



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

	Current Quarter 30-Jun-18 RM'000	Comparative Quarter 30-Jun-17 RM'000	Year Ended	
			30-Jun-18 RM'000	30-Jun-17 RM'000
Revenue	73,989	92,194	325,091	395,870
Operating (loss) / profit	(7,345)	14,157	14,461	74,398
Interest expense	(711)	(480)	(3,323)	(3,522)
Interest income	149	113	611	279
Share of loss of associate companies	(36)	(2)	(36)	(4)
(Loss) / Profit before taxation	(7,943)	13,788	11,713	71,151
Taxation	(673)	(2,897)	(5,662)	(16,855)
(Loss) / Profit for the period	(8,616)	10,891	6,051	54,296
(Loss) / Profit attributable to :				
Owners of the Company	(6,688)	9,699	7,337	46,350
Non-controlling interests	(1,928)	1,192	(1,286)	7,946
	(8,616)	10,891	6,051	54,296
Earnings per share (sen) :				
Basic	(2.76)	4.00	3.02	19.09
(Loss) / Profit for the period	(8,616)	10,891	6,051	54,296
Other comprehensive expense				
Currency translation differences for foreign operations	(263)	(142)	(587)	207
Total comprehensive (loss) / income for the period	(8,879)	10,749	5,464	54,503
Total comprehensive (loss) / income attributable to :				
Owners of the Company	(6,806)	10,692	7,570	46,360
Non-controlling interests	(2,073)	57	(2,106)	8,143
Total comprehensive (loss) / income for the period	(8,879)	10,749	5,464	54,503

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 30 JUNE 2018

	As at 30.06.2018 Unaudited RM'000	As at 30.06.2017 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	133,426	132,478
Investment properties	28,047	28,237
Investment in associate company	592	651
Goodwill on consolidation	6,921	7,616
Deferred tax assets	308	373
TOTAL NON-CURRENT ASSETS	169,294	169,355
Current assets		
Inventories	108,439	117,169
Trade and other receivables	93,816	109,421
Amount due from contract customer	3,461	12,128
Prepayment and other assets	5,300	11,251
Amount due from associate company	1,454	1,638
Amount due from joint controlled entity	82	77
Tax recoverable	10,577	4,181
Short term investment	17,257	11,023
Cash and bank balances	36,452	43,521
TOTAL CURRENT ASSETS	276,838	310,409
TOTAL ASSETS	446,132	479,764
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	69,966	65,145
Treasury shares	(8,198)	(8,196)
Reserve	248,908	250,729
	310,676	307,678
NON-CONTROLLING INTERESTS	28,629	30,991
TOTAL EQUITY	339,305	338,669
LIABILITIES		
Non-Current liabilities		
Long term borrowings	15,367	23,566
Deferred tax liabilities	957	2,100
TOTAL NON-CURRENT LIABILITIES	16,324	25,666
Current liabilities		
Trade and other payables	54,457	73,735
Short term borrowings	35,969	38,512
Current tax payable	77	3,182
TOTAL CURRENT LIABILITIES	90,503	115,429
TOTAL LIABILITIES	106,827	141,095
TOTAL EQUITY AND LIABILITIES	446,132	479,764
Net assets per share attributable to owners of the parent (RM)*	1.40	1.40

