



SUCCESS TRANSFORMER CORPORATION BERHAD ("STC")
(200301034518) (636939-W)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Current Quarter 30-Jun-20 RM'000	Comparative Quarter 30-Jun-19 RM'000	Year Ended	
			30-Jun-20 RM'000	30-Jun-19 RM'000
Revenue	44,209	69,052	230,112	318,818
Operating profit	1,653	4,228	18,355	27,236
Interest expense	(160)	(701)	(967)	(3,143)
Interest income	529	247	1,328	947
Profit before taxation	2,022	3,774	18,716	25,040
Taxation	(1,119)	(654)	(5,432)	(7,764)
Net (Loss) / Profit after taxation				
- From continuing operations	903	5,370	13,676	21,781
- From discontinued operations	-	(2,250)	(392)	(4,505)
Profit for the period/year	903	3,120	13,284	17,276
(Loss) / Profit attributable to :				
Owners of the Company				
- From continuing operations	397	4,291	10,370	18,035
- From discontinued operations	-	(1,445)	(229)	(2,873)
	397	2,846	10,141	15,162
Non-controlling interests				
- From continuing operations	506	1,079	3,306	3,746
- From discontinued operations	-	(805)	(163)	(1,632)
	506	274	3,143	2,114
	903	3,120	13,284	17,276
Earnings / (Loss) per share (sen) :				
Basic	0.17	1.21	4.31	6.45
- From continuing operations	0.17	1.83	4.41	7.67
- From discontinued operations	-	(0.62)	(0.10)	(1.22)
Diluted	0.17	1.20	4.28	6.43
- From continuing operations	0.17	1.81	4.38	7.65
- From discontinued operations	-	(0.61)	(0.10)	(1.22)

The unaudited 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 2019 with the accompanying explanatory notes attached to these interim financial statements.



SUCCESS TRANSFORMER CORPORATION BERHAD ("STC")
(200301034518) (636939-W)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Current Quarter 30-Jun-20 RM'000	Comparative Quarter 30-Jun-19 RM'000	Year Ended	
			30-Jun-20 RM'000	30-Jun-19 RM'000
Profit for the period/year	903	3,120	13,284	17,276
Other comprehensive (loss) / income				
Currency translation differences for foreign operations	(563)	(395)	375	(750)
Total comprehensive income for the period/year	340	2,725	13,659	16,526
Total comprehensive (loss) / income attributable to :				
Owners of the Company				
- From continuing operations	(35)	4,122	11,081	17,773
- From discontinued operations	-	(1,445)	(229)	(2,873)
	(35)	2,677	10,852	14,900
Non-controlling interests				
- From continuing operations	375	853	2,970	3,258
- From discontinued operations	-	(805)	(163)	(1,632)
	375	48	2,807	1,626
Total comprehensive income for the period/year	340	2,725	13,659	16,526

The unaudited 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 2019 with the accompanying explanatory notes attached to these interim financial statements.



SUCCESS TRANSFORMER CORPORATION BERHAD ("STC")
(200301034518) (636939-W)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	As at 30.06.2020 Unaudited RM'000	As at 30.06.2019 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	76,407	111,928
Investment properties	29,993	46,422
Right-of-use assets	1,137	-
Investment in associate company	405	403
Goodwill on consolidation	-	6,921
Amount due from a related party	2,523	2,693
Deferred tax assets	355	348
TOTAL NON-CURRENT ASSETS	110,820	168,715
Current assets		
Inventories	103,659	116,713
Trade receivables	55,625	72,001
Other receivables, deposits and prepayments	5,775	12,772
Contract assets	-	9,725
Amount due from associates	1,067	1,330
Tax recoverable	9,863	12,696
Short term investment	54,198	15,224
Cash and bank balances	30,509	39,147
TOTAL CURRENT ASSETS	260,696	279,608
TOTAL ASSETS	371,516	448,323
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	72,018	71,515
Treasury shares	(13,649)	(9,880)
Reserves	256,417	259,141
	314,786	320,776
NON-CONTROLLING INTERESTS	22,138	28,227
TOTAL EQUITY	336,924	349,003
LIABILITIES		
Non-Current liabilities		
Lease liabilities	936	-
Long term borrowings	1,466	14,810
Deferred tax liabilities	1,191	1,281
TOTAL NON-CURRENT LIABILITIES	3,593	16,091
Current liabilities		
Trade payables	18,049	33,969
Other payables and accruals	11,936	21,529
Lease liabilities	226	-
Short term borrowings	587	27,129
Current tax payable	201	602
TOTAL CURRENT LIABILITIES	30,999	83,229
TOTAL LIABILITIES	34,592	99,320
TOTAL EQUITY AND LIABILITIES	371,516	448,323
Net assets per share attributable to owners of the parent (RM) *	1.369	1.367

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

The unaudited Condensed Consolidation Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2019 with the accompanying explanatory notes attached to these interim financial statements.



