



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

Notes on the quarterly report – 30 June 2019

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

A1. Basis of Preparation

These condensed consolidated financial statements, for the year ended 30 June 2019, have been prepared in accordance with Malaysian Financial Reporting Standard (“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 by STC and its subsidiaries (“Group”) 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 Issues Committee (“IC”) Interpretation

| | |
|------------------------|---|
| 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:



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

Notes on the quarterly report – 30 June 2019

MFRS 9 and Amendments to MFRS 128 (Annual Improvements 2014- 2016 Cycle)

MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the ‘incurred loss’ model in MFRS 139 with the ‘expected credit loss’ model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

MFRS 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.



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

Notes on the quarterly report – 30 June 2019

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

(including the Consequential Amendments)

| | Effective date |
|--|-----------------------|
| 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 3 Definition of a Business | 1 January 2020 |
| Amendments to MFRS 9 Prepayment Features with Negative Compensation | 1 January 2019 |
| 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 101 Definition of Material and MFRS 108 | 1 January 2020 |
| 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.



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

Notes on the quarterly report – 30 June 2019

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 FYE 30 June 2019. 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 FYE 30 June 2019.

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 other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial year-to-date under review.

a) Share Buy Back

During the FYE 30 June 2019, the Company repurchased 2,616,300 units of its issued share capital from the open market at average cost of RM0.6428 per ordinary share in STC (“STC Share(s)”). The total consideration paid for the share buy-back of STC Shares during the FYE 30 June 2019 including transaction costs was RM1,681,764.62 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 30 June 2019, the number of treasury shares held was 14,371,454 STC Shares at an average cost of RM0.6875 per STC Share out of its 248,955,000 STC shares.

b) Employees’ Share Option Scheme (“ESOS”)

During the FYE 30 June 2019, 456,800 number of ordinary shares were issued under the Company’s ESOS making the issued ordinary shares of the Company to become 248,955,000 ordinary shares as at 30 June 2019.



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

Notes on the quarterly report – 30 June 2019

A8. Dividend Paid

During the FYE 30 June 2019, a first interim tax-exempt single-tier dividend of RM0.01 per ordinary share on 235,167,146 ordinary shares for the FYE 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 FYE 30 June 2018, a first interim tax-exempt single-tier dividend of RM0.05 per ordinary share on 116,817,323 ordinary shares for the FYE 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.



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

Notes on the quarterly report – 30 June 2019

A9. Segment Information

Business Segments Revenue & Results

| Quarter Ended 30 June 2019 | Transformer, lighting and related products RM’000 | Process equipment RM’000 | Eliminations RM’000 | Consolidated RM’000 |
|--|--|---|--------------------------------|--------------------------------|
| REVENUE | | | | |
| External Sales | 55,996 | 13,056 | - | 69,052 |
| Inter-segment sales | 1 | - | (1) | - |
| Total Revenue | 55,997 | 13,056 | (1) | 69,052 |
| RESULTS | | | | |
| Segment results | | | | 4,405 |
| Unallocated corporate expenses | | | | (177) |
| Finance cost | | | | (701) |
| Interest income | | | | 247 |
| Profit before taxation | | | | 3,774 |
| Taxation | | | | (654) |
| Net profit for the period | | | | 3,120 |
| Other comprehensive expense | | | | (395) |
| Total comprehensive income for the period | | | | 2,725 |

| Twelve Months Ended 30 June 2019 | Transformer, lighting and related products RM’000 | Process equipment RM’000 | Eliminations RM’000 | Consolidated RM’000 |
|--|--|---|--------------------------------|--------------------------------|
| REVENUE | | | | |
| External Sales | 258,336 | 60,482 | - | 318,818 |
| Inter-segment sales | 317 | - | (317) | - |
| Total Revenue | 258,653 | 60,482 | (317) | 318,818 |
| RESULTS | | | | |
| Segment results | | | | 28,022 |
| Unallocated corporate expenses | | | | (786) |
| Finance cost | | | | (3,143) |
| Interest income | | | | 947 |
| Profit before taxation | | | | 25,040 |
| Taxation | | | | (7,764) |
| Net profit for the year | | | | 17,276 |
| Other comprehensive expense | | | | (750) |
| Total comprehensive income for the year | | | | 16,526 |



