



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF  
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 DECEMBER 2017**

	<b>Current Quarter 31-Dec-17 RM'000</b>	<b>Comparative Quarter 31-Dec-16 RM'000</b>	<b>Cummulative Quarter</b>	
			<b>31-Dec-17 RM'000</b>	<b>31-Dec-16 RM'000</b>
<b>Revenue</b>	92,941	110,353	174,943	212,324
<b>Operating profit</b>	9,119	26,374	19,970	46,664
Interest expense	(830)	(1,153)	(1,826)	(2,184)
Interest income	155	27	304	55
<b>Profit before taxation</b>	8,444	25,248	18,448	44,535
Taxation	(1,729)	(6,206)	(3,938)	(11,174)
<b>Profit for the period</b>	6,715	19,042	14,510	33,361
<b>Profit attributable to :</b>				
Owners of the Company	6,332	14,825	12,966	27,708
Non-controlling interests	383	4,217	1,544	5,653
	6,715	19,042	14,510	33,361
<b>Earnings per share (sen) :</b>				
Basic	2.61	6.10	5.34	11.41
<b>Profit for the period</b>	6,715	19,042	14,510	33,361
<b>Other comprehensive expense</b>				
Currency translation differences for foreign operations	(1,191)	(505)	(424)	(170)
<b>Total comprehensive income for the period</b>	5,524	18,537	14,086	33,191
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	5,841	13,752	12,895	27,315
Non-controlling interests	(317)	4,785	1,191	5,876
<b>Total comprehensive income for the period</b>	5,524	18,537	14,086	33,191

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2017 with the accompanying explanatory notes attached to the financial statements.



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	<b>As at 31.12.2017 Unaudited RM'000</b>	<b>As at 30.06.2017 Audited RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	134,098	132,478
Investment properties	28,170	28,237
Investment in associate company	746	651
Goodwill on consolidation	7,616	7,616
Deferred tax assets	352	373
<b>TOTAL NON-CURRENT ASSETS</b>	<b>170,982</b>	<b>169,355</b>
<b>Current assets</b>		
Inventories	115,414	117,169
Trade and other receivables	107,785	109,421
Amount due from contract customer	4,677	12,128
Prepayment and other assets	2,105	11,251
Amount due from associate company	1,964	1,638
Amount due from joint controlled entity	82	77
Tax recoverable	5,107	4,181
Short term investment	9,943	11,023
Cash and bank balances	38,718	43,521
<b>TOTAL CURRENT ASSETS</b>	<b>285,795</b>	<b>310,409</b>
<b>TOTAL ASSETS</b>	<b>456,777</b>	<b>479,764</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	69,966	65,145
Treasury shares	(8,198)	(8,196)
Reserve	257,784	250,729
	319,552	307,678
<b>NON-CONTROLLING INTERESTS</b>	31,926	30,991
<b>TOTAL EQUITY</b>	<b>351,478</b>	<b>338,669</b>
<b>LIABILITIES</b>		
<b>Non-Current liabilities</b>		
Long term borrowings	18,842	23,566
Deferred tax liabilities	2,162	2,100
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>21,004</b>	<b>25,666</b>
<b>Current liabilities</b>		
Trade and other payables	52,974	73,735
Short term borrowings	30,966	38,512
Current tax payable	355	3,182
<b>TOTAL CURRENT LIABILITIES</b>	<b>84,295</b>	<b>115,429</b>
<b>TOTAL LIABILITIES</b>	<b>105,299</b>	<b>141,095</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>456,777</b>	<b>479,764</b>
<b>Net assets per share attributable to owners of the parent (RM)*</b>	<b>1.45</b>	<b>1.40</b>

\* Non-controlling interests are excluded from the computation of the net assets per shares

The Condensed Consolidation Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2017 with the accompanying explanatory notes attached to the financial statements.



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2017

	Attributable to Owners of the Parent					Distributable		Non - controlling interests	Total equity
	Non-distributable					Retained earnings	Total		
	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Current year-to-date ended 31 December 2017</b>									
At 1 July 2017	65,145	1,268	(8,196)	2,939	7,790	238,733	307,679	30,990	338,669
Profit for the period	-	-	-	-	-	12,966	12,966	1,544	14,510
Other comprehensive income - Foreign currency translation differences	-	-	-	(71)	-	-	(71)	(353)	(424)
<b>Total comprehensive income / (expense) for the period</b>	-	-	-	(71)	-	12,966	12,895	1,191	14,086
Issue of shares pursuant to dividend reinvestment scheme	4,821	-	-	-	-	(4,821)	-	-	-
Dividend paid									
- by the Company	-	-	-	-	-	(1,020)	(1,020)	-	(1,020)
- by subsidiary to non-controlling interests	-	-	-	-	-	-	-	(255)	(255)
Purchase of treasury shares	-	-	(2)	-	-	-	(2)	-	(2)
<b>Total transactions with owners of the Company</b>	4,821	-	(2)	-	-	(5,841)	(1,022)	(255)	(1,277)
At 31 December 2017	69,966	1,268	(8,198)	2,868	7,790	245,858	319,552	31,926	351,478