SUCCESS TRANSFORMER CORPORATION BERHAD ("STC")
(200301034518) (636939-W)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Current Year - To - date 30-Jun-20 RM'000	Preceding Year Corresponding Year 30-Jun-19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation		
From continuing operations	19,108	29,522
From discontinued operations	(392)	(4,482)
	<u>18,716</u>	<u>25,040</u>
Adjustments for:		
Non-cash items	15,351	10,166
Non-operating items	(6,562)	1,729
	<u>27,505</u>	<u>36,935</u>
Operating profit before changes in working capital		
Changes in working capital:		
Inventories	(289)	(13,272)
Trade and other receivables	12,801	16,385
Trade and other payables	(4,584)	(5,840)
	<u>35,433</u>	<u>34,208</u>
Cash generated from operating activities		
Tax paid	(11,066)	(12,866)
Tax refund	7,989	4,079
Interest paid	(967)	(3,143)
Interest received	1,328	947
	<u>32,717</u>	<u>23,225</u>
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment property	-	(1,571)
Purchase of property, plant and equipment	(5,878)	(5,417)
Proceeds from disposal of property, plant and equipment	299	1,431
Payment for capital reduction	(280)	-
Increase of investment in subsidiary	(388)	(1,242)
Net cash inflow from disposal of subsidiary company	27,090	-
	<u>20,843</u>	<u>(6,799)</u>
Net cash generated from / (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net movement in fixed deposit pledged	112	(4)
Repayment of lease liabilities	(1,203)	-
Repayment of bank borrowings and hire purchase payables	(6,607)	(4,567)
Net movement in trade bills	(1,568)	(4,920)
Drawdown from bank borrowings	4,000	6,001
Proceeds from issuance of new shares	426	284
Purchase of treasury shares	(3,769)	(1,682)
Dividend paid by the Company	(13,390)	(2,352)
Dividend paid by subsidiary to non-controlling interests	(2,422)	(1,445)
	<u>(24,421)</u>	<u>(8,685)</u>
Net cash used in financing activities		
NET CHANGES IN CASH AND CASH EQUIVALENTS	29,139	7,741
CASH & CASH EQUIVALENTS AT BEGINNING OF THE YEAR	54,246	47,162
EFFECTS ON EXCHANGE RATES FLUCTUATIONS ON CASH HELD	1,305	(723)
CASH & CASH EQUIVALENTS AT END OF THE YEAR	<u><u>84,690</u></u>	<u><u>54,180</u></u>

The unaudited Condensed Consolidation Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2019 with the accompanying explanatory notes attached to these interim financial statements.



SUCCESS TRANSFORMER CORPORATION BERHAD ("STC")
(200301034518) (636939-W)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Current Year - To - date 30-Jun-20 RM'000	Preceding Year Corresponding Year 30-Jun-19 RM'000
Cash and cash equivalents at end of the year comprises:		
Cash & bank Balances	30,342	38,950
Deposits with licensed banks	167	131
	<hr/>	<hr/>
	30,509	39,081
Less: Bank Overdraft	-	-
	<hr/>	<hr/>
	30,509	39,081
Add : Short term investment	54,198	15,224
Less : Non-cash & cash equivalent		
-Fixed deposit pledge for banking facilities	(17)	(125)
	<hr/>	<hr/>
	84,690	54,180
	<hr/>	<hr/>

Disposal of subsidiary company

The disposal had the following effect on the financial position of the Group:

	RM'000
Property, Plant and Equipment	32,489
Investment in property	16,163
Inventories	10,901
Receivables	18,227
Cash & bank balances	557
Bank overdraft	(1,877)
Loans and borrowings	(35,909)
Payables	(21,050)
Net assets	<hr/> 19,501
Non-Controlling Interest	(6,742)
Share of net assets disposed as at 31/08/2019	<hr/> 12,759
Goodwill	6,921
Carrying amount of net assets/(liab) disposed	<hr/> 19,680
Gain on disposal	6,090
Disposal proceed	<hr/> 25,770
Less : Cash and bank balances	(557)
Less : Bank overdraft	1,877
Net cash inflow from disposal of subsidiary	<hr/> <hr/> 27,090

The unaudited Condensed Consolidation Statements of Cash Flows should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2019 with the accompanying explanatory notes attached to these interim financial statements.