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

Notes on the quarterly report – 30 June 2019

| | Transformer, lighting and related products | Process equipment | Eliminations | Consolidated |
|-----------------------------------|--|----------------------|---------------|---------------|
| Quarter Ended 30 June 2018 | RM’000 | RM’000 | RM’000 | RM’000 |
| REVENUE | | | | |
| External Sales | 60,661 | 13,328 | - | 73,989 |
| Inter-segment sales | - | - | - | - |
| Total Revenue | <u>60,661</u> | <u>13,328</u> | <u>-</u> | <u>73,989</u> |

RESULTS

| | | | | |
|---|--|--|--|----------------|
| Segment results | | | | (7,217) |
| Share of loss from associate companies | | | | (36) |
| Unallocated corporate expenses | | | | (128) |
| Finance cost | | | | (711) |
| Interest income | | | | 149 |
| Loss before taxation | | | | <u>(7,943)</u> |
| Taxation | | | | (673) |
| Net loss for the period | | | | <u>(8,616)</u> |
| Other comprehensive expense | | | | (263) |
| Total comprehensive loss for the period | | | | <u>(8,879)</u> |

| | Transformer, lighting and related products | Process equipment | Eliminations | Consolidated |
|---|--|----------------------|---------------|----------------|
| Twelve Months Ended 30 June 2018 | RM’000 | RM’000 | RM’000 | RM’000 |
| REVENUE | | | | |
| External Sales | 254,363 | 70,728 | - | 325,091 |
| Inter-segment sales | (85) | - | 85 | - |
| Total Revenue | <u>254,278</u> | <u>70,728</u> | <u>85</u> | <u>325,091</u> |

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 | | | | <u>11,713</u> |
| Taxation | | | | (5,662) |
| Net profit for the year | | | | <u>6,051</u> |
| Other comprehensive expense | | | | (587) |
| Total comprehensive income for the year | | | | <u>5,464</u> |



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

Notes on the quarterly report – 30 June 2019

A9. Segment Information - (Cont’d)

Geographical Segments Revenue & Results

| Quarter Ended 30 June 2019 | Malaysia RM’000 | Overseas RM’000 | Eliminations RM’000 | Consolidated RM’000 |
|-----------------------------------|----------------------------|----------------------------|--------------------------------|--------------------------------|
| REVENUE | | | | |
| External Sales | 48,310 | 20,742 | - | 69,052 |
| Inter-segment sales | 3,697 | 15,846 | (19,543) | - |
| Total Revenue | 52,007 | 36,588 | (19,543) | 69,052 |

RESULTS

| | | | | |
|--|--|--|--|--------------|
| Segment results | | | | 4,405 |
| Unallocated corporate expenses | | | | (177) |
| Finance cost | | | | (701) |
| Interest income | | | | 247 |
| Profit before taxation | | | | 3,774 |
| Taxation | | | | (654) |
| Net profit for the period | | | | 3,120 |
| Other comprehensive expense | | | | (395) |
| Total comprehensive income for the period | | | | 2,725 |

| Twelve Months Ended 30 June 2019 | Malaysia RM’000 | Overseas RM’000 | Eliminations RM’000 | Consolidated RM’000 |
|---|----------------------------|----------------------------|--------------------------------|--------------------------------|
| REVENUE | | | | |
| External Sales | 216,971 | 101,847 | - | 318,818 |
| Inter-segment sales | 21,877 | 40,032 | (61,909) | - |
| Total Revenue | 238,848 | 141,879 | (61,909) | 318,818 |

RESULTS

| | | | | |
|--|--|--|--|---------------|
| Segment results | | | | 28,022 |
| Unallocated corporate expenses | | | | (786) |
| Finance cost | | | | (3,143) |
| Interest income | | | | 947 |
| Profit before taxation | | | | 25,040 |
| Taxation | | | | (7,764) |
| Net profit for the year | | | | 17,276 |
| Other comprehensive expense | | | | (750) |
| Total comprehensive income for the year | | | | 16,526 |



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

Notes on the quarterly report – 30 June 2019

| 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 | <u>55,601</u> | <u>36,645</u> | <u>(18,257)</u> | <u>73,989</u> |

RESULTS

| | | | | |
|---|--|--|--|----------------|
| Segment results | | | | (7,217) |
| Share of loss of associate companies | | | | (36) |
| Unallocated corporate expenses | | | | (128) |
| Finance cost | | | | (711) |
| Interest income | | | | 149 |
| Loss before taxation | | | | <u>(7,943)</u> |
| Taxation | | | | <u>(673)</u> |
| Net loss for the period | | | | (8,616) |
| Other comprehensive expense | | | | <u>(263)</u> |
| Total comprehensive loss for the period | | | | <u>(8,879)</u> |

| 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 | <u>244,009</u> | <u>135,575</u> | <u>(54,493)</u> | <u>325,091</u> |

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 | | | | <u>11,713</u> |
| Taxation | | | | <u>(5,662)</u> |
| Net profit for the year | | | | 6,051 |
| Other comprehensive expense | | | | <u>(587)</u> |
| Total comprehensive income for the year | | | | <u>5,464</u> |



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

Notes on the quarterly report – 30 June 2019

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 quarter under review.