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	←----- Attributable to Owners of the Parent -----→					-----→		Non - controlling interests	Total equity
	←----- Non-distributable -----→					Distributable			
	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Retained earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Preceding year corresponding period ended 31 December 2016</b>									
At 1 July 2016	60,000	1,268	(6,462)	2,962	7,790	199,744	265,302	28,345	293,647
Profit for the period	-	-	-	-	-	27,708	27,708	5,653	33,361
Other comprehensive income - Foreign currency translation differences	-	-	-	813	-	-	813	1,561	2,374
<b>Total comprehensive income for the period</b>	-	-	-	813	-	27,708	28,521	7,214	35,735
Purchase of treasury shares	-	-	(1,731)	-	-	-	(1,731)	-	(1,731)
Dividends paid	-	-	-	-	-	-	-	(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)
<b>Total transactions with owners of the Company</b>	-	-	(1,731)	-	-	(1,238)	(2,969)	(5,526)	(8,495)
At 31 December 2016	60,000	1,268	(8,193)	3,775	7,790	226,214	290,854	30,033	320,887

The Condensed Consolidation Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2017 with the accompanying explanatory notes attached to the financial statements.



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2017**

	<b>Current Year - To - date 31-Dec-17 RM'000</b>	<b>Preceding Year Corresponding Period 31-Dec-16 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	18,448	44,535
Adjustments for:		
Non-cash items	3,406	603
Non-operating items	1,179	2,128
Operating profit before changes in working capital	23,033	47,266
Changes in working capital:		
Inventories	3,871	16,025
Trade and other receivables	18,970	8,036
Trade and other payables	(20,521)	(8,341)
Cash generated from operating activities	25,353	62,986
Tax paid	(7,889)	(8,062)
Tax refund	266	-
Interest paid	(1,458)	(2,128)
Interest received	304	-
<b>Net cash generated from operating activities</b>	<b>16,576</b>	<b>52,796</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment ("PPE")	(6,762)	(4,775)
Proceeds from disposal of PPE	490	792
Decrease in short term investment	-	1,817
Increase of investment in subsidiary	-	(1,240)
<b>Net cash used in investing activities</b>	<b>(6,272)</b>	<b>(3,406)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement in fixed deposit pledged	36	144
Repayment of bank borrowings and hire purchase payables	(7,067)	(15,219)
Net movement in trade bills	(6,366)	(9,194)
Drawdown from bank borrowings	-	2,000
Purchase of treasury shares	(2)	(1,731)
Net cash outflow on disposal of subsidiary	-	(3,908)
Dividend paid	(1,275)	(2,338)
<b>Net cash used in financing activities</b>	<b>(14,674)</b>	<b>(30,246)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(4,370)	19,144
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	52,991	37,788
<b>EFFECTS ON EXCHANGE RATES FLUCTUATIONS ON CASH HELD</b>	(1,354)	3,526
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>47,267</b>	<b>60,458</b>
<b>Cash and cash equivalents at end of period comprise:</b>		
Cash & bank Balances	37,578	52,456
Deposits with licensed banks	1,140	1,187
	38,718	53,643
Less: Bank Overdraft	(259)	-
	38,459	53,643
Add : Short term investment	9,943	8,000
Less : Non-cash & cash equivalent		
-Fixed deposit pledge for banking facilities	(1,135)	(1,185)
	<b>47,267</b>	<b>60,458</b>

The Condensed Consolidation Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2017 with the accompanying explanatory notes attached to the financial statements.



Notes on the quarterly report – 31 December 2017

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

**A1. Basis of Preparation**

These condensed consolidated financial statements, for the period ended 31 December 2017, 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 2017. 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 2017.

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**

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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 Improvement to MFRS Standards 2012 – 2014 Cycles	
Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Loss
Annual Improvement to MFRS Standards 2014 – 2016 Cycles:	
Amendments to MFRS 12	Clarification of the Scope of the Standard



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)**  
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**Notes on the quarterly report – 31 December 2017**

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 and IC Interpretations**

**(including the Consequential Amendments)**

**Effective date**

MFRS 9	: Financial Instruments (IFRS 9 as 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
MFRS 17	: Insurance Contracts	1 January 2021
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
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
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 140	: Transfer of Investment Property	1 January 2018
Annual Improvement 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	1 January 2018

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.