SUCCESS TRANSFORMER CORPORATION BERHAD ("STC")
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	← Attributable to Owners of the Parent →						Distributable Retained earnings	Total	Non - controlling interests	Total equity
	← Non-distributable →									
	Share capital	Share premium	Treasury shares	Employees Share option reserve	Foreign currency translation reserve	Capital reserve				
Current year-to-date ended 30 June 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2019	71,515	-	(9,880)	457	2,926	7,790	247,968	320,776	28,227	349,003
Profit for the year	-	-	-	-	-	-	10,141	10,141	3,143	13,284
Other comprehensive income - Foreign currency translation differences	-	-	-	-	711	-	-	711	(336)	375
Total comprehensive income for the year	-	-	-	-	711	-	10,141	10,852	2,807	13,659
Contributions by and distributions to owners of the Company :										
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(6,742)	(6,742)
Employees' share option granted	-	-	-	407	-	-	-	407	-	407
Employees' share option exercised	503	-	-	(77)	-	-	-	426	-	426
Dividends to owners of the Company - by the Company	-	-	-	-	-	-	(13,390)	(13,390)	-	(13,390)
- by subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	(2,422)	(2,422)
Capital reduction by a subsidiary	-	-	-	-	-	-	-	-	(280)	(280)
Purchase of treasury shares	-	-	(3,769)	-	-	-	-	(3,769)	-	(3,769)
Changes in ownership interest in subsidiary that do not result in a loss of control	-	-	-	-	-	-	(516)	(516)	548	32
Total transactions with owners of the Company	503	-	(3,769)	330	-	-	(13,906)	(16,842)	(8,896)	(25,738)
At 30 June 2020	72,018	-	(13,649)	787	3,637	7,790	244,203	314,786	22,138	336,924



SUCCESS TRANSFORMER CORPORATION BERHAD ("STC")
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	← Attributable to Owners of the Parent →						→			
	← Non-distributable →						Distributable		Non - controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Share option reserve	Foreign currency translation reserve	Capital reserve	Retained earnings	Total		
RM'000	RM'000	RM'000	RM'001	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Preceding year corresponding year ended 30 June 2019										
At 1 July 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	-	-	-	-	-	-	15,162	15,162	2,114	17,276
Other comprehensive income - Foreign currency translation differences	-	-	-	-	(262)	-	-	(262)	(488)	(750)
Total comprehensive income for the year	-	-	-	-	(262)	-	15,162	14,900	1,626	16,526
Contributions by and distributions to owners of the Company :										
Dividend paid										
- by the Company	-	-	-	-	-	-	(2,352)	(2,352)	-	(2,352)
- by subsidiary to non-controlling interests	-	-	-	-	-	-	-	-	(1,445)	(1,445)
Effects of adoption of MFRS 15	-	-	-	-	-	-	808	808	-	808
Purchase of treasury shares	-	-	(1,682)	-	-	-	-	(1,682)	-	(1,682)
Changes in ownership interest in subsidiary that do not result in a loss of control	-	-	-	-	-	-	(809)	(809)	(433)	(1,242)
Employees' share option exercised	281	-	-	-	-	-	-	281	-	281
Employees' share option granted	-	-	-	457	-	-	-	457	-	457
Transfer of share premium to share capital (Pursuant to Section 618(8) and (9) Companies Act 2016	1,268	(1,268)	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	1,549	(1,268)	(1,682)	457	-	-	(2,353)	(3,297)	(1,878)	(5,175)
At 30 June 2019	71,515	-	(9,880)	457	2,914	7,790	248,396	321,192	28,449	349,641

The unaudited Condensed Consolidation Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 30 June 2019 with the accompanying explanatory notes attached to these interim financial statements.



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
(200301034518) (636939-W)**

Notes on the quarterly report – 30 June 2020

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

A1. Basis of Preparation

These condensed consolidated financial statements, for the year ended 30 June 2020, 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 STC and its subsidiaries (“Group”) audited financial statements for the year ended 30 June 2019.

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 2019, except for the adoption of the following new MFRS, amendments to MFRSs and IC interpretation that are effective for annual period beginning on or after 1 January 2019 as follow:

MFRSs, Amendments to MFRSs and Interpretations Committee (“IC”) Interpretation

MFRS 16	Lease
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015- 2017 Cycles	

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.

MFRS 16

MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 ‘Property, Plant and Equipment’ and the lease liability is accreted over time with interest expense recognised in profit or loss.

The Group has adopted MFRS 16 using the modified retrospective approach which measured the right of use assets equals to the lease liabilities at 1 July 2019 with no restatement of comparative information.



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 30 June 2020

The Group has not applied in advance the following accounting standards (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 year: -

MFRSs and IC Interpretations (including the Consequential Amendments)

<u>Standard issued but not effective</u>	Effective date
MFRS 17 : Insurance Contracts	1 January 2021
Amendments to MFRS 3 : Definition of a Business	1 January 2020
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108 : Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The above-mentioned accounting standards and interpretations (including the consequential amendments) is expected to have no material impact on the Group’s financial statements upon their initial application.



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 30 June 2020

A3. Qualification of Annual Financial Statements

The latest audited consolidated financial statements of STC for the FYE 30 June 2019 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 2020.

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 2020, save as disclosed in Note A15.

