



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 MARCH 2018

	Current Quarter 31-Mar-18 RM'000	Comparative Quarter 31-Mar-17 RM'000	Cummulative Quarter	
			31-Mar-18 RM'000	31-Mar-17 RM'000
<b>Revenue</b>	76,159	91,352	251,102	303,676
<b>Operating profit</b>	1,836	13,577	21,806	60,241
Interest expense	(786)	(858)	(2,612)	(3,042)
Interest income	158	111	462	166
Share of loss of associate companies	-	(2)	-	(2)
<b>Profit before taxation</b>	1,208	12,828	19,656	57,363
Taxation	(1,051)	(2,784)	(4,989)	(13,958)
<b>Profit for the period</b>	157	10,044	14,667	43,405
<b>Profit attributable to :</b>				
Owners of the Company	1,059	8,943	14,025	36,651
Non-controlling interests	(902)	1,101	642	6,754
	157	10,044	14,667	43,405
<b>Earnings per share (sen) :</b>				
Basic	0.44	3.68	5.78	15.10
<b>Profit for the period</b>	157	10,044	14,667	43,405
<b>Other comprehensive expense</b>				
Currency translation differences for foreign operations	100	508	(324)	338
<b>Total comprehensive income for the period</b>	257	10,552	14,343	43,743
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	1,481	7,645	14,376	36,051
Non-controlling interests	(1,224)	2,907	(33)	7,692
<b>Total comprehensive income for the period</b>	257	10,552	14,343	43,743

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 MARCH 2018

	As at 31.03.2018 Unaudited RM'000	As at 30.06.2017 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	132,832	132,478
Investment properties	28,109	28,237
Investment in associate company	739	651
Goodwill on consolidation	7,616	7,616
Deferred tax assets	338	373
<b>TOTAL NON-CURRENT ASSETS</b>	<b>169,634</b>	<b>169,355</b>
<b>Current assets</b>		
Inventories	110,828	117,169
Trade and other receivables	98,507	109,421
Amount due from contract customer	5,154	12,128
Prepayment and other assets	1,654	11,251
Amount due from associate company	1,787	1,638
Amount due from joint controlled entity	82	77
Tax recoverable	8,019	4,181
Short term investment	8,312	11,023
Cash and bank balances	39,339	43,521
<b>TOTAL CURRENT ASSETS</b>	<b>273,682</b>	<b>310,409</b>
<b>TOTAL ASSETS</b>	<b>443,316</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	259,265	250,729
	321,033	307,678
<b>NON-CONTROLLING INTERESTS</b>	30,702	30,991
<b>TOTAL EQUITY</b>	<b>351,735</b>	<b>338,669</b>
<b>LIABILITIES</b>		
<b>Non-Current liabilities</b>		
Long term borrowings	18,870	23,566
Deferred tax liabilities	1,510	2,100
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>20,380</b>	<b>25,666</b>
<b>Current liabilities</b>		
Trade and other payables	38,887	73,735
Short term borrowings	31,537	38,512
Current tax payable	777	3,182
<b>TOTAL CURRENT LIABILITIES</b>	<b>71,201</b>	<b>115,429</b>
<b>TOTAL LIABILITIES</b>	<b>91,581</b>	<b>141,095</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>443,316</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 MARCH 2018

	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 March 2018</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	-	-	-	-	-	14,025	14,025	642	14,667
Other comprehensive income - Foreign currency translation differences	-	-	-	351	-	-	351	(675)	(324)
<b>Total comprehensive income / (expense) for the period</b>	-	-	-	351	-	14,025	14,376	(33)	14,343
Issue of shares pursuant to dividend reinvestment scheme	4,821	-	-	-	-	(4,821)	-	-	-
Dividend paid	-	-	-	-	-	(1,020)	(1,020)	-	(1,020)
- by the Company	-	-	-	-	-	-	-	(255)	(255)
- by subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	-
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 March 2018	69,966	1,268	(8,198)	3,290	7,790	246,917	321,033	30,702	351,735