Notes on the quarterly report – 31 December 2017

**A3. Qualification of Annual Financial Statements**

The latest audited consolidated financial statements of STC for the FYE 30 June 2017 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 2017. However, the process equipment’s business operation result is very much dependent on the status of the work in progress and 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 2017.

**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**

Save 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 2017, the Company repurchased 1,000 units of its issued share capital from the open market at cost of RM2.68 per ordinary share in STC (“STC Share(s)”). The total consideration paid for the share buy-back of STC Shares during the six months’ period ended 31 December 2017, including transaction costs was RM2,723.81 and was financed by internally generated funds. The STC Shares repurchased are being held as treasury shares in accordance with Section 127 Subsection 4(b) of the Companies Act 2016.

Prior to the completion of proposed share split, the number of treasury shares held was 5,877,577 STC Shares at an average cost of RM1.39 per STC Share out of its 124,249,100 STC shares.

On 20 December 2017, the issued share capital of 124,249,100 shares has been subdivided into 248,498,200 subdivided shares on the basis of every one existing share into two subdivided shares, resulted to the balance of treasury shares stands at 11,755,154 STC Shares.

As at 31 December 2017, the number of treasury shares held was 11,755,154 STC Shares at an average cost of RM0.697 per STC Share out of its 248,498,200 STC shares.





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

**Notes on the quarterly report – 31 December 2017**

**A8. Dividend Paid**

A first interim tax-exempt single-tier dividend of RM0.05 per ordinary share on 116,817,323 ordinary shares for the financial year ending 30 June 2018 was declared on 12 September 2017 and was paid on 29 November 2017 to the shareholders whose names appeared in the Company’s Record of Depositors on 1 November 2017, amounting to RM5,840,866.15. The shareholders were given an option to elect to reinvest the whole or part of the interim dividend into new ordinary shares of the Company in accordance with the dividend reinvestment scheme (“DRS”) with the issue price fixed at RM 3.10 per new ordinary share.

The Issue Price represents a discount of RM0.3381 or approximately 9.83% to the theoretical ex-dividend volume weighted average market price (“VWAP”) of approximately RM3.4381, which was arrived at after taking into consideration the 5-day VWAP up to and including 5 October 2017.

The net dividend paid amounting to RM1,019,746.15 after less the amount opted for the DRS. A total of 1,555,200 new ordinary shares have been issued and allotted on 29 November 2017 and were listed on 30 November 2017.



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

**Notes on the quarterly report – 31 December 2017**

**A9. Segment Information**

**Business Segments Revenue & Results**

	<b>Transformer, industrial lighting and related products</b>	<b>Process equipment</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Quarter Ended 31 December 2017</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
<b>REVENUE</b>				
External Sales	74,261	18,680	-	92,941
Inter-segment sales	(37,696)	-	37,696	-
<b>Total Revenue</b>	<b>36,565</b>	<b>18,680</b>	<b>37,696</b>	<b>92,941</b>
<b>RESULTS</b>				
Segment results				9,421
Unallocated corporate expenses				(302)
Finance cost				(830)
Interest income				155
<b>Profit before taxation</b>				<b>8,444</b>
Taxation				(1,729)
<b>Net profit for the period</b>				<b>6,715</b>
Other comprehensive expense				(1,191)
<b>Total comprehensive income for the period</b>				<b>5,524</b>
	<b>Transformer, industrial lighting and related products</b>	<b>Process equipment</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Six Months Ended 31 December 2017</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>	<b>RM’000</b>
<b>REVENUE</b>				
External Sales	136,808	38,135	-	174,943
Inter-segment sales	(37,696)	-	37,696	-
<b>Total Revenue</b>	<b>99,112</b>	<b>38,135</b>	<b>37,696</b>	<b>174,943</b>
<b>RESULTS</b>				
Segment results				20,582
Unallocated corporate expenses				(612)
Finance cost				(1,826)
Interest income				304
<b>Profit before taxation</b>				<b>18,448</b>
Taxation				(3,938)
<b>Net profit for the period</b>				<b>14,510</b>
Other comprehensive expense				(424)
<b>Total comprehensive income for the period</b>				<b>14,086</b>



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)  
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Notes on the quarterly report – 31 December 2017

