



**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 31 DECEMBER 2018**

	<b>Current Quarter 31-Dec-18 RM'000</b>	<b>Comparative Quarter 31-Dec-17 RM'000</b>	<b>Cumulative 6 months</b>	
			<b>31-Dec-18 RM'000</b>	<b>31-Dec-17 RM'000</b>
<b>Revenue</b>	88,757	92,941	169,950	174,943
<b>Operating profit</b>	10,333	9,119	20,598	19,970
Interest expense	(820)	(830)	(1,716)	(1,826)
Interest income	175	155	411	304
<b>Profit before taxation</b>	<u>9,688</u>	<u>8,444</u>	<u>19,293</u>	<u>18,448</u>
Taxation	(2,511)	(1,729)	(5,999)	(3,938)
<b>Profit for the period</b>	<u>7,177</u>	<u>6,715</u>	<u>13,294</u>	<u>14,510</u>
<b>Profit attributable to :</b>				
Owners of the Company	5,982	6,332	11,599	12,966
Non-controlling interests	1,195	383	1,695	1,544
	<u>7,177</u>	<u>6,715</u>	<u>13,294</u>	<u>14,510</u>
<b>Earnings per share (sen) :</b>				
Basic	<u>2.53</u>	<u>2.61</u>	<u>4.91</u>	<u>5.34</u>
<b>Profit for the period</b>	7,177	6,715	13,294	14,510
<b>Other comprehensive (expense)/income</b>				
Currency translation differences for foreign operations	(287)	(1,191)	(911)	(424)
<b>Total comprehensive income for the period</b>	<u>6,890</u>	<u>5,524</u>	<u>12,383</u>	<u>14,086</u>
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	5,951	5,841	11,178	12,895
Non-controlling interests	939	(317)	1,205	1,191
<b>Total comprehensive income for the period</b>	<u>6,890</u>	<u>5,524</u>	<u>12,383</u>	<u>14,086</u>

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 2018 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 2018

	As at 31.12.2018 Unaudited RM'000	As at 30.06.2018 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	117,908	120,283
Investment properties	40,992	41,724
Investment in associate company	585	593
Goodwill on consolidation	6,921	6,921
Deferred tax assets	326	323
<b>TOTAL NON-CURRENT ASSETS</b>	<b>166,732</b>	<b>169,844</b>
<b>Current assets</b>		
Inventories	109,642	107,359
Trade and other receivables	85,980	97,964
Amount due from contract customer	6,646	4,114
Prepayment and other assets	4,958	3,083
Amount due from associate company	2,110	1,454
Amount due from joint controlled entity	83	82
Tax recoverable	12,290	10,725
Short term investment	25,295	17,257
Cash and bank balances	34,263	36,354
<b>TOTAL CURRENT ASSETS</b>	<b>281,267</b>	<b>278,392</b>
<b>TOTAL ASSETS</b>	<b>447,999</b>	<b>448,236</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	69,966	69,966
Treasury shares	(9,713)	(8,198)
Reserve	258,998	248,628
	319,251	310,396
<b>NON-CONTROLLING INTERESTS</b>	<b>28,880</b>	<b>28,702</b>
<b>TOTAL EQUITY</b>	<b>348,131</b>	<b>339,098</b>
<b>LIABILITIES</b>		
<b>Non-Current liabilities</b>		
Long term borrowings	15,709	15,218
Deferred tax liabilities	1,489	942
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>17,198</b>	<b>16,160</b>
<b>Current liabilities</b>		
Trade and other payables	52,816	56,861
Short term borrowings	29,684	35,919
Current tax payable	170	198
<b>TOTAL CURRENT LIABILITIES</b>	<b>82,670</b>	<b>92,978</b>
<b>TOTAL LIABILITIES</b>	<b>99,868</b>	<b>109,138</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>447,999</b>	<b>448,236</b>
<b>Net assets per share attributable to owners of the parent (RM) *</b>	<b>1.49</b>	<b>1.43</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 2018 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 31 DECEMBER 2018**