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 financial year under review.

a) Share Buy Back

During the FYE 30 June 2020, the Company repurchased 5,478,500 units of its issued share capital from the open market at average cost of RM0.6879 per ordinary share in STC (“STC Share(s)”). The total consideration paid for the share buy-back of STC Shares during the twelve months’ year ended 30 June 2020 including transaction costs was RM3,768,928.35 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 2020, the number of treasury shares held was 19,849,954 STC Shares at an average cost of RM0.6876 per STC Share out of its 249,743,100 STC shares.

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

During the FYE 30 June 2020, a total number of 788,100 ordinary shares were issued under the Company’s ESOS, increasing the issued ordinary shares of the Company to 249,743,100 ordinary shares as at 30 June 2020.



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 30 June 2020

A8. Dividend Paid

During the FYE 30 June 2020, a special tax-exempt single-tier dividend of RM0.035 per ordinary share on 234,904,146 ordinary shares for the financial year ending 30 June 2020 amounting to RM8,221,645 was declared on 12 September 2019 and paid on 7 October 2019 to the shareholders whose name appeared in Company’s record of depository on 30 September 2019.

On 13 September 2019, the Company declared an interim tax-exempt single-tier dividend of RM0.022 per ordinary shares on 234,904,146 ordinary shares in respect of the financial year ending 30 June 2020 amounting to RM5,167,890 and paid on 7 October 2019 to shareholders whose names appeared in Company’s record of depositors on 30 September 2019.

The total dividend declared and paid during the financial year ending 30 June 2020 is RM13,389,535.

In the previous year corresponding 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 amounting to RM2,351,671.46 was declared on 27 November 2018 and paid on 16 January 2019 to the shareholders whose name appeared in Company’s record of depository on 20 December 2018.



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 30 June 2020

A9. Segment Information

Business Segments Revenue & Results

Quarter Ended 30 June 2020	Transformer, lighting and related RM'000	Process equipment RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE				
External Sales	44,209	-	-	44,209
Inter-segment sales	-	-	-	-
Total Revenue	<u>44,209</u>	<u>-</u>	<u>-</u>	<u>44,209</u>
RESULTS				
Segment results				2,103
Unallocated corporate expenses				(450)
Finance cost				(160)
Interest income				529
Profit before taxation				<u>2,022</u>
Taxation				<u>(1,119)</u>
Net profit / (loss) for the period				
- From continuing operations				903
- From discontinued operations				-
Profit for the period				<u><u>903</u></u>
Profit attributable to :				
Owners of the Company				
- From continuing operations				397
- From discontinued operations				-
				<u>397</u>
Non-controlling interests				
- From continuing operations				506
- From discontinued operations				-
				<u>506</u>
				<u><u>903</u></u>
Comprehensive income / (loss) for the period :				
Profit for the period				903
Other comprehensive loss				(563)
Total comprehensive income for the period				<u><u>340</u></u>
Total comprehensive (loss) / income attributable to :				
Owners of the Company				
- From continuing operations				(35)
- From discontinued operations				-
				<u>(35)</u>
Non-controlling interests				
- From continuing operations				375
- From discontinued operations				-
				<u>375</u>
Total comprehensive income for the period				<u><u>340</u></u>



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 30 June 2020

Twelve Months Ended 30 June 2020	Transformer, lighting and related RM'000	Process equipment RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE				
External Sales	223,054	7,058	-	230,112
Inter-segment sales	-	-	-	-
Total Revenue	<u>223,054</u>	<u>7,058</u>	<u>-</u>	<u>230,112</u>
RESULTS				
Segment results				20,800
Unallocated corporate expenses				(2,445)
Finance cost				(967)
Interest income				1,328
Profit before taxation				<u>18,716</u>
Taxation				<u>(5,432)</u>
Net profit for the year				
- From continuing operations				13,676
- From discontinued operations				<u>(392)</u>
Profit for the year				<u><u>13,284</u></u>
Profit / (Loss) attributable to :				
Owners of the Company				
- From continuing operations				10,370
- From discontinued operations				<u>(229)</u>
				10,141
Non-controlling interests				
- From continuing operations				3,306
- From discontinued operations				<u>(163)</u>
				3,143
				<u><u>13,284</u></u>
Comprehensive income for the year :				
Profit for the year				13,284
Other comprehensive income				375
Total comprehensive income for the year				<u><u>13,659</u></u>
Total comprehensive income / (loss) attributable to :				
Owners of the Company				
- From continuing operations				11,081
- From discontinued operations				<u>(229)</u>
				10,852
Non-controlling interests				
- From continuing operations				2,970
- From discontinued operations				<u>(163)</u>
				2,807
Total comprehensive income for the year				<u><u>13,659</u></u>



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)
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Notes on the quarterly report – 30 June 2020