	Transformer, industrial lighting and related products	Process equipment	Eliminations	Consolidated
Quarter Ended 31 December 2016	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>				
External Sales	88,089	22,264	-	110,353
Inter-segment sales	2	-	(2)	-
Total Revenue	88,091	22,264	(2)	110,353
<b>RESULTS</b>				
Segment results				26,699
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 expense				(505)
Total comprehensive income for the period				18,537

	Transformer, industrial lighting and related products	Process equipment	Eliminations	Consolidated
Six Months Ended 31 December 2016	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>				
External Sales	166,859	45,465	-	212,324
Inter-segment sales	2	-	(2)	-
Total Revenue	166,861	45,465	(2)	212,324
<b>RESULTS</b>				
Segment results				47,182
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 expense				(170)
Total comprehensive income for the period				33,191



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)  
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Notes on the quarterly report – 31 December 2017

A9. Segment Information - (Cont’d)

**Geographical Segments Revenue & Results**

Quarter Ended 31 December 2017	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
<b>REVENUE</b>				
External Sales	59,563	33,378	-	92,941
Inter-segment sales	7,580	8,675	(16,255)	-
Total Revenue	67,143	42,053	(16,255)	92,941
<b>RESULTS</b>				
Segment results				9,421
Unallocated corporate expenses				(302)
Finance cost				(830)
Interest income				155
Profit before taxation				8,444
Taxation				(1,729)
Net profit for the period				6,715
Other comprehensive expense				(1,191)
Total comprehensive income for the period				5,524

Six Months Ended 31 December 2017	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
<b>REVENUE</b>				
External Sales	117,311	57,632	-	174,943
Inter-segment sales	12,553	13,975	(26,528)	-
Total Revenue	129,864	71,607	(26,528)	174,943
<b>RESULTS</b>				
Segment results				20,582
Unallocated corporate expenses				(612)
Finance cost				(1,826)
Interest income				304
Profit before taxation				18,448
Taxation				(3,938)
Net profit for the period				14,510
Other comprehensive expense				(424)
Total comprehensive income for the period				14,086



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)  
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Notes on the quarterly report – 31 December 2017

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

**RESULTS**

Segment results				26,699
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 expense				(505)
Total comprehensive income for the period				18,537

Six Months Ended 31 December 2016	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
<b>REVENUE</b>				
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
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 expense				(170)
Total comprehensive income for the period				33,191



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)**  
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**Notes on the quarterly report – 31 December 2017**

**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 was no capital commitment approved and contracted for during the current period ended 31 December 2017.

**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**

There were 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.



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

**B1. Review of performance**

The Group recorded a revenue of RM92.94 million for the current quarter ended 31 December 2017 as compared to RM110.35 million in the previous year corresponding quarter, showing a decrease of RM17.41 million or 15.78%. Profit after tax attributable to owners of the Company of RM6.33 million for the current quarter ended 31 December 2017 as compared to RM14.83 million in the previous year corresponding quarter, showing a decrease of RM8.50 million or 57.32%. These are mainly due to decrease in sales from both transformer and lighting segment and process equipment segment and loss on foreign exchange.

The lower sales recorded in transformer and lighting segment in the current quarter as compared to previous year corresponding quarter was mainly due to non-recurring project sales were recognised in the previous year corresponding quarter.

The Group recorded a revenue of RM 174.94 million for the six months ended 31 December 2017 as compared to RM 212.32 million in the previous year corresponding period, showing a decrease of RM37.38 million or 17.61%. Profit after tax attributable to owners of the Company was RM 12.97 million for the six months ended 31 December 2017 as compared to RM 27.71 million in the previous year corresponding quarter, showing a decrease of RM14.74 million or 53.19%. These are mainly due to decrease in sales from both transformer and lighting segment and process equipment segment and loss on foreign exchange.

The lower sales recorded in transformer and lighting segment in the current quarter as compared to previous year corresponding quarter was mainly due to non-recurring project sales were recognised in the previous year corresponding quarter.

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 RM8.44 million for the current quarter ended 31 December 2017 as compared to RM10.00 million in the preceding quarter ended 30 September 2017, showing a decrease of RM1.56 million or 15.60%. This is mainly due to higher reversal of allowances for impairment loss of trade receivables in the preceding quarter under process equipment segment.



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**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 will also step up on its effort to enhance its competitiveness and productivity in its operations.

In the process equipment segment, despite the challenging economic outlook, the Group is continuing its efforts to focus on its core business and intensively broadening its products and customer base locally and overseas. The Group will focus to improve project management efficiency and cost control. The Board is confident that the Group will generate positive results in current financial year.

Barring any unforeseen circumstances, the Group expects to achieve satisfactory financial performance in 2018.

