-	-	-	-	-	(1,238)	(1,238)	(1,139)	(2,377)	
At 31 December 2016	<u>60,000</u>	<u>1,268</u>	<u>(8,193)</u>	<u>3,775</u>	<u>7,790</u>	<u>226,214</u>	<u>290,854</u>	<u>30,033</u>	<u>320,887</u>	

In view of the change in the financial year end from 31 December to 30 June, both local and abroad, there were no comparative financial information available for the cumulative 6-month financial period ended 31 December 2016.

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Notes on the quarterly report – 31 December 2016

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 2016, 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 30 June 2016. 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 statements for the financial year ended (“FYE”) 30 June 2016.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on or after 1 January 2016 did not have significant impact on the unaudited condensed consolidated financial statements upon their initial application.

MFRSs, Amendments to MFRSs and IC Interpretation

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities – Applying the Consolidation Exception
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture – Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements Annual Improvements to MFRSs 2012 – 2014 Cycle



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

MFRSs, Amendments to MFRSs and IC Interpretation	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018*
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	1 January 2018
• Amendments to MFRS 12: Clarification of the Scope of Standard	
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	

* Entities that meet the specific criteria in MFRS 4.20B may choose to defer the application of MFRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

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.



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Notes on the quarterly report – 31 December 2016

A3. Qualification of Annual Financial Statements

The latest audited consolidated financial statements of STC for the FYE 30 June 2016 was not subject to any qualification.

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 (“FPE”) 31 December 2016. 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 FPE 31 December 2016.

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 FPE 31 December 2016, the Company repurchased 920,100 of its issued share capital from the open market at an average cost of RM1.88 per ordinary share of RM0.50 in STC (“STC Share(s)”). The total consideration paid for the share buy-back of STC Shares during the six months ended 31 December 2016, including transaction costs was RM1,731,345.71 and was financed by internally generated funds. The STC 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 2016, the number of treasury shares held was 5,875,577 STC Shares at an average cost of RM1.39 per STC Share.

A8. Dividend Paid

In respect of financial year ending 2017, the Board of Directors had declared an interim dividend of 10% equivalent to RM 0.05 per ordinary share, tax exempt under single-tier system on 114,124,423 ordinary shares on 15 December 2016 amounting to RM5,706,221.15. The net Dividend payable amounting to RM560,872.15 (after less the amount opted for dividend reinvestment scheme).

The entitlement to the interim dividend was determined based on the shareholders registered in the record of depositors as at 3 January 2017 and the dividend has been paid on 31 January 2017.



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Notes on the quarterly report – 31 December 2016

A9. Segment Information

Business Segments Revenue & Results

	Transformer, industrial lighting and related products RM’000	Process equipment RM’000	Eliminations RM’000	Consolidated RM’000
Quarter Ended 31 December 2016				
REVENUE				
External Sales	88,089	22,264	-	110,353
Inter-segment sales	2	-	(2)	-
Total Revenue	88,091	22,264	(2)	110,353

RESULTS

Segment results				26,699
Share of loss from associate companies				-
Unallocated corporate expenses				(325)
Finance cost				(1,153)
Interest income				27
Profit before taxation				25,248
Taxation				(6,206)
Net profit for the period				19,042
Other comprehensive income				(505)
Total comprehensive income for the period				18,537

Six Months Ended 31 December 2016

REVENUE

External Sales	166,859	45,465	-	212,324
Inter-segment sales	2	-	(2)	-
Total Revenue	166,861	45,465	(2)	212,324

RESULTS

Segment results				47,182
Share of loss from associate companies				-
Unallocated corporate expenses				(518)
Finance cost				(2,184)
Interest income				55
Profit before taxation				44,535
Taxation				(11,174)
Net profit for the period				33,361
Other comprehensive income				(170)
Total comprehensive income for the period				33,191



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Notes on the quarterly report – 31 December 2016

Quarter Ended 31 December 2015	Transformer, Industrial lighting & related products RM'000	Process equipment RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE				
External Sales	74,023	21,955	-	95,978
Inter-segment sales	71	-	(71)	-
Total Revenue	<u>74,094</u>	<u>21,955</u>	<u>(71)</u>	<u>95,978</u>
RESULTS				
Segment results				15,817
Share of loss in associate companies				(314)
Unallocated corporate expenses				(168)
Finance cost				(1,507)
Interest income				121
Profit before taxation				<u>13,949</u>
Taxation				<u>(4,754)</u>
Net profit for the period				<u>9,195</u>
Other comprehensive income				759
Total comprehensive income for the period				<u>9,954</u>



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Notes on the quarterly report – 31 December 2016

A9. Segment Information - (Cont’d)