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

There were no material events subsequent to the end of the current quarter under review.

A13. Changes in the composition of the Group

There were no material changes in the composition of the Group during the current quarter under review.

A14. Changes in contingent liabilities and contingent assets

As at the date of this announcement, there were no 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.



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

Notes on the quarterly report – 30 June 2019

**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 RM69.05 million for the current quarter ended 30 June 2019 as compared to RM73.99 million in the previous year corresponding quarter, showing a decrease of RM4.94 million or 6.68%. These was mainly due to decrease in sales from transformer and lighting segment.

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 RM2.85 million for the current quarter ended 30 June 2019 as compared to loss after tax attributable to owners of the Company of RM6.69 million in the previous year corresponding quarter, showing an increase of RM9.54 million or 142.60%.

These increase was mainly due to decrease in operating expenses, gain on foreign exchange, reversal of inventories write down and lower losses incurred from process equipment segment.

Twelve months’ financial year review

The Group recorded a revenue of RM318.82 million for the FYE 30 June 2019 as compared to RM325.09 million in the previous financial year, showing a decrease of RM6.27 million or -1.93%. These was mainly due to decrease in sales from process equipment segment despite increase in sales from transformer and lighting segment.

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.

The higher sales recorded in transformer and lighting segment in the financial year as compared to previous financial year mainly due to increase in sales from local market.

PAT attributable to owners of the Company was RM15.16 million for the FYE 30 June 2019 as compared to RM7.34 million in the previous financial year, showing an increase of RM7.82 million or 106.54%.

The higher PAT attributable to owners of the Company mainly due to increase in sales from transformer and lighting segment 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 financial period and year ended under review.

Notes on the quarterly report – 30 June 2019

B2. Variation of results against preceding quarter

The Group recorded a profit before tax of RM3.77 million for the current quarter ended 30 June 2019 as compared to RM1.97 million in the preceding quarter ended 31 March 2019, showing an increase of RM1.80 million or 91.37%. This was mainly due to gain on foreign exchange and reversal of inventories write down.

B3. Prospects

The Group expects stiff competition in the domestic and regional market in respect of the transformer, lighting and related products 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 anticipating that the prospects for the next financial year ending 2020 will continue to be challenging. Nevertheless, there is sign of improvement in market sentiments and increase of incoming orders from regular clients especially in the palm oil refinery industry. Moving forward, the Board anticipates that with improved and efficient project management and stringent on-going cost improvement exercise, the Group will remain resilient in meeting increasingly challenging business environment.

Barring any unforeseen circumstances, the Group expects to achieve satisfactory financial performance in the financial year ending 2020.

B4. Profit Forecast or Profit Guarantee

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

B5. Tax Expense

| | 4th Quarter Ended | | 12 Months Ended | |
|-------------------------------------|-------------------|-------------|-----------------|--------------|
| | 30-Jun-2019 | 30-Jun-2018 | 30-Jun-2019 | 30-Jun-2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income tax | 661 | 1,211 | 7,463 | 6,790 |
| Deferred tax (assets) / liabilities | (7) | (538) | 301 | (1,128) |
| Total | <u>654</u> | <u>673</u> | <u>7,764</u> | <u>5,662</u> |

The effective tax rate for the cumulative quarter was 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 – 30 June 2019

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. During the FYE 30 June 2019, 456,800 shares options were exercised.