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2018

	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 March 2017</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	-	-	-	-	-	36,651	36,651	6,754	43,405
Other comprehensive income - Foreign currency translation differences	-	-	-	254	-	-	254	84	338
<b>Total comprehensive income for the period</b>	-	-	-	254	-	36,651	36,905	6,838	43,743
Purchase of treasury shares	-	-	(1,734)	-	-	-	(1,734)	-	(1,734)
Dividends paid	-	-	-	-	-	(561)	(561)	(2,417)	(2,978)
Disposed of subsidiary	-	-	-	-	-	90	90	(2,048)	(1,958)
Issue new share	5,145	-	-	-	-	(5,145)	-	-	-
Changes in ownership interest in subsidiary that do not result in a loss of control	-	-	-	-	-	(892)	(892)	(1,898)	(2,790)
<b>Total transactions with owners of the Company</b>	5,145	-	(1,734)	-	-	(6,508)	(3,097)	(6,363)	(9,460)
At 31 March 2017	65,145	1,268	(8,196)	3,216	7,790	229,887	299,110	28,820	327,930

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 MARCH 2018**

	<b>Current Year - To - date 31-Mar-18 RM'000</b>	<b>Preceding Year Corresponding Period 31-Mar-17 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	19,656	57,363
Adjustments for:		
Non-cash items	6,795	4,026
Non-operating items	2,165	2,876
Operating profit before changes in working capital	<u>28,616</u>	<u>64,265</u>
Changes in working capital:		
Inventories	8,457	10,321
Trade and other receivables	26,451	15,287
Trade and other payables	(34,127)	(12,999)
Cash generated from operating activities	<u>29,397</u>	<u>76,874</u>
Tax paid	(12,079)	(14,226)
Tax refund	263	-
Interest paid	(2,612)	(3,042)
Interest received	462	166
<b>Net cash generated from operating activities</b>	<u>15,431</u>	<u>59,772</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment ("PPE")	(7,402)	(5,333)
Proceeds from disposal of PPE	567	815
Increase of investment in subsidiary	-	(891)
<b>Net cash used in investing activities</b>	<u>(6,835)</u>	<u>(5,409)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement in fixed deposit pledged	1,052	142
Repayment of bank borrowings and hire purchase payables	(9,071)	(24,904)
Net movement in trade bills	(8,692)	(6,402)
Drawdown from bank borrowings	-	6,840
Purchase of treasury shares	(2)	(1,733)
Net cash outflow on disposal of subsidiary	-	(3,908)
Dividend paid	(1,275)	(2,978)
<b>Net cash used in financing activities</b>	<u>(17,988)</u>	<u>(32,943)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(9,392)	21,420
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	52,991	39,605
<b>EFFECTS ON EXCHANGE RATES FLUCTUATIONS ON CASH HELD</b>	(826)	(1,162)
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<u><b>42,773</b></u>	<u><b>59,863</b></u>
<b>Cash and cash equivalents at end of period comprise:</b>		
Cash & bank Balances	39,213	53,750
Deposits with licensed banks	126	1,190
	<u>39,339</u>	<u>54,940</u>
Less: Bank Overdraft	(4,757)	-
	<u>34,582</u>	<u>54,940</u>
Add : Short term investment	8,312	6,108
Less : Non-cash & cash equivalent		
-Fixed deposit pledge for banking facilities	(121)	(1,185)
	<u><b>42,773</b></u>	<u><b>59,863</b></u>

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 March 2018

**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 March 2018, 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 (“**Bursa Securities**”) 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 March 2018**

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 March 2018**

**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 March 2018. 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 March 2018.

**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**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review.

As at 31 March 2018, 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.

**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 March 2018**

**A9. Segment Information**

**Business Segments Revenue & Results**

	<b>Transformer, industrial lighting and related products RM’000</b>	<b>Process equipment RM’000</b>	<b>Eliminations RM’000</b>	<b>Consolidated RM’000</b>
<b>Quarter Ended 31 March 2018</b>				
<b>REVENUE</b>				
External Sales	56,894	19,265	-	76,159
Inter-segment sales	(17,963)	-	17,963	-
<b>Total Revenue</b>	<b>38,931</b>	<b>19,265</b>	<b>17,963</b>	<b>76,159</b>
<b>RESULTS</b>				
Segment results				2,159
Unallocated corporate expenses				(323)
Finance cost				(786)
Interest income				158
<b>Profit before taxation</b>				<b>1,208</b>
Taxation				(1,051)
<b>Net profit for the period</b>				<b>157</b>
Other comprehensive expense				100
<b>Total comprehensive income for the period</b>				<b>257</b>
<b>Nine Months Ended 31 March 2018</b>				
<b>REVENUE</b>				
External Sales	193,702	57,400	-	251,102
Inter-segment sales	(55,659)	-	55,659	-
<b>Total Revenue</b>	<b>138,043</b>	<b>57,400</b>	<b>55,659</b>	<b>251,102</b>
<b>RESULTS</b>				
Segment results				22,741
Unallocated corporate expenses				(935)
Finance cost				(2,612)
Interest income				462
<b>Profit before taxation</b>				<b>19,656</b>
Taxation				(4,989)
<b>Net profit for the period</b>				<b>14,667</b>
Other comprehensive expense				(324)
<b>Total comprehensive income for the period</b>				<b>14,343</b>