**B4. Profit Forecast or Profit Guarantee**

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

**B5. Tax Expense**

	<b>2nd Quarter Ended</b>		<b>6 Months Ended</b>	
	<b>31-Dec-2017</b>	<b>31-Dec-2016</b>	<b>31-Dec-2017</b>	<b>31-Dec-2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax	2,149	5,412	3,876	10,325
Deferred tax	(420)	794	62	849
Total	<u>1,729</u>	<u>6,206</u>	<u>3,938</u>	<u>11,174</u>

The effective tax rate for the current quarter is lower than the statutory tax rate due to no provision of tax is required by a subsidiary company which has sufficient unabsorbed tax losses brought forward.





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**B6. Status of Corporate Proposals**

Subdivision of shares

On 9 October 2017, the Company proposed to undertake a share split involving the subdivision of every one STC Share into two subdivided shares held by the shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on the entitlement date of 20 December 2017. The proposed share split has been submitted to Bursa Securities on 10 October 2017 and approved on 13 October 2017.

The approval for the proposed share split from the shareholders of the Company was obtained at the extraordinary general meeting on 4 December 2017.

On 20 December 2017, the issued share capital of 124,249,100 ordinary shares in STC has been subdivided into 248,498,200 subdivided shares (including 11,755,154 held as treasury shares).

On 21 December 2017, the proposed share split has been completed following the listing of and quotation for 248,498,200 ordinary shares in STC on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on 21 December 2017.

**B7. Group Borrowings**

The Group’s borrowings as at 31 December 2017 were as follows:

<u>Secured</u>	<b>Payable within 12 months RM'000</b>	<b>Payable after 12 Months RM'000</b>
Bank Borrowings	29,944	16,975
Hire Purchase Payables	763	1,867
Bank Overdraft	259	-
Total Borrowings	30,966	18,842

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

	<b>Amount RM'000</b>
Malaysian Ringgit	46,384
Singaporean Dollar	3,365
Indonesian Rupiah	59
Total Borrowings	49,808



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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 dividends proposed during the quarter under review, save as disclosed in Note A8.

**B10. Earnings per share**

Following the subdivision of shares as mentioned in note B6, the earnings per share has to be accounted for retrospectively. The comparative amount has then be restated and being showed accordingly.

(a) Basic

Basic earnings per share of the Group is 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 2017 are computed as follow: -

	2nd Quarter Ended			6 Months Ended		
	Previously			Previously		
	Reported	Restated		Reported	Restated	
	31-Dec 2017	31-Dec 2016	30-Dec 2016	31-Dec 2017	31-Dec 2016	30-Dec 2016
Profit attributable to owners of the parent (RM'000)	6,332	14,825	14,825	12,966	27,708	27,708
Weighted average number of STC Shares in issue ('000)	242,621	114,374	242,867	242,621	114,374	242,867
Basic earning per STC Share (sen)	2.61	12.96	6.10	5.34	24.23	11.41

(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**

	2nd Quarter Ended		6 Months Ended	
	31-Dec 2017	31-Dec 2016	31-Dec 2017	31-Dec 2016
	RM'000	RM'000	RM'000	RM'000
Interest income	(155)	(27)	(304)	(55)
Interest expense	830	1,153	1,826	2,184
Other income	(287)	(714)	(944)	(820)
Loss/(Gain) on foreign currency exchange	2,460	(2,085)	2,618	(4,003)
Bad debt recover	(54)	-	(54)	-
Reversal of impairment losses on trade receivables	(64)	(2,931)	(2,485)	(3,122)
Reversal of inventories written down	(609)	-	(2,117)	-
Impairment loss of trade receivables	43	-	43	11,089
(Gain)/loss on disposal of properties, plant & equipment	56	(3)	25	(413)
Depreciation	2,645	2,207	5,015	4,376

The Group do not have the following items for the respective period:

- Gain or loss on derivatives; and
- provision for and write off of inventories;
- impairment of assets;



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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 2017, into realised and unrealised profits is as follows:

	<b>As at End of Current Quarter 31-Dec-2017</b>	<b>Previous Financial Year-to-date 30-Jun-2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits /(loss) of the Company and its subsidiaries :		
- Realised	281,421	270,291
- Unrealised	(1,526)	2,039
	<u>279,895</u>	<u>272,330</u>
Total share of accumulated loss from jointly controlled entities :		
- Realised	(75)	(75)
	<u>279,820</u>	<u>272,255</u>
Less : Consolidation adjustments	(33,962)	(33,522)
	<u>245,858</u>	<u>238,733</u>
Total group retained profits	<u>245,858</u>	<u>238,733</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  
28 February 2018