	<b>Current Year - To - date July18 - Dec18 RM'000</b>	<b>Preceding Year Corresponding Year July17 - Dec17 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	19,293	18,448
Adjustments for:		
Non-cash items	3,594	3,406
Non-operating items	615	1,179
Operating profit before changes in working capital	23,502	23,033
Changes in working capital:		
Inventories	(2,253)	3,871
Trade and other receivables	7,805	18,970
Trade and other payables	(4,059)	(20,521)
Cash generated from operating activities	24,995	25,353
Tax paid	(7,220)	(7,889)
Tax refund	176	266
Interest paid	(1,716)	(1,458)
Interest received	411	304
<b>Net cash generated from operating activities</b>	<b>16,646</b>	<b>16,576</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,982)	(6,762)
Proceeds from disposal of PPE	1,254	490
Increase of investment in subsidiary	(392)	-
<b>Net cash used in investing activities</b>	<b>(2,120)</b>	<b>(6,272)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement in fixed deposit pledged	(2)	36
Repayment of bank borrowings and hire purchase payables	(2,698)	(7,067)
Net movement in trade bills	(1,793)	(6,366)
Drawdown from bank borrowings	2,001	-
Purchase of treasury shares	(1,515)	(2)
Dividend paid by the Company	-	(1,020)
Dividend paid by subsidiary to non-controlling interests	(1,443)	(255)
<b>Net cash used in financing activities</b>	<b>(5,450)</b>	<b>(14,674)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	9,076	(4,370)
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	47,162	52,991
<b>EFFECTS ON EXCHANGE RATES FLUCTUATIONS ON CASH HELD</b>	528	(1,354)
<b>CASH &amp; CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>56,766</b>	<b>47,267</b>
<b>Cash and cash equivalents at end of the year comprise:</b>		
Cash & bank Balances	34,134	37,578
Deposits with licensed banks	129	1,140
	34,263	38,718
Less: Bank Overdraft	(2,668)	(259)
	31,595	38,459
Add : Short term investment	25,295	9,943
Less : Non-cash & cash equivalent		
-Fixed deposit pledge for banking facilities	(124)	(1,135)
	<b>56,766</b>	<b>47,267</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 2018 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 31 DECEMBER 2018**

	← Attributable to Owners of the Parent →									
	Non-distributable					Distributable		Non - controlling interests		Total equity
	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>Current year-to-date ended 31 December 2018</b>										
At 30 June 2018	69,966	1,268	(8,198)	3,176	7,790	236,395	310,397	28,701	339,098	
Effects of adoption of MFRS 15	-	-	-	-	-	(808)	(808)	-	(808)	
As at 1 July 2018	69,966	1,268	(8,198)	3,176	7,790	235,587	309,589	28,701	338,290	
Profit for the year	-	-	-	-	-	11,599	11,599	1,695	13,294	
Other comprehensive income - Foreign currency translation differences	-	-	-	(421)	-	-	(421)	(490)	(911)	
<b>Total comprehensive income / (expense) for the year</b>	-	-	-	(421)	-	11,599	11,178	1,205	12,383	
Dividend paid - by subsidiary to non-controlling interests	-	-	-	-	-	-	-	(1,443)	(1,443)	
Effects of adoption of MFRS 15	-	-	-	-	-	808	808	-	808	
Purchase of treasury shares	-	-	(1,515)	-	-	-	(1,515)	-	(1,515)	
Changes in ownership interest in subsidiary that do not result in a loss of control	-	-	-	-	-	(809)	(809)	417	(392)	
<b>Total transactions with owners of the Company</b>	-	-	(1,515)	-	-	(1)	(1,516)	(1,026)	(2,542)	
At 31 December 2018	69,966	1,268	(9,713)	2,755	7,790	247,185	319,251	28,880	348,131	



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018

	← Attributable to Owners of the Parent →								Total equity
	Non-distributable					Distributable		Non - controlling interests	
	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 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 year	-	-	-	-	-	12,966	12,966	1,544	14,510
Other comprehensive income - Foreign currency translation differences	-	-	-	(71)	-	-	(71)	(353)	(424)
<b>Total comprehensive income for the year</b>	-	-	-	(71)	-	12,966	12,895	1,191	14,086
Issue of shares pursuant to dividend reinvestment scheme	4,821	-	-	-	-	(4,821)	-	-	-
Dividends 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

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 2018 with the accompanying explanatory notes attached to the financial statements.



Notes on the quarterly report – 31 December 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 December 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 2018.

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 2018.