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

**Notes on the quarterly report – 31 March 2018**

	Transformer, industrial lighting and related products RM'000	Process equipment RM'000	Eliminations RM'000	Consolidated RM'000
<b>Quarter Ended 31 March 2017</b>				
<b>REVENUE</b>				
External Sales	71,012	20,340	-	91,352
Inter-segment sales	8	-	(8)	-
<b>Total Revenue</b>	<b>71,020</b>	<b>20,340</b>	<b>(8)</b>	<b>91,352</b>
<b>RESULTS</b>				
Segment results				13,815
Share of loss from associates companies				(2)
Unallocated corporate expenses				(238)
Finance cost				(858)
Interest income				111
Profit before taxation				12,828
Taxation				(2,784)
Net profit for the period				10,044
Other comprehensive expense				508
<b>Total comprehensive income for the period</b>				<b>10,552</b>

	Transformer, industrial lighting and related products RM'000	Process equipment RM'000	Eliminations RM'000	Consolidated RM'000
<b>Nine Months Ended 31 March 2017</b>				
<b>REVENUE</b>				
External Sales	237,871	65,805	-	303,676
Inter-segment sales	10	-	(10)	-
<b>Total Revenue</b>	<b>237,881</b>	<b>65,805</b>	<b>(10)</b>	<b>303,676</b>
<b>RESULTS</b>				
Segment results				60,997
Share of loss from associate companies				(2)
Unallocated corporate expenses				(756)
Finance cost				(3,042)
Interest income				166
Profit before taxation				57,363
Taxation				(13,958)
Net profit for the period				43,405
Other comprehensive expense				338
<b>Total comprehensive income for the period</b>				<b>43,743</b>



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)**  
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**Notes on the quarterly report – 31 March 2018**

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

**Geographical Segments Revenue & Results**

<b>Quarter Ended 31 March 2018</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	53,781	22,378	-	76,159
Inter-segment sales	4,763	4,945	(9,708)	-
<b>Total Revenue</b>	<b>58,544</b>	<b>27,323</b>	<b>(9,708)</b>	<b>76,159</b>
<b>RESULTS</b>				
Segment results				2,159
Unallocated corporate expenses				(323)
Finance cost				(786)
Interest income				158
<b>Profit before taxation</b>				<b>1,208</b>
Taxation				(1,051)
<b>Net profit for the period</b>				<b>157</b>
Other comprehensive expense				100
<b>Total comprehensive income for the period</b>				<b>257</b>

<b>Nine Months Ended 31 March 2018</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	171,092	80,010	-	251,102
Inter-segment sales	17,316	18,920	(36,236)	-
<b>Total Revenue</b>	<b>188,408</b>	<b>98,930</b>	<b>(36,236)</b>	<b>251,102</b>
<b>RESULTS</b>				
Segment results				22,741
Unallocated corporate expenses				(935)
Finance cost				(2,612)
Interest income				462
<b>Profit before taxation</b>				<b>19,656</b>
Taxation				(4,989)
<b>Net profit for the period</b>				<b>14,667</b>
Other comprehensive expense				(324)
<b>Total comprehensive income for the period</b>				<b>14,343</b>



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)**  
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**Notes on the quarterly report – 31 March 2018**

<b>Quarter Ended 31 March 2017</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	61,155	30,197	-	91,352
Inter-segment sales	9,966	6,856	(16,822)	-
<b>Total Revenue</b>	<b>71,121</b>	<b>37,053</b>	<b>(16,822)</b>	<b>91,352</b>

**RESULTS**

Segment results				13,815
Share of loss from associate companies				(2)
Unallocated corporate expenses				(238)
Finance cost				(858)
Interest income				111
<b>Profit before taxation</b>				<b>12,828</b>
Taxation				(2,784)
<b>Net profit for the period</b>				<b>10,044</b>
Other comprehensive expense				508
<b>Total comprehensive income for the period</b>				<b>10,552</b>