* 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 CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Current Year - To - date 30-Jun-18 RM'000	Preceding Year Corresponding Year 30-Jun-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	11,713	71,151
Adjustments for:		
Non-cash items	13,388	7,307
Non-operating items	2,745	3,240
Operating profit before changes in working capital	27,846	81,698
Changes in working capital:		
Inventories	8,825	9,008
Trade and other receivables	29,065	(695)
Trade and other payables	(19,037)	(1,007)
Cash generated from operating activities	46,699	89,004
Tax paid	(16,642)	(21,386)
Tax refund	356	-
Interest paid	(3,323)	(3,522)
Interest received	611	282
Net cash generated from operating activities	27,701	64,378
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment ("PPE")	(10,556)	(10,924)
Proceeds from disposal of PPE	690	1,022
Increase of investment in subsidiary	-	(891)
Net cash used in investing activities	(9,866)	(10,793)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movement in fixed deposit pledged	1,049	127
Repayment of bank borrowings and hire purchase payables	(11,936)	(44,695)
Net movement in trade bills	(7,057)	(3,365)
Drawdown from bank borrowings	-	16,565
Net cash flow on disposal of subsidiary	-	(3,908)
Purchase of treasury shares	(2)	(1,733)
Dividend paid	(4,826)	(3,058)
Net cash used in financing activities	(22,772)	(40,067)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,937)	13,518
CASH & CASH EQUIVALENTS AT BEGINNING OF THE YEAR	52,991	39,605
EFFECTS ON EXCHANGE RATES FLUCTUATIONS ON CASH HELD	(793)	(18)
CASH & CASH EQUIVALENTS AT END OF THE YEAR	47,261	53,105
Cash and cash equivalents at end of the year comprise:		
Cash & bank Balances	36,325	42,459
Deposits with licensed banks	127	1,204
	36,452	43,663
Less: Bank Overdraft	(6,327)	(382)
	30,125	43,281
Add : Short term investment	17,257	11,023
Less : Non-cash & cash equivalent		
-Fixed deposit pledge for banking facilities	(121)	(1,199)
	47,261	53,105

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.



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 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	
Current year-to-date ended 30 June 2018									
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 year	-	-	-	-	-	7,337	7,337	(1,286)	6,051
Other comprehensive income - Foreign currency translation differences	-	-	-	233	-	-	233	(820)	(587)
Total comprehensive income / (expense) for the year	-	-	-	233	-	7,337	7,570	(2,106)	5,464
Issue of shares pursuant to dividend reinvestment scheme	4,821	-	-	-	-	(4,821)	-	-	-
Dividend paid - by the Company	-	-	-	-	-	(4,571)	(4,571)	-	(4,571)
- by subsidiary to non-controlling interests	-	-	-	-	-	-	-	(255)	(255)
Purchase of treasury shares	-	-	(2)	-	-	-	(2)	-	(2)
Total transactions with owners of the Company	4,821	-	(2)	-	-	(9,392)	(4,573)	(255)	(4,828)
At 30 June 2018	69,966	1,268	(8,198)	3,172	7,790	236,678	310,676	28,629	339,305



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 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	
Preceding year corresponding period ended 30 June 2017									
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 year	-	-	-	-	-	46,350	46,350	7,946	54,296
Other comprehensive income - Foreign currency translation differences	-	-	-	10	-	-	10	197	207
Total comprehensive income for the year	-	-	-	10	-	46,350	46,360	8,143	54,503
Purchase of treasury shares	-	-	(1,734)	-	-	-	(1,734)	-	(1,734)
Dividends paid	-	-	-	-	-	(561)	(561)	(2,497)	(3,058)
Disposed of subsidiary	-	-	-	-	-	92	92	(2,050)	(1,958)
Issue new share	1,347	3,798	-	-	-	(5,145)	-	-	-
Changes in ownership interest in subsidiary that do not result in a loss of control	-	-	-	-	-	(1,008)	(1,008)	(2,235)	(3,243)
Total transactions with owners of the Company	1,347	3,798	(1,734)	-	-	(6,622)	(3,211)	(6,782)	(9,993)
At 30 June 2017	61,347	5,066	(8,196)	2,972	7,790	239,472	308,451	29,706	338,157

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.



Notes on the quarterly report – 30 June 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 30 June 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

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



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Notes on the quarterly report – 30 June 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

	Effective date
(including the Consequential Amendments)	
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 : Sale or Contribution of Assets between an and MFRS 128 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 – 30 June 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”) 30 June 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 30 June 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 was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review.

As at 30 June 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.



Notes on the quarterly report – 30 June 2018

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.

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.