During the financial period, the Group had adopted the following new accounting standards and interpretations (including the consequential amendments, if any): -

**MFRSs, Amendments to MFRSs and IC Interpretation**

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MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share- Based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 15	Effective Date of MFRS 15
Amendments to MFRS 15	Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’
Amendments to MFRS 140	Transfer of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvement to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1:	Deletion of Short-term Exemptions for First-time Adopter
• Amendments to MFRS 128	: Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impacts on the Group’s financial statements except as follows:



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

**MERS 15 — Revenue from Contracts with Customers**

MFRS 15 requires an entity to recognize revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

The Group apply MFRS 15 using the modified retrospective approach by recognizing its cumulative effect of the adoption to the retained profits as at 1 July 2018 on contracts which were on-going before 1 July 2018, and that the comparatives will not be restated. The impacts from the adoption of MFRS 15 in the current financial period has been demonstrated in the Condensed Interim Statement of Changes in Equity.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period: -

**MFRSs and IC Interpretations**

	<b>Effective date</b>
<b>(including the Consequential Amendments)</b>	
MFRS 16 : Leases	1 January 2019
MFRS 17 : Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 9 : Prepayment Features with Negative Compensation	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 119 : Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015- 2017 Cycles	1 January 2019

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 2018**

**A3. Qualification of Annual Financial Statements**

The latest audited consolidated financial statements of STC for the FYE 30 June 2018 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 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 December 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**

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 2018, the Company repurchased 2,316,300 units of its issued share capital from the open market at average cost of RM0.6539 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 2018 including transaction costs was RM1,514,715.71 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.

As at 31 December 2018, the number of treasury shares held was 14,071,454 STC Shares at an average cost of RM0.6903 per STC Share out of its 248,498,200 STC shares.





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

**A8. Dividend Paid**

During the financial period ended 31 December 2018, a first interim tax-exempt single-tier dividend of RM0.01 per ordinary share on 235,467,146 ordinary shares for the financial year ending 30 June 2019 was declared on 27 November 2018 amounting to RM2,351,671.46 and was paid on 16 January 2019 to the shareholders whose name appeared in Company’s record of depository on 20 December 2018.

In the previous year corresponding financial period ended 31 December 2017, a first interim tax-exempt single-tier dividend of RM0.05 per ordinary share on 116,817,323 ordinary shares for the financial year ended 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.

Pertaining to this dividend, 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 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.



Notes on the quarterly report – 31 December 2018

**A9. Segment Information**

**Business Segments Revenue & Results**

Quarter Ended 31 December 2018	Transformer, industrial lighting and related products RM’000	Process equipment RM’000	Eliminations RM’000	Consolidated RM’000
<b>REVENUE</b>				
External Sales	72,549	16,208	-	88,757
Inter-segment sales	286	-	(286)	-
Total Revenue	<u>72,835</u>	<u>16,208</u>	<u>(286)</u>	<u>88,757</u>

**RESULTS**

Segment results				10,529
Unallocated corporate expenses				(196)
Finance cost				(820)
Interest income				175
Profit before taxation				<u>9,688</u>
Taxation				(2,511)
Net profit for the period				<u>7,177</u>
Other comprehensive expense				(287)
Total comprehensive income for the period				<u>6,890</u>

Six Months Ended 31 December 2018	Transformer, industrial lighting and related products	Process equipment	Eliminations	Consolidated
<b>REVENUE</b>				
External Sales	137,283	32,667	-	169,950
Inter-segment sales	288	-	(288)	-
Total Revenue	<u>137,571</u>	<u>32,667</u>	<u>(288)</u>	<u>169,950</u>

**Six Months Ended 31 December 2018**

**REVENUE**

External Sales	137,283	32,667	-	169,950
Inter-segment sales	288	-	(288)	-
Total Revenue	<u>137,571</u>	<u>32,667</u>	<u>(288)</u>	<u>169,950</u>

**RESULTS**

Segment results				20,977
Unallocated corporate expenses				(379)
Finance cost				(1,716)
Interest income				411
Profit before taxation				<u>19,293</u>
Taxation				(5,999)
Net profit for the year				<u>13,294</u>
Other comprehensive expense				(911)
Total comprehensive income for the period				<u>12,383</u>



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

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

	<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	74	-	(74)	-
<b>Total Revenue</b>	<b>74,335</b>	<b>18,680</b>	<b>(74)</b>	<b>92,941</b>