	Transformer, lighting and related products RM'000	Process equipment RM'000	Eliminations RM'000	Consolidated RM'000
Quarter Ended 30 June 2019				
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 / (loss) for the period				3,120
- From continuing operations				5,370
- From discontinued operations				(2,250)
Profit for the period				3,120
Profit / (Loss) attributable to :				
Owners of the Company				
- From continuing operations				4,291
- From discontinued operations				(1,445)
				2,846
Non-controlling interests				
- From continuing operations				1,079
- From discontinued operations				(805)
				274
				3,120
Comprehensive income for the period :				
Profit for the period				3,120
Other comprehensive expense				(395)
Total comprehensive income for the period				2,725
Total comprehensive income / (loss) attributable to :				
Owners of the Company				
- From continuing operations				4,122
- From discontinued operations				(1,445)
				2,677
Non-controlling interests				
- From continuing operations				853
- From discontinued operations				(805)
				48
Total comprehensive income for the period				2,725



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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				<u>25,040</u>
Taxation				<u>(7,764)</u>
Net profit / (loss) for the year				
- From continuing operations				21,781
- From discontinued operations				<u>(4,505)</u>
Profit for the year				<u><u>17,276</u></u>
Profit / (Loss) attributable to :				
Owners of the Company				
- From continuing operations				18,035
- From discontinued operations				<u>(2,873)</u>
				15,162
Non-controlling interests				
- From continuing operations				3,746
- From discontinued operations				<u>(1,632)</u>
				2,114
				<u><u>17,276</u></u>
Comprehensive income / (loss) for the year :				
Profit for the period				17,276
Other comprehensive expense				(750)
Total comprehensive income for the year				<u><u>16,526</u></u>
Total comprehensive income / (loss) attributable to :				
Owners of the Company				
- From continuing operations				17,773
- From discontinued operations				<u>(2,873)</u>
				14,900
Non-controlling interests				
- From continuing operations				3,258
- From discontinued operations				<u>(1,632)</u>
				1,626
Total comprehensive income for the year				<u><u>16,526</u></u>



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A9. Segment Information - (Cont’d)

Geographical Segments Revenue & Results

Quarter Ended 30 June 2020	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
REVENUE				
External Sales	20,180	24,029	-	44,209
Inter-segment sales	3,625	9,822	(13,447)	-
Total Revenue	23,805	33,851	(13,447)	44,209
RESULTS				
Segment results				2,103
Unallocated corporate expenses				(450)
Finance cost				(160)
Interest income				529
Profit before taxation				2,022
Taxation				(1,119)
Net profit for the period				903
- From continuing operations				903
- From discontinued operations				-
Profit for the period				903
Profit attributable to :				
Owners of the Company				
- From continuing operations				397
- From discontinued operations				-
				397
Non-controlling interests				
- From continuing operations				506
- From discontinued operations				-
				506
				903
Comprehensive income / (loss) for the period :				
Profit for the period				903
Other comprehensive expense				(563)
Total comprehensive profit for the period				340
Total comprehensive (loss) / income attributable to :				
Owners of the Company				
- From continuing operations				(35)
- From discontinued operations				-
				(35)
Non-controlling interests				
- From continuing operations				375
- From discontinued operations				-
				375
Total comprehensive profit for the period				340



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Twelve Months Ended 30 June 2020	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
REVENUE				
External Sales	115,477	114,635	-	230,112
Inter-segment sales	3,625	23,618	(27,243)	-
Total Revenue	119,102	138,253	(27,243)	230,112
RESULTS				
Segment results				20,800
Unallocated corporate expenses				(2,445)
Finance cost				(967)
Interest income				1,328
Profit before taxation				18,716
Taxation				(5,432)
Net profit /(loss) for the year				
- From continuing operations				13,676
- From discontinued operations				(392)
Profit for the year				13,284
Profit / (Loss) attributable to :				
Owners of the Company				
- From continuing operations				10,370
- From discontinued operations				(229)
				10,141
Non-controlling interests				
- From continuing operations				3,306
- From discontinued operations				(163)
				3,143
				13,284
Comprehensive income for the year :				
Profit for the year				13,284
Other comprehensive income				375
Total comprehensive income for the year				13,659
Total comprehensive income / (loss) attributable to :				
Owners of the Company				
- From continuing operations				11,081
- From discontinued operations				(229)
				10,852
Non-controlling interests				
- From continuing operations				2,970
- From discontinued operations				(163)
				2,807
Total comprehensive income for the year				13,659



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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 / (loss) for the period				
- From continuing operations				5,370
- From discontinued operations				(2,250)
Profit for the period				3,120
Profit / (Loss) attributable to :				
Owners of the Company				
- From continuing operations				4,291
- From discontinued operations				(1,445)
				2,846
Non-controlling interests				
- From continuing operations				1,079
- From discontinued operations				(805)
				274
				3,120
Comprehensive income /(loss) for the period :				
Profit for the period				3,120
Other comprehensive expense				(395)
Total comprehensive income for the period				2,725
Total comprehensive income / (loss) attributable to :				
Owners of the Company				
- From continuing operations				4,122
- From discontinued operations				(1,445)
				2,677
Non-controlling interests				
- From continuing operations				853
- From discontinued operations				(805)
				48
Total comprehensive income for the period				2,725