Geographical Segments Revenue & Results

Quarter Ended 31 December 2016	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
REVENUE				
External Sales	72,634	37,719	-	110,353
Inter-segment sales	12,019	8,807	(20,826)	-
Total Revenue	<u>84,653</u>	<u>46,526</u>	<u>(20,826)</u>	<u>110,353</u>

RESULTS

Segment results				26,699
Share of loss from associate companies				-
Unallocated corporate expenses				(325)
Finance cost				(1,153)
Interest income				27
Profit before taxation				<u>25,248</u>
Taxation				<u>(6,206)</u>
Net profit for the period				19,042
Other comprehensive income				<u>(505)</u>
Total comprehensive income for the period				<u>18,537</u>

Six Months Ended 31 December 2016

REVENUE

External Sales	147,155	65,169	-	212,324
Inter-segment sales	16,102	17,204	(33,306)	-
Total Revenue	<u>163,257</u>	<u>82,373</u>	<u>(33,306)</u>	<u>212,324</u>

RESULTS

Segment results				47,182
Share of loss from associate companies				-
Unallocated corporate expenses				(518)
Finance cost				(2,184)
Interest income				55
Profit before taxation				<u>44,535</u>
Taxation				<u>(11,174)</u>
Net profit for the period				33,361
Other comprehensive income				<u>(170)</u>
Total comprehensive income for the period				<u>33,191</u>



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 31 December 2016

Quarter Ended 31 December 2015	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
REVENUE				
External Sales	67,119	28,859	-	95,978
Inter-segment sales	3,998	7,712	(11,710)	-
Total Revenue	<u>71,117</u>	<u>36,571</u>	<u>(11,710)</u>	<u>95,978</u>
RESULTS				
Segment results				15,817
Share of loss from associate companies				(314)
Unallocated corporate expenses				(168)
Finance cost				(1,507)
Interest income				<u>121</u>
Profit before taxation				<u>13,949</u>
Taxation				<u>(4,754)</u>
Net profit for the period				<u>9,195</u>
Other comprehensive income				<u>759</u>
Total comprehensive income for the period				<u>9,954</u>



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 31 December 2016

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 31st December 2016.

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

There were no material events subsequent to the end of the interim reporting period other than the corporate exercise as disclosed in Note B6.

A13. Changes in the composition of the Group

Sepen Engineering Sdn Bhd ceased to be a subsidiary of Seremban Engineering Berhad, which is 65% owned subsidiary of STC.

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.

A15. Change of Financial Year End

The Group had changed the financial year end from 31 December to 30 June.



Notes on the quarterly report – 31 December 2016

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

B1. Review of performance

The Group recorded a revenue of RM110.35 million for the current quarter ended 31 December 2016 as compared to RM95.98 million in the previous year corresponding quarter, showing an increase of RM14.37 million or 15.0% due to increase in sales from transformer and lighting segment.

Profit after tax and non-controlling interest (“PATNCI”) of RM14.83 million for the current quarter ended 31 December 2016 representing an increase of RM5.93 million or 66.7% as compared to previous year’s corresponding quarter ended 31 December 2015 of RM8.90 million due to better performance in transformer and lighting segment and improvement of results in process equipment segment.

The improvement of results in process equipment segment mainly due to reversal of allowances for impairment loss of trade receivables previously recognised and strengthening of the project management control and cost control.

The Group recorded a revenue of RM 212.32 million and PATNCI of RM 27.71 million for the six months period ended 31 December 2016. The results were mainly due to contribution from transformer and lighting segment.

Pursuant to the change of financial year end from 31 December 2015 to 30 June 2016, no comparative figures are presented.

B2. Variation of results against preceding quarter

The Group recorded a profit before tax (“PBT”) of RM25.25 million for the current quarter ended 31 December 2016, representing an increase of RM5.96 million or 30.9% as compared to the preceding quarter ended 30 September 2016 PBT of RM19.29 million mainly due to contribution from transformer and lighting segment and 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 economic outlook remain challenging. Nevertheless, the Group is continuing its effort to focus on its core business in fabrication of pressure vessels and process equipment for oil and fats industries, chemical, downstream petrochemical, water treatment and power plants. In addition, with the Group marketing strategy in broadening the customer base and products especially in steel structure and piping works and securing order books to date, the Board aims to strengthen project management and cost control so as to generate better margin and positive results for the Group in this financial year.

Barring any unforeseen circumstances, the Group expects to achieve satisfactory financial performance in 2017.



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Notes on the quarterly report – 31 December 2016

B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense

	3 Months Ended		6 Months Ended	
	31-Dec-2016	31-Dec-2015	31-Dec-2016	31-Dec-2015
	RM'000	RM'000	RM'000	RM'000
Income tax	5,412	3,379	10,325	N/A
Deferred tax	794	1,375	849	N/A
Total	<u>6,206</u>	<u>4,754</u>	<u>11,174</u>	<u>N/A</u>

The effective tax rate for the current quarter is slightly higher than the statutory tax rate.