**RESULTS**

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)
<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>REVENUE</b>				
External Sales	136,808	38,135	-	174,943
Inter-segment sales	74	-	(74)	-
<b>Total Revenue</b>	<b>136,882</b>	<b>38,135</b>	<b>(74)</b>	<b>174,943</b>

**RESULTS**

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)
<b>Total comprehensive income for the period</b>				<b>14,086</b>



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

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

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

**Geographical Segments Revenue & Results**

<b>Quarter Ended 31 December 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	57,732	31,025	-	88,757
Inter-segment sales	6,470	6,677	(13,147)	-
<b>Total Revenue</b>	<b>64,202</b>	<b>37,702</b>	<b>(13,147)</b>	<b>88,757</b>
<b>RESULTS</b>				
Segment results				10,529
Unallocated corporate expenses				(196)
Finance cost				(820)
Interest income				175
Profit before taxation				9,688
Taxation				(2,511)
Net profit for the period				7,177
Other comprehensive expense				(287)
<b>Total comprehensive income for the period</b>				<b>6,890</b>
<b>Six Months Ended 31 December 2018</b>				
<b>REVENUE</b>				
External Sales	115,624	54,326	-	169,950
Inter-segment sales	11,973	16,363	(28,336)	-
<b>Total Revenue</b>	<b>127,597</b>	<b>70,689</b>	<b>(28,336)</b>	<b>169,950</b>
<b>RESULTS</b>				
Segment results				20,977
Unallocated corporate expenses				(379)
Finance cost				(1,716)
Interest income				411
Profit before taxation				19,293
Taxation				(5,999)
Net profit for the period				13,294
Other comprehensive expense				(911)
<b>Total comprehensive income for the period</b>				<b>12,383</b>



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

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

<b>Quarter Ended 31 December 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	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

**RESULTS**

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

<b>Six Months Ended 31 December 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	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

**RESULTS**

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



**Notes on the quarterly report – 31 December 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 period under review.

**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**

On 6 August 2018, STC acquired an additional 20% equity interest in PT Boxon Nikkon (“BNJ”) from its non-controlling interests for a total cash consideration of USD100,000 (equivalent to RM398,449). Following the completion of the acquisition on 8 October 2018, BNJ became 50% direct owned and 30% indirect owned subsidiary.

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

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

**B1. Review of performance**

**Current quarter review**

The Group recorded a revenue of RM88.76 million for the current quarter ended 31 December 2018 as compared to RM92.94 million in the previous year corresponding quarter, showing a decrease of RM4.18 million or 4.50%. This was mainly due to decrease in sales from both transformer and lighting and 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 and the adoption of the new accounting standard issued by Malaysian Accounting Standard Board (“MFRS”), i.e. *MFRS 15 – Revenue from Contracts with Customers*.

The lower sales recorded in transformer and lighting segment in the current quarter as compared to previous year corresponding quarter mainly due to decrease in sales from overseas market.

Profit after tax (“PAT”) attributable to owners of the Company of RM5.98 million for the current quarter ended 31 December 2018 as compared to RM6.33 million in the previous year corresponding quarter, showing a decrease of RM0.35 million or 5.53% resulted by lower sales from both segments.

**Financial year-to-date review**

The Group recorded a revenue of RM169.95 million for the financial period ended 31 December 2018 as compared to RM174.94 million in the previous year corresponding period, showing a decrease of RM4.99 million or -2.85%. These are mainly due to decrease in sales from process equipment segment.

The lower sales recorded in process equipment segment in the financial period as compared to previous year corresponding period mainly due to lower order book secured and the adoption of the new accounting standard issued by Malaysian Accounting Standard Board (“MFRS”), i.e. *MFRS 15 – Revenue from Contracts with Customers*.

PAT attributable to owners of the Company was RM11.60 million for the financial period ended 31 December 2018 as compared to RM12.97 million in the previous year corresponding period, showing a decrease of RM1.37 million or -10.56%.

The higher PAT attributable to owners of the Company in previous year was mainly due to reversal of allowance for impairment loss of trade receivables amounting to RM2.44 million under process equipment segment. However, for transformer and lighting segment, the PAT attributable to owners of the Company had improved as compared to previous year corresponding quarter due to improvement of sales and gain on foreign exchange.

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.