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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 / (loss) for the year				21,781
- From continuing operations				21,781
- From discontinued operations				(4,505)
Profit for the year				17,276
 Profit / (Loss) attributable to :				
Owners of the Company				
- From continuing operations				18,035
- From discontinued operations				(2,873)
				15,162
Non-controlling interests				
- From continuing operations				3,746
- From discontinued operations				(1,632)
				2,114
				17,276
 Comprehensive profit / (loss) for the year :				
Profit for the year				17,276
Other comprehensive expense				(750)
Total comprehensive income for the year				16,526
 Total comprehensive income / (loss) attributable to :				
Owners of the Company				
- From continuing operations				17,773
- From discontinued operations				(2,873)
				14,900
Non-controlling interests				
- From continuing operations				3,258
- From discontinued operations				(1,632)
				1,626
Total comprehensive income for the year				16,526



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A10. Valuation of Property, Plant & Equipment

There was no revaluation 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 as at 30 June 2020.

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

There were no material events subsequent to the FYE 30 June 2020.

A13. Changes in the composition of the Group

Save as disclosed below, there were no material changes in the composition of the Group during the FYE 30 June 2020.

- a) On 31 July 2019, STC acquired an additional 46% equity interest in PT Boxon Nikkon from its subsidiary, Boxon Industries Hardware (M) Sdn. Bhd. for a total cash consideration of RM387,777. Following the completion of the acquisition on 31 July 2019, BNJ became 96% direct owned subsidiary.
- b) On 3 September 2019, STC had entered into a sale and purchase agreement with MIE Industrial Sdn Bhd in relation to the disposal of 52,000,000 ordinary shares in Seremban Engineering Berhad (“SEB”), representing approximately 65% of the entire equity interest in SEB, a subsidiary company of STC for a total cash consideration of RM26 million. This transaction was completed on 3 September 2019 and SEB has ceased to be a subsidiary company of STC with effect from 3 September 2019 (“Disposal”).

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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A15. Discontinued operation

As mentioned in Note A13(b) above, SEB has ceased to be a subsidiary company of STC with effect from 3 September 2019 and hence, it had been classified as “Discontinued operations” in the Statement of Profit or Loss and Other Comprehensive Income.

The revenue and results of the Discontinued operations during current quarter and FYE 30 June 2020 under review are as follow:

	3 months ended		12 months period ended	
	30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
	RM'000	RM'000	RM'000	RM'000
Revenue	-	13,056	7,058	60,482
Other income	-	249	94	1,076
Operating expenses	-	(2,997)	(1,465)	(10,492)
Operating (loss) before tax	-	(2,250)	(392)	(4,482)
Taxation	-	-	-	(23)
Net (loss) after tax	-	(2,250)	(392)	(4,505)
Cash flow (used in) / from discontinued operations				
Operating activities	-	2,874	(4,251)	5,562
Investing activities	-	299	-	(106)
Financing activities	-	(19)	1,091	2,339
Net cash flows	-	3,154	(3,160)	7,795



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

B1. Review of performance

	<u>3 Months Period Ended</u>		<u>Changes</u>	<u>12 Months Period Ended</u>		<u>Changes</u>
	<u>30-Jun-20</u>	<u>30-Jun-19</u>	<u>(%)</u>	<u>30-Jun-20</u>	<u>30-Jun-19</u>	<u>(%)</u>
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Revenue	44,209	69,052	-36%	230,112	318,818	-28%
Profit before tax	2,022	3,774	-46%	18,716	25,040	-25%
Taxation	(1,119)	(654)	71%	(5,432)	(7,764)	-30%
Net profit after tax	903	3,120	-71%	13,284	17,276	-23%
- From continuing operations	903	5,370	-83%	13,676	21,781	-37%
- From discontinued operations	-	(2,250)	100%	(392)	(4,505)	91%
Profit attributable to Owners of the Company :	397	2,846	-86%	10,141	15,162	-33%
- From continuing operations	397	4,291	-91%	10,370	18,035	-43%
- From discontinued operations	-	(1,445)	100%	(229)	(2,873)	92%

Current quarter review

The Group recorded a revenue of RM44.21 million for the current quarter ended 30 June 2020 as compared to RM69.05 million in the previous year corresponding quarter, showing a decrease of RM24.84 million or approximately 36%. The decrease of revenue was mainly due to lower sales recorded in the transformer and lighting segment due to slower market demand in both local and overseas market and the impact of Government Movement Control Order (“MCO”) which started from 18 March 2020 as well as the Discontinued operation of the process equipment segment as a result of the Disposal.