*(*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.)*



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Notes on the quarterly report – 30 June 2018

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 30 June 2018				
REVENUE				
External Sales	60,661	13,328	-	73,989
Inter-segment sales	(26,622)	-	26,622	-
Total Revenue	34,039	13,328	26,622	73,989
RESULTS				
Segment results				(7,217)
Share of loss from associate companies				(36)
Unallocated corporate expenses				(128)
Finance cost				(711)
Interest income				149
Profit before taxation				(7,943)
Taxation				(673)
Net profit for the period				(8,616)
Other comprehensive expense				(263)
Total comprehensive income for the period				(8,879)
Twelve Months Ended 30 June 2018				
REVENUE				
External Sales	254,363	70,728	-	325,091
Inter-segment sales	(82,281)	-	82,281	-
Total Revenue	172,082	70,728	82,281	325,091
RESULTS				
Segment results				15,523
Share of loss from associate companies				(36)
Unallocated corporate expenses				(1,062)
Finance cost				(3,323)
Interest income				611
Profit before taxation				11,713
Taxation				(5,662)
Net profit for the year				6,051
Other comprehensive expense				(587)
Total comprehensive income for the year				5,464



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 30 June 2018

	Transformer, industrial lighting and related products RM'000	Process equipment RM'000	Eliminations RM'000	Consolidated RM'000
Quarter Ended 30 June 2017				
REVENUE				
External Sales	66,949	25,245	-	92,194
Inter-segment sales	2	-	(2)	-
Total Revenue	66,951	25,245	(2)	92,194
RESULTS				
Segment results				14,239
Share of loss from associates companies				(2)
Unallocated corporate expenses				(82)
Finance cost				(480)
Interest income				113
Profit before taxation				13,788
Taxation				(2,897)
Net profit for the period				10,891
Other comprehensive expense				(142)
Total comprehensive income for the period				10,749

	Transformer, industrial lighting and related products RM'000	Process equipment RM'000	Eliminations RM'000	Consolidated RM'000
Twelve Months Ended 30 June 2017				
REVENUE				
External Sales	304,820	91,050	-	395,870
Inter-segment sales	12	-	(12)	-
Total Revenue	304,832	91,050	(12)	395,870
RESULTS				
Segment results				75,236
Share of loss from associate companies				(4)
Unallocated corporate expenses				(838)
Finance cost				(3,522)
Interest income				279
Profit before taxation				71,151
Taxation				(16,855)
Net profit for the year				54,296
Other comprehensive expense				207
Total comprehensive income for the year				54,503



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 30 June 2018

A9. Segment Information - (Cont’d)

Geographical Segments Revenue & Results

Quarter Ended 30 June 2018	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
REVENUE				
External Sales	49,513	24,476	-	73,989
Inter-segment sales	6,088	12,169	(18,257)	-
Total Revenue	55,601	36,645	(18,257)	73,989
RESULTS				
Segment results				(7,217)
Share of loss of associate companies				(36)
Unallocated corporate expenses				(128)
Finance cost				(711)
Interest income				149
Profit before taxation				(7,943)
Taxation				(673)
Net profit for the period				(8,616)
Other comprehensive expense				(263)
Total comprehensive income for the period				(8,879)
Twelve Months Ended 30 June 2018	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
REVENUE				
External Sales	220,605	104,486	-	325,091
Inter-segment sales	23,404	31,089	(54,493)	-
Total Revenue	244,009	135,575	(54,493)	325,091
RESULTS				
Segment results				15,523
Share of loss of associate companies				(36)
Unallocated corporate expenses				(1,062)
Finance cost				(3,323)
Interest income				611
Profit before taxation				11,713
Taxation				(5,662)
Net profit for the year				6,051
Other comprehensive expense				(587)
Total comprehensive income for the year				5,464



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 30 June 2018

Quarter Ended 30 June 2017	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
REVENUE				
External Sales	65,240	26,954	-	92,194
Inter-segment sales	5,485	9,363	(14,848)	-
Total Revenue	70,725	36,317	(14,848)	92,194