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

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

The Group recorded a profit before tax (“PBT”) of RM9.69 million for the current quarter ended 31 December 2018 as compared to RM9.61 million in the preceding quarter ended 30 September 2018, showing an increase of RM0.08 million or 0.83%. This was mainly due to increase in sales from transformer and lighting segment.

**B3. Prospects**

The Group expects stiff competition in the domestic and regional market in respect of the transformer and industrial lighting segment. Nevertheless, the Group is leveraging on its strong track record, extensive customer networking and wider range of products in expanding and penetrating both existing and new markets. The Group will also step up on its effort to enhance its competitiveness and productivity in its operations.

In the process equipment segment, the Group is anticipated that the prospects for the current financial year ending 2019 will continue to be challenging. Moving forward, the management shall ensure stringent on-going costs recalibrated exercise to enable the Group to remain resilient in the increasingly challenging business environment.

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.

**B5. Tax Expense**

	2nd Quarter Ended		6 Months Ended	
	31-Dec-2018	31-Dec-2017	31-Dec-2018	31-Dec-2017
	RM'000	RM'000	RM'000	RM'000
Income tax	2,429	2,149	5,452	3,876
Deferred tax	82	(420)	547	62
<b>Total</b>	<b>2,511</b>	<b>1,729</b>	<b>5,999</b>	<b>3,938</b>

The effective tax rate for the cumulative quarter is higher than the statutory tax rate mainly due to loss incurred in subsidiaries and adding back of non-allowable expenses.





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

**B6. Status of Corporate Proposals**

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.

On 16 November 2018, total of 7,102,200 ESOS options were offered to the eligible employees and an executive director of the Group at RM0.54 (after discounted of 9.85% on five (5) day volume weighted average market price of STC’s shares of RM0.599 immediately preceding the date of the offer). 95.33% of the options were accepted by eligible director and employees on 15 December 2018.

Details of the ESOS options granted to eligible director are disclosed as below:

<b>Director</b>	<b>ESOS Options Offered (Unit)</b>	<b>ESOS Options Accepted (Unit)</b>
Tan Wei Neng	232,700	232,700

**B7. Group Borrowings**

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

	<b>Payable within 12 months</b>	<b>Payable after 12 Months</b>
<u>Secured</u>	<b>RM’000</b>	<b>RM’000</b>
Bank Borrowings	26,429	13,896
Hire Purchase Payables	587	1,813
Bank Overdraft	2,668	-
<b>Total Borrowings</b>	<b>29,684</b>	<b>15,709</b>

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

	<b>Amount RM’000</b>
Malaysian Ringgit	42,471
United States Dollar	626
Singaporean Dollar	2,256
Indonesian Rupiah	40
<b>Total Borrowings</b>	<b>45,393</b>



Notes on the quarterly report – 31 December 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**

There was no dividend proposed during the quarter under review, save as disclosed in Note A8.

**B10. Earnings per share**

**(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 2018 are computed as follow: -

	2nd Quarter Ended		6 Months Ended	
	31-Dec	31-Dec	31-Dec	31-Dec
	2018	2017	2018	2017
Profit attributable to owners of the parent (RM’000)	5,982	6,332	11,599	12,966
Weighted average number of STC Shares in issue (’000)	236,293	242,621	236,293	242,621
Basic earning per STC Share (sen)	2.53	2.61	4.91	5.34

**(b) Diluted**

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



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

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

	<b>2nd Quarter Ended</b>		<b>6 Months Ended</b>	
	<b>31-Dec</b>	<b>31-Dec</b>	<b>31-Dec</b>	<b>31-Dec</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Other income /(loss)</b>				
Bad debts recover	29	54	29	54
Gain/(Loss) on disposal of property, plant and equipment	653	56	693	(25)
Interest income	175	155	411	304
Other income	644	287	1,129	944
Reversal of impairment losses on trade receivables	41	64	49	2,485
Reversal of inventories written down	33	609	33	2,117
Gain / (Loss) on foreign currency exchange	391	(2,460)	1,834	(2,618)
Impairment loss of trade receivables	-	(43)	-	(43)
Interest expense	(820)	(830)	(1,716)	(1,826)
Property, plant and equipment written off	(494)	-	(494)	-
Depreciation	(1,846)	(2,645)	(4,491)	(5,015)

The Group does 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  
26 February 2019