Profit after tax (“PAT”) attributable to owners of the Company from continuing operations of RM0.40 million for the current quarter ended 30 June 2020 as compared to RM4.29 million in the previous year corresponding quarter, showing a decrease of RM3.89 million or approximately 91%, was mainly due to lower sales in transformer and lighting segment and written down of inventories.

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.

Twelve months’ financial year review

The Group recorded a revenue of RM230.11 million for the FYE 30 June 2020 as compared to RM318.82 million in the previous year corresponding financial year, showing a decrease of RM88.71 million or approximately 28%. These was mainly due to the Discontinued operation of the process equipment segment as a result of the Disposal and lower sales recorded in transformer and lighting segment.

The lower sales recorded in transformer and lighting segment was mainly due to slower market demand in both local and overseas market and MCO which started from 18 March 2020.



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PAT attributable to owners of the Company from continuing operations of RM10.37 million for the FYE 30 June 2020 as compared to RM18.04 million in the previous year corresponding financial year, showing a decrease of RM7.67 million or approximately 43%. This was mainly due to lower sales recorded in the transformer and lighting segment and written down of inventories. However, this has been partially offset by one-off gain on the Disposal amounting to RM6.09 million.

Save as disclosed as above, there were no material factors affecting the earnings and/or revenue of the Group and the Company for the financial year under review.

B2. Variation of results against preceding quarter

	Current Quarter 30-Jun-20 RM'000	Preceding Quarter 31-Mar-20 RM'000	Changes (%)
Revenue	44,209	47,537	-7
Profit / (Loss) before tax	2,022	(2,120)	195
Taxation	(1,119)	(292)	-283
Net profit / (loss) after tax	903	(2,412)	137
- From continuing operations	903	(2,412)	137
- From discontinued operations	-	-	
Profit / (Loss) attributable to Owners of the Company :			
	397	(3,240)	112
- From continuing operations	397	(3,240)	112
- From discontinued operations	-	-	

The Group recorded a revenue of RM44.21 million for the current quarter ended 30 June 2020 as compared to RM47.54 million in the preceding quarter, showing a decrease of RM3.33 million or approximately 7%. The decrease of revenue was mainly due to lower sales recorded in the transformer and lighting segment as well as slower market demand in both local and overseas market and the impact of MCO which started from 18 March 2020.

PAT attributable to owners of the Company from continuing operations of RM0.40 million for the current quarter ended 30 June 2020 as compared to the loss after tax to owners of the Company of RM3.24 million in the preceding quarter, showing an increase of RM3.64 million or approximately 112%. This was mainly due to gain on foreign exchange as compared to loss on foreign exchange in the preceding quarter.



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B3. Prospects

The Covid-19 pandemic has resulted in high uncertainties in the global and domestic economy. The Group faces significant risk, both financially and operationally. At this juncture, the Group is unable to fully assess the impact within and outside the country.

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, locally and overseas. The Group will also step up on its effort to enhance its competitiveness and productivity in its operations.

Barring any unforeseen circumstances, the Group expects the performance for the financial year ending 30 June 2021 to be satisfactory, given uncertainties we are currently facing.

B4. Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued by the Group as at 30 June 2020.

B5. Tax Expense

	3 Months Ended		12 Months Ended	
	30-Jun-2020	30-Jun-2019	30-Jun-2020	30-Jun-2019
	RM'000	RM'000	RM'000	RM'000
Income tax	1,446	661	5,523	7,463
Deferred tax	(327)	(7)	(91)	301
Total	<u>1,119</u>	<u>654</u>	<u>5,432</u>	<u>7,764</u>

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



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B6. Status of Corporate Proposals

Save as disclosed below, there was no corporate proposal announced but not completed in the interval from the date of the last report and the date of this announcement.

a) Utilisation of Proceeds from Corporate Proposals

(i) The status of utilisation of proceeds arising from the Disposal as disclosed in Note A13(b) as at 25 August 2020 is set out below:

	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Variation for utilisation of proceeds (RM'000)	Balance (RM'000)	Expected timeframe for the utilisation from the date of receipt
Working capital					
Purchase of raw materials	8,000	(8,000)	-	-	Within 12 months
Payment of payroll	1,000	(1,000)	-	-	
Selling and distribution expenses	1,000	(1,000)	-	-	
Other administrative expenses	1,000	(991)	*(9)	-	
Future potential investment(s) / acquisition(s)	14,800	-	-	14,800	Within 12 months
Defray estimated expenses relating to the Disposal	200	(209)	9	-	Within 6 months
Total	26,000	11,200	-	14,800	

Note:

* The actual amount of the expenses relating to the Disposal were higher than the estimated expenses. Hence, the variation in the amount of estimated expenses had been adjusted against the amount proposed for other administrative expenses under the working capital.



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b) ESOS

The Company's ESOS of up to 15% of the total number of issued shares of STC (excluding treasury shares) for the eligible employees and executive directors of the Group (excluding dormant subsidiary companies) was approved by the shareholders of STC at the extraordinary general meeting convened on 2 July 2018. The effective date for the implementation of the ESOS was 3 July 2018 and the ESOS shall be for a duration of 5 years commencing from the effective date.