RESULTS

Segment results				14,239
Share of loss from associate companies				(2)
Unallocated corporate expenses				(82)
Finance cost				(480)
Interest income				113
Profit before taxation				13,788
Taxation				(2,897)
Net profit for the period				10,891
Other comprehensive expense				(142)
Total comprehensive income for the period				10,749

Twelve Months Ended 30 June 2017	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
REVENUE				
External Sales	273,550	122,320	-	395,870
Inter-segment sales	31,553	33,423	(64,976)	-
Total Revenue	305,103	155,743	(64,976)	395,870

RESULTS

Segment results				75,236
Share of loss of associate companies				(4)
Unallocated corporate expenses				(838)
Finance cost				(3,522)
Interest income				279
Profit before taxation				71,151
Taxation				(16,855)
Net profit for the year				54,296
Other comprehensive expense				207
Total comprehensive income for the year				54,503



Notes on the quarterly report – 30 June 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

The amounts of capital commitment for the Group is as follows:

	RM’000
Acquisition of landed property	<u>1,480</u>

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 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.



Notes on the quarterly report – 30 June 2018

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

B1. Review of performance

The Group recorded a revenue of RM73.99 million for the current quarter ended 30 June 2018 as compared to RM92.19 million in the previous year corresponding quarter, showing a decrease of RM18.21 million or 19.8%. These are mainly due to decrease in sales from both process equipment segment and transformer and lighting segment, especially from process equipment segment.

The lower sales recorded in process equipment segment in the current quarter as compared to previous year corresponding quarter mainly due to lower order book secured couple with lower completion of work progress.

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

Loss after tax attributable to owners of the Company of RM6.69 million for the current quarter ended 30 June 2018 as compared to a profit after tax attributable to the owners of the Company of RM9.70 million in the previous year corresponding quarter, showing a decrease of RM16.4 million or - 169.07%.

The loss incurred in transformer and lighting segment mainly due to decrease in sales. Furthermore, there are also write down of inventories, deposit written off, impairment of goodwill and allowance for impairment loss of receivables during the quarter under review.

While, the loss incurred in process equipment segment mainly due to lower revenue recognition and cost overrun in several projects.

The Group recorded a revenue of RM325.09 million for the financial year ended 30 June 2018 as compared to RM395.87 million in the previous year corresponding period, showing a decrease of RM70.78 million or 17.9%. These are mainly due to decrease in sales from both transformer and lighting segment and process equipment segment, especially from transformer and lighting segment.

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

While, the lower sales recorded in process equipment segment in the financial year as compared to previous financial year mainly due to lower order book secured during the financial year.

Profit after tax attributable to owners of the Company was RM7.34 million for the financial year ended 30 June 2018 as compared to RM46.35 million in the previous financial year, showing a decrease of RM39.01 million or -84.16%.

These are mainly due to decrease in sales from transformer and lighting segment. Furthermore, there are also deposit written off, impairment of goodwill, allowance for impairment loss of receivables and loss in foreign exchange.

While, the decreased also due to loss incurred in process equipment segment mainly due to lower revenue recognition and costs overrun in several projects.



Notes on the quarterly report – 30 June 2018

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 loss before tax (“LBT”) of RM7.94 million for the current quarter ended 30 June 2018 as compared to a profit before tax (“PBT”) of RM1.21 million in the preceding quarter ended 31 March 2018, showing a decrease of RM9.15 million or 756.20%.

The loss mainly from transformer and lighting segment mainly due to write down of inventories, deposit written off, impairment of goodwill and allowance for impairment loss of receivables during the quarter under review.

While, the decreased also due to loss incurred in process equipment segment mainly due to lower revenue recognition and cost overrun in several projects.

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 effort to broadening its products and market and explore turnkey projects. The Group is also aim to improve its project management, productivity and efficiency to mitigate project losses and streamline the Group’s overhead. With this efforts, the Board is confident that the Group’s performance will improve in the year ahead.