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

| Director | ESOS Options Offered (Unit) | ESOS Options Accepted (Unit) |
|-----------------|--|---|
| Tan Wei Neng | 232,700 | 232,700 |

The fair value of the share options granted to eligible employees and directors was determined using Black-Scholes Option Pricing model, after taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at the grant date and the input assumed by the Company in arising the fair value are as follows:

| | |
|--------------------------------------|-------------|
| Weighted average share price (RM) | 0.59 |
| Weighted average exercise price (RM) | 0.54 |
| Expected volatility (%) | 58.00 |
| Expected life (years) | 1.11 |
| Risk-free Interest rate (%) | 3.77 |
| Expected dividend yield (%) | <u>2.60</u> |

Notes on the quarterly report – 30 June 2019

B7. Group Borrowings

The Group’s borrowings as at 30 June 2019 were as follows:

| | Payable within 12 months | Payable after 12 Months |
|------------------------|-------------------------------------|------------------------------------|
| <u>Secured</u> | RM'000 | RM'000 |
| Bank Borrowings | 26,309 | 13,531 |
| Hire Purchase Payables | 802 | 1,478 |
| Total Borrowings | 27,111 | 15,009 |

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

| | Amount RM'000 |
|----------------------|--------------------------|
| Malaysian Ringgit | 38,110 |
| United States Dollar | 1,896 |
| Singaporean Dollar | 2,081 |
| Indonesian Rupiah | 33 |
| Total Borrowings | 42,120 |

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 or declared during the current quarter under review.



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

Notes on the quarterly report – 30 June 2019

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 twelve months' year ended 30 June 2019 are computed as follow: -

| | 4th Quarter Ended | | 12 Months Ended | |
|---|-------------------|----------------|-----------------|----------------|
| | 30-Jun 2019 | 30-Jun 2018 | 30-Jun 2019 | 30-Jun 2018 |
| Profit / (Loss) attributable to owners of the parent (RM'000) | 2,846 | (6,688) | 15,162 | 7,337 |
| Weighted average number of STC Shares in issue ('000) | 234,486 | 242,621 | 235,043 | 242,621 |
| Basic earning per STC Share (sen) | 1.21 | (2.76) | 6.45 | 3.02 |

(b) Diluted

| | 4th Quarter Ended | | 12 Months Ended | |
|--|-------------------|----------------|-----------------|----------------|
| | 30-Jun 2019 | 30-Jun 2018 | 30-Jun 2019 | 30-Jun 2018 |
| Profit attributable to owners of the parent (RM'000) | 2,846 | (6,688) | 15,162 | 7,337 |
| Weighted average number of STC Shares in issue ('000) | 234,486 | 242,621 | 235,043 | 242,621 |
| Adjusted for unexercised Employee's Share Option Scheme ('000) | 236,909 | 242,621 | 235,823 | 242,621 |
| Diluted earning per STC Share (sen) | 1.20 | (2.76) | 6.43 | 3.02 |

Pursuant to the requirements of MFRS 133 Earnings per Share, the weighted average number of ordinary shares used in the calculation of basic and diluted EPS above for the current quarters and FYE 30 June 2019 and 30 June 2018 have been retrospectively adjusted to reflect the unexercised ESOS as disclosed in Note B6.



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

Notes on the quarterly report – 30 June 2019

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

| | 4th Quarter Ended | | 12 Months Ended | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 30-Jun 2019 RM'000 | 30-Jun 2018 RM'000 | 30-Jun 2019 RM'000 | 30-Jun 2018 RM'000 |
| Other income /(loss) | | | | |
| Interest income | 247 | 149 | 947 | 611 |
| Other income | 647 | 453 | 1,947 | 2,246 |
| Reversal of impairment loss on property, plant and equipment | - | 77 | - | 77 |
| Reversal of allowance for impairment loss of receivables | 134 | 8 | 158 | 2,508 |
| Reversal of inventories written down | 2,506 | - | 2,539 | 2,116 |
| Bad debts recover / (written off) | (50) | 31 | (136) | 93 |
| Deposits written off | - | (1,110) | - | (1,110) |
| Depreciation | (2,697) | (3,096) | (10,911) | (10,736) |
| Gain/(Loss) on foreign currency exchange | 1,023 | (353) | 1,273 | (6,039) |
| Fair value adjustment - trade receivable | - | - | (454) | - |
| Fair value of ESOS option | (137) | - | (490) | - |
| Gain/(Loss) on disposal of property, plant and equipment | 48 | 16 | 732 | (1) |
| Impairment loss of goodwill | - | (695) | - | (695) |
| Write down of inventories | (1,335) | (2,021) | (2,398) | (2,021) |
| Impairment loss of property, plant and equipment | (732) | (247) | (732) | (247) |
| Allowance for impairment loss of receivables | (395) | (553) | (395) | (596) |
| Interest expense | (701) | (711) | (3,143) | (3,323) |
| Loss on disposal of associate company | - | - | (243) | - |
| Property, plant and equipment written off | (48) | (116) | (99) | (116) |
| Provision for warranty cost | - | - | (416) | - |

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
30 August 2019