A total of 7,102,200 ESOS options were offered to the eligible employees and an executive director of the Group at RM0.54 on 16 November 2018 and a total number of 6,771,200 ESOS options were accepted by the eligible employees and executive director on 15 December 2018.

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 (%)	2.60

As at 25 August 2020, a total number of 1,379,300 ESOS options were exercised.

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

Director	ESOS Options Offered (Units)	Exercised during the period (Units)	Outstanding (Units) As at 25 August 2020
Tan Wei Neng	232,700	69,800	162,900



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B7. Group Borrowings

The Group’s borrowings as at 30 June 2020 were as follows:

	Payable within 12 months RM'000	Payable after 12 Months RM'000
<u>Secured</u>		
Bank Borrowings	345	1,310
Hire Purchase Payables	242	156
Total Borrowings	<u>587</u>	<u>1,466</u>

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

	Amount RM'000
Malaysian Ringgit	320
Singaporean Dollar	<u>1,733</u>
Total Borrowings	<u>2,053</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 Dividend

There was no dividend proposed or declared during the current quarter under review.



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B10. Earnings per share

(a) Basic

Basic earnings per share of the Group is calculated by dividing profit / (loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter and FYE 30 June 2020 are computed as follow: -

	3 Months Ended		12 Months Ended	
	30-Jun 2020	30-Jun 2019	30-Jun 2020	30-Jun 2019
Profit / (Loss) attributable to Owners of the Company (RM'000)				
- From continuing operations	397	4,291	10,370	18,035
- From discontinued operations	-	(1,445)	(229)	(2,873)
	<u>397</u>	<u>2,846</u>	<u>10,141</u>	<u>15,162</u>
Weighted average number of STC Shares in issue ('000)	235,343	234,486	235,104	235,043
Basic earning / (loss) per STC Share (sen)				
- From continuing operations	0.17	1.83	4.41	7.67
- From discontinued operations	-	(0.62)	(0.10)	(1.22)
	<u>0.17</u>	<u>1.21</u>	<u>4.31</u>	<u>6.45</u>



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(b) Diluted

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 for the current quarters and FYE 30 June 2020 have been retrospectively adjusted to reflect the unexercised ESOS as disclosed in Note B6(b).

	3 Months Ended		12 Months Ended	
	30-Jun 2020	30-Jun 2019	30-Jun 2020	30-Jun 2019
Profit / (Loss) attributable to Owners of the Company (RM'000)				
- From continuing operations	397	4,291	10,370	18,035
- From discontinued operations	-	(1,445)	(229)	(2,873)
	<u>397</u>	<u>2,846</u>	<u>10,141</u>	<u>15,162</u>
Weighted average number of STC Shares in issue ('000)	235,343	234,486	235,104	235,043
Adjusted for unexercised Employee's Share Option Scheme ('000)	235,901	236,909	236,907	235,823
Diluted earnings per STC Share (sen)				
- From continuing operations	0.17	1.81	4.38	7.65
- From discontinued operations	-	(0.61)	(0.10)	(1.22)
	<u>0.17</u>	<u>1.20</u>	<u>4.28</u>	<u>6.43</u>



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B11. Notes to the Statement of Profit or Loss and Other Comprehensive Income / (Loss)

	3 Months Ended		12 Months Ended	
	30-Jun 2020 RM'000	30-Jun 2019 RM'000	30-Jun 2020 RM'000	30-Jun 2019 RM'000
Other income / (loss)				
Gain on disposal of property, plant and equipment	67	48	110	732
Gain on disposal of subsidiary company	-	-	6,090	-
Interest income	482	247	1,281	947
Imputed interest income from long term trade receivables	47	-	47	-
Other income	331	647	969	1,947
Allowance of impairment losses on trade receivables	(621)	(261)	(998)	(237)
Bad debts written off	(8)	(50)	(203)	(136)
Fair value adjustment - trade receivable	-	-	-	(454)
Fair value of ESOS option	(64)	(137)	(407)	(490)
Gain on foreign currency exchange	2,211	1,023	50	1,273
Loss on disposal of associate company	-	-	-	(243)
Impairment loss of property, plant and equipment	-	(732)	-	(732)
Interest expense	(160)	(701)	(967)	(3,143)
Property, plant and equipment written off	-	(48)	(4)	(99)
Provision for warranty cost	-	-	-	(416)
Waiver of debt	(17)	-	(24)	-
(Write down) of inventories / Reversal of inventories written down	(1,000)	1,171	(2,439)	141
Depreciation	(2,995)	(2,697)	(10,099)	(10,911)

Save as disclosed above, the other items required under Paragraph 16, Part A of the Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

By order of the Board

Tan Ah Bah @ Tan Ah Ping
Managing Director
26 August 2020