<b>Nine Months Ended 31 March 2017</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	208,310	95,366	-	303,676
Inter-segment sales	26,068	24,060	(50,128)	-
<b>Total Revenue</b>	<b>234,378</b>	<b>119,426</b>	<b>(50,128)</b>	<b>303,676</b>

**RESULTS**

Segment results				60,997
Share of loss of associate companies				(2)
Unallocated corporate expenses				(756)
Finance cost				(3,042)
Interest income				166
<b>Profit before taxation</b>				<b>57,363</b>
Taxation				(13,958)
<b>Net profit for the period</b>				<b>43,405</b>
Other comprehensive expense				338
<b>Total comprehensive income for the period</b>				<b>43,743</b>



**Notes on the quarterly report – 31 March 2018**

**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 March 2018.

**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**

- a) STC’s wholly owned subsidiary, Success Transformer Pte. Ltd. (“**STPL**”) had on 31 January 2018 completed the acquisition of additional 60,000 shares of S\$1 each in Nikkon Lighting & Electrical Pte. Ltd. (“**NLE**”) for a cash consideration of SGD60,000 (equivalents to RM178,728), representing 20% of the issued and paid up share capital of NLE (“**Acquisition**”). Following the Acquisition, STPL holds 75% equity interest in NLE.
- b) On 7 February 2018, Ningbo Success Zhenye Luminaire Limited Liabilities Company (“**NSZ**”), a 60%-owned subsidiary of STC had incorporated a wholly-owned subsidiary, Ningbo Success Gushi International Trading Co., Ltd (“**NSG**”). The registered capital of NSG is RMB2,000,000 (or equivalent to RM 1,249,400 based on the exchange rate of RMB1= RM0.6247 as at 7 February 2018).

NSG was incorporated as a private company limited by shares in the People’s Republic of China (“**PRC**”). NSG is currently dormant and its intended business activities are to trade and sell goods manufactured by NSZ, and import and export of goods and/or technologies, save and except for goods and /or technologies that are restricted by PRC.

**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.



**Notes on the quarterly report – 31 March 2018**

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

**B1. Review of performance**

The Group recorded a revenue of RM76.16 million for the current quarter ended 31 March 2018 as compared to RM91.35 million in the previous year corresponding quarter, showing a decrease of RM15.19 million or 16.63%.

The lower sales recorded in transformer and lighting segment in the current quarter as compared to previous year corresponding quarter was mainly due to decreased sales in a local subsidiary and oversea subsidiaries.

Profit after tax attributable to owners of the Company of RM1.06 million for the current quarter ended 31 March 2018 as compared to RM8.94 million in the previous year corresponding quarter, showing a decrease of RM7.88 million or 88.14%. These are mainly due to decrease in sales from transformer and lighting segment and process equipment segment and loss on foreign exchange of RM2.70 million. Moreover, there is loss incurred under process equipment segment due to its recognition of certain low profit margin projects as compared to its preceding year’s corresponding quarter ended 31 March 2017.

The Group recorded a revenue of RM251.10 million for the nine months ended 31 March 2018 as compared to RM303.68 million in the previous year corresponding period, showing a decrease of RM52.58 million or 17.31%.

The lower sales recorded in transformer and lighting segment in the nine months’ period as compared to previous year corresponding period was mainly due to non-recurring project sales were recognised in the previous year corresponding period, decreased sales in a local subsidiary and oversea subsidiaries.

Profit after tax attributable to owners of the Company was RM14.03 million for the nine months ended 31 March 2018 as compared to RM36.65 million in the previous year corresponding quarter, showing a decrease of RM22.62 million or 61.72%. These are mainly due to decrease in sales from transformer and lighting segment and process equipment segment and loss on foreign exchange of RM5.69 million.

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 RM1.21 million for the current quarter ended 31 March 2018 as compared to RM8.44 million in the preceding quarter ended 31 December 2017, showing a decrease of RM7.23 million or 85.66%. This is mainly due to decrease in sales from transformer and lighting segment and losses under process equipment segment due to its’ lower margin contribution from certain projects as compare to immediate preceding quarter ended 31 December 2017.



Notes on the quarterly report – 31 March 2018

**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. Moving forward, the Board is confident that the result of the Group will continue to improve.