B6. Status of Corporate Proposals

(i) Acquisition of Land

The company's 65% owned subsidiary, Seremban Engineering Berhad (“SEB”) had on 5 August 2016, announced that it had entered into a sale and purchase agreement with Sepen Engineering Sdn Bhd (831242-H) (“SEPEN”) for the acquisition of a piece of land measuring in area approximately 73,205 square feet held under the Title Geran 85454, Lot 19731, Bandar Kundang, Daerah Gombak, Selangor Darul Ehsan, together with a single storey factory erected thereon bearing postal address No. 17, Jalan KPK 4/5, Kawasan Perindustrian Kundang, Kundang Jaya, 48020 Rawang, Selangor Darul Ehsan by SEB from SEPEN for a cash consideration of RM8,550,000.

The above acquisition has been completed on 30 November 2016.

(ii) Disposal of Shares

SEB had on 12 August 2016, announced that it had entered into a share sale agreement with Wong Kah Poh and Wong Kee Pen for the disposal of 600,000 ordinary shares of RM1.00 each in SEPEN, representing 60% equity interest of SEPEN for a cash consideration of RM2,537,000.

The above disposal has been completed on 30 November 2016.

(iii) Dividend Reinvestment Scheme

The dividend reinvestment scheme that provides the shareholders of STC with the option to elect to reinvest their cash dividends declared by STC in new STC shares (“DRS”) was approved by the shareholders of STC at the Extraordinary General Meeting which was convened on 19 November 2016.

On 15 December 2016, STC announced an interim dividend of 10% equivalent to RM0.05 per ordinary share for the financial year ending 30 June 2017 (“Interim Dividend”). The Board had determined that the DRS will apply to the aforesaid dividend. Shareholders of STC were given an option to reinvest the Interim Dividend in the new STC shares which has been fixed at RM1.91 per STC share. The Issue Price represented a discount of RM0.2027 or approximately 9.59% to the theoretical ex-dividend volume weighted average market price of approximately RM2.1127, which was arrived after taking into consideration the 5-day VWAP up to and including 14 December 2016.



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STC has on 31 January 2017, issued and allotted 2,693,900 new STC shares pursuant to the DRS and the DRS had been completed on 2 February 2017, following the listing and quotation of the abovementioned STC shares.

B7. Group Borrowings

The Group’s borrowings as at 31 December 2016 were as follows:

	Payable within 12 months RM'000	Payable after 12 Months RM'000
<u>Secured</u>		
Bank Borrowings	20,153	47,734
Hire Purchase Payables	1,616	1,029
Bank Overdraft	-	-
Total Borrowings	<u>21,769</u>	<u>48,763</u>

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

	Amount RM'000
Malaysian Ringgit	66,394
Singaporean Dollar	4,077
Indonesian Rupiah	61
Total Borrowings	<u>70,532</u>



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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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 dividend proposed during the quarter under review save as disclosed in Note A8 and B6.

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 six months period ended 31 December 2016 are computed as follow:-

	3 Months Ended		6 Months Ended	
	31-Dec 2016	31-Dec 2015	31-Dec 2016	31-Dec 2015
Profit attributable to owners of the parent (RM'000)	14,825	8,896	27,708	N/A
Weighted average number of STC Shares in issue ('000)	114,374	115,883	114,374	N/A
Basic earning per STC Share (sen)	12.96	7.68	24.23	N/A

(b) Diluted

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



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B11. Notes to the Statement of Comprehensive Income

	3 Months ended		6 Months Ended	
	31-Dec 2016 RM'000	31-Dec 2015 RM'000	31-Dec 2016 RM'000	31-Dec 2015 RM'000
Other income	(714)	(1,291)	(820)	N/A
Gain on disposal of properties, plant & equipment	(3)	(31)	(413)	N/A
Gain on foreign currency exchange	(2,085)	(2,371)	(4,003)	N/A
Fixed deposit interest income	(27)	(121)	(55)	N/A
Reversal of impairment losses on trade receivables	(2,931)	-	(3,122)	N/A
Depreciation	2,207	2,685	4,376	N/A



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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 Securities 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 2016, into realised and unrealised profits is as follows:

	As at End of Current Quarter 31-Dec-2016	As at End of Preceding Quarter 30-Sep-2016
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	253,069	241,161
- Unrealised	4,014	3,499
	<u>257,083</u>	<u>244,660</u>
Total share of accumulated loss from jointly controlled entities :		
- Realised	(283)	(284)
	<u>256,800</u>	<u>244,376</u>
Less : Consolidation adjustments	(30,586)	(32,985)
Total group retained profits	<u>226,214</u>	<u>211,391</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
23 February 2017