Barring any unforeseen circumstances, the Group expects to achieve satisfactory financial performance in 2019.

B4. Profit Forecast or Profit Guarantee

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



Notes on the quarterly report – 30 June 2018

B5. Tax Expense

	4th Quarter Ended		12 Months Ended	
	30-Jun-2018	30-Jun-2017	30-Jun-2018	30-Jun-2017
	RM'000	RM'000	RM'000	RM'000
Income tax	(1,211)	(4,621)	(6,790)	(17,588)
Deferred tax	538	1,724	1,128	733
Total	<u>(673)</u>	<u>(2,897)</u>	<u>(5,662)</u>	<u>(16,855)</u>

The effective tax rate for the cumulative quarter is higher than the statutory tax rate mainly due to loss incurred in subsidiaries.

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**”).

The listing application in relation to the Proposed ESOS has been submitted to Bursa Securities on 22 May 2018 and approved on 28 May 2018.

The approval for the Proposed ESOS from the shareholders of the Company was obtained at the extraordinary general meeting on 2 July 2018.



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 30 June 2018

B7. Group Borrowings

The Group’s borrowings as at 30 June 2018 were as follows:

	Payable within 12 months RM'000	Payable after 12 Months RM'000
<u>Secured</u>		
Bank Borrowings	27,577	13,680
Hire Purchase Payables	1,025	1,687
Bank Overdraft	7,367	-
Total Borrowings	<u>35,969</u>	<u>15,367</u>

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

	Amount RM'000
Malaysian Ringgit	48,883
Singaporean Dollar	2,405
Indonesian Rupiah	48
Total Borrowings	<u>51,336</u>

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.



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 30 June 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 twelve months’ period ended 30 June 2018 are computed as follow: -

	4th Quarter Ended			12 Months Ended		
	30-Jun 2018	<u>Previously</u>	<u>Restated</u>	30-Jun 2018	<u>Previously</u>	30-Jun 2017
		<u>Reported</u>	<u>30-Jun</u>		<u>Reported</u>	
	2017	2017	2017	2017	2017	
(Loss) / Profit attributable to owners of the parent (RM’000)	(6,688)	9,699	9,699	7,337	46,350	46,350
Weighted average number of STC Shares in issue (‘000)	242,621	115,342	242,787	242,621	115,342	242,787
Basic earning per STC Share (sen)	(2.76)	8.41	4.00	3.02	40.18	19.09

(b) Diluted

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



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 30 June 2018

B11. Notes to the Statement of Comprehensive Income / (Loss)

	4th Quarter Ended		12 Months Ended	
	30-Jun 2018 RM'000	30-Jun 2017 RM'000	30-Jun 2018 RM'000	30-Jun 2017 RM'000
Bad debts recover	31	-	93	-
Gain / (Loss) on disposal of property, plant and equipment	16	84	(1)	497
Interest income	149	113	611	279
Other income	453	297	2,246	2,086
Reversal of impairment losses on property, plant and equipment	77	-	77	-
Reversal of impairment losses on trade receivables	8	1,309	2,508	5,540
Reversal of inventories written down	-	-	2,116	-
(Loss) / Gain on foreign currency exchange	(353)	1,978	(6,039)	5,564
Deposits written off	(1,110)	-	(1,110)	-
Impairment of goodwill	(695)	-	(695)	-
Impairment loss of property, plant and equipment	(247)	-	(247)	-
Impairment loss of trade receivables	(553)	-	(596)	-
Interest expense	(711)	(480)	(3,323)	(3,522)
Property, plant and equipment written off	(116)	-	(116)	-
Write down of inventories	(2,021)	-	(2,021)	-
Depreciation	(3,096)	(3,939)	(10,736)	(10,660)

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

- a) Gain or loss on derivatives

By order of the Board

Tan Ah Bah @ Tan Ah Ping
Managing Director
29 August 2018