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**

	3rd Quarter Ended		9 Months Ended	
	31-Mar-2018	31-Mar-2017	31-Mar-2018	31-Mar-2017
	RM'000	RM'000	RM'000	RM'000
Income tax	1,703	2,642	5,579	12,967
Deferred tax	(652)	142	(590)	991
Total	<u>1,051</u>	<u>2,784</u>	<u>4,989</u>	<u>13,958</u>

The effective tax rate for the current quarter is higher than the statutory tax rate mainly due to loss incurred in subsidiaries, whilst for the cumulative quarter it was slightly higher than the statutory tax rate.



Notes on the quarterly report – 31 March 2018

**B6. Status of Corporate Proposals**

Proposed employees’ share option scheme

On 21 May 2018, the Company proposes to establish an employees’ share option scheme (“ESOS”) of up to 15% of the total number of issued shares of STC (excluding treasury shares) at any point in time during the duration of the ESOS for the eligible employees and executive directors of the Group (excluding dormant subsidiary companies) (“Proposed ESOS”).

On 22 May 2018, the Company had submitted the listing application in relation to the Proposed ESOS to Bursa Securities.

**B7. Group Borrowings**

The Group’s borrowings as at 31 March 2018 were as follows:

	Payable within 12 months RM'000	Payable after 12 Months RM'000
<u>Secured</u>		
Bank Borrowings	26,068	16,721
Hire Purchase Payables	712	2,149
Bank Overdraft	4,757	-
Total Borrowings	<u>31,537</u>	<u>18,870</u>

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

	Amount RM'000
Malaysian Ringgit	47,232
Singaporean Dollar	3,123
Indonesian Rupiah	52
Total Borrowings	<u>50,407</u>





**Notes on the quarterly report – 31 March 2018**

**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**

On 28 May 2018, the Board of Directors had declared a single-tier Special dividend of RM0.015 per ordinary share amounting to approximately RM3,551,146 in respect of the financial year ending 30 June 2018. The entitlement date and payment date for the said dividend shall be on 13 June 2018 and 25 June 2018 respectively.

No dividend has been declared during the previous corresponding period of financial year ended 30 June 2017.

The total dividend paid and payable by the Company in respect of the financial year ending 30 June 2018 is \*RM0.04 per share, represented by a total amount of approximately RM9,392,012.15. The net dividend paid amounting to RM1,019,746.15 after less the amount opted for the dividend reinvestment scheme as disclosed in A8.

*(\*Adjusted to reflect the share split of every one (1) ordinary share in the Company into two (2) ordinary shares. The subdivided share was completed on 20 December 2017.)*



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

**Notes on the quarterly report – 31 March 2018**

**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 been 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 nine months' period ended 31 March 2018 are computed as follow: -

	3rd Quarter Ended			9 Months Ended		
		<u>Previously</u>			<u>Previously</u>	
	<u>31-Mar</u>	<u>Reported</u>	<u>Restated</u>	<u>31-Mar</u>	<u>Reported</u>	<u>Restated</u>
	<u>2018</u>	<u>31-Mar</u>	<u>31-Mar</u>	<u>2018</u>	<u>31-Mar</u>	<u>31-Mar</u>
		<u>2017</u>	<u>2017</u>		<u>2017</u>	<u>2017</u>
Profit attributable to owners of the parent (RM'000)	1,059	8,943	8,943	14,025	36,651	36,651
Weighted average number of STC Shares in issue ('000)	242,621	114,852	242,787	242,621	114,852	242,787
Basic earning per STC Share (sen)	0.44	7.79	3.68	5.78	31.91	15.10

**(b) Diluted**

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



Notes on the quarterly report – 31 March 2018

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

	3rd Quarter Ended		9 Months Ended	
	31-Mar 2018 RM'000	31-Mar 2017 RM'000	31-Mar 2018 RM'000	31-Mar 2017 RM'000
Interest income	158	111	462	166
Interest expense	(786)	(858)	(2,612)	(3,042)
Other income	482	969	1,796	1,789
(Loss) / Gain on foreign currency exchange	(2,699)	681	(5,686)	4,684
Bad debt recover	4	180	58	2,302
Reversal of impairment losses on trade receivables	15	1,051	2,500	2,051
Reversal of inventories written down	-	-	2,117	-
Impairment loss of trade receivables	-	-	(43)	-
(Gain)/loss on disposal of properties, plant & equipment	9	(16)	(16)	395
Depreciation	2,625	2,345	7,640	6,721

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;

By order of the Board

Tan Ah Bah @ Tan Ah Ping  
Managing Director  
28 May 2018