



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF  
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Current Quarter 31-Dec-20 RM'000	Comparative Quarter 31-Dec-19 RM'000	Cumulative 6 months	
			31-Dec-20 RM'000	31-Dec-19 RM'000
Revenue	63,734	64,714	134,030	138,366
Operating profit	7,982	3,465	18,462	18,912
Interest expense	(79)	(136)	(177)	(694)
Interest income	362	348	613	596
<b>Profit before taxation</b>	<b>8,265</b>	<b>3,677</b>	<b>18,898</b>	<b>18,814</b>
Taxation	(1,557)	(1,389)	(5,126)	(4,021)
<b>Net Profit / (Loss) after taxation</b>				
- From continuing operations	6,708	2,288	13,772	15,185
- From discontinued operations	-	-	-	(392)
<b>Profit for the period</b>	<b>6,708</b>	<b>2,288</b>	<b>13,772</b>	<b>14,793</b>
<b>Profit / (Loss) attributable to :</b>				
Owners of the Company				
- From continuing operations	6,319	1,673	12,778	13,213
- From discontinued operations	-	-	-	(229)
	<b>6,319</b>	<b>1,673</b>	<b>12,778</b>	<b>12,984</b>
Non-controlling interests				
- From continuing operations	389	615	994	1,646
- From discontinued operations	-	-	-	163
	<b>389</b>	<b>615</b>	<b>994</b>	<b>1,809</b>
	<b>6,708</b>	<b>2,288</b>	<b>13,772</b>	<b>14,793</b>
<b>Earnings / (Loss) per share (sen) :</b>				
Basic	2.76	0.71	5.59	5.53
- From continuing operations	2.76	0.71	5.59	5.63
- From discontinued operations	-	-	-	(0.10)
Diluted	2.75	0.71	5.57	5.47
- From continuing operations	2.75	0.71	5.57	5.57
- From discontinued operations	-	-	-	(0.10)

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 2020 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 PERIOD ENDED 31 DECEMBER 2020

	Current Quarter 31-Dec-20 RM'000	Comparative Quarter 31-Dec-19 RM'000	Cumulative 6 months	
			31-Dec-20 RM'000	31-Dec-19 RM'000
<b>Profit for the period</b>	6,708	2,288	13,772	14,793
<b>Other comprehensive income / (loss)</b>				
Currency translation differences for foreign operations	857	(337)	1,417	(1,199)
<b>Total comprehensive income for the period</b>	<u>7,565</u>	<u>1,951</u>	<u>15,189</u>	<u>13,594</u>
<b>Total comprehensive income / (loss) attributable to :</b>				
Owners of the Company				
- From continuing operations	6,544	1,299	13,407	12,481
- From discontinued operations	-	-	-	(229)
	<u>6,544</u>	<u>1,299</u>	<u>13,407</u>	<u>12,252</u>
Non-controlling interests				
- From continuing operations	1,021	652	1,782	1,179
- From discontinued operations	-	-	-	163
	<u>1,021</u>	<u>652</u>	<u>1,782</u>	<u>1,342</u>
<b>Total comprehensive income for the period</b>	<u>7,565</u>	<u>1,951</u>	<u>15,189</u>	<u>13,594</u>

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 2020 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 31 DECEMBER 2020

	As at 31.12.2020 Unaudited RM'000	As at 30.06.2020 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	65,509	66,862
Investment properties	29,907	29,992
Right-of-use assets	9,671	10,635
Investment in associate company	357	349
Amount due from a related party	2,454	2,523
Deferred tax assets	602	618
<b>TOTAL NON-CURRENT ASSETS</b>	<b>108,500</b>	<b>110,979</b>
<b>Current assets</b>		
Inventories	77,561	103,447
Trade receivables	66,391	55,004
Other receivables, deposits and prepayments	4,218	7,133
Contract assets	962	1,084
Amount due from associates	950	1,067
Amount due from a related party	289	221
Tax recoverable	7,923	9,945
Short term investment	81,952	54,198
Cash and bank balances	33,903	30,528
<b>TOTAL CURRENT ASSETS</b>	<b>274,149</b>	<b>262,627</b>
<b>TOTAL ASSETS</b>	<b>382,649</b>	<b>373,606</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	72,181	72,018
Treasury shares	(14,931)	(13,649)
Reserves	266,963	256,261
	324,213	314,630
<b>NON-CONTROLLING INTERESTS</b>	23,449	21,767
<b>TOTAL EQUITY</b>	<b>347,662</b>	<b>336,397</b>
<b>LIABILITIES</b>		
<b>Non-Current liabilities</b>		
Lease liabilities	158	238
Long term borrowings	1,126	1,309
Deferred tax liabilities	1,701	1,170
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,985</b>	<b>2,717</b>
<b>Current liabilities</b>		
Trade payables	16,098	18,065
Other payables and accruals	14,643	14,276
Lease liabilities	767	1,599
Short term borrowings	346	345
Current tax payable	148	207
<b>TOTAL CURRENT LIABILITIES</b>	<b>32,002</b>	<b>34,492</b>
<b>TOTAL LIABILITIES</b>	<b>34,987</b>	<b>37,209</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>382,649</b>	<b>373,606</b>
<b>Net assets per share attributable to owners of the parent (RM) *</b>	<b>1.42</b>	<b>1.37</b>

\* 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 2020 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 PERIOD ENDED 31 DECEMBER 2020

	Current Year - To - date 31-Dec-20 RM'000	Preceding Year Corresponding Year 31-Dec-19 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation		
From continuing operations	18,898	19,206
From discontinued operations	-	(392)
	<u>18,898</u>	<u>18,814</u>
Adjustments for:		
Non-cash items	5,363	5,453
Non-operating items	(479)	(6,075)
	<u>23,782</u>	<u>18,192</u>
Operating profit before changes in working capital		
Changes in working capital:		
Inventories	26,861	11,711
Trade and other receivables	(9,293)	(2,640)
Trade and other payables	(1,521)	(6,679)
	<u>39,829</u>	<u>20,584</u>
Cash generated from / (used in) operating activities		
Tax paid	(2,931)	(5,914)
Tax refund	294	7,954
Interest paid	(177)	(694)
Interest received	613	596
	<u>37,628</u>	<u>22,526</u>
<b>Net cash generated from operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment ("PPE")	(2,267)	(2,663)
Purchase of right-of-use assets	(59)	-
Proceeds from disposal of PPE	43	240
Increase of investment in subsidiary	-	(388)
Net cash inflow from disposal of subsidiary company	-	27,090
	<u>(2,283)</u>	<u>24,279</u>
<b>Net cash (used in) / generated from investing activities</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net movement in fixed deposit pledged	150	109
Repayment of lease liabilities	(917)	(96)
Repayment of bank borrowings and hire purchase payables	(85)	(6,086)
Net movement in trade bills	-	(1,396)
Drawdown from bank borrowings	-	4,000
Proceeds from issuance of new shares	126	305
Purchase of treasury shares	(1,282)	-
Dividend paid by the Company	(2,280)	(13,390)
Dividend paid by subsidiary to non-controlling interests	(100)	-
	<u>(4,388)</u>	<u>(16,554)</u>
<b>Net cash used in financing activities</b>		
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<u>30,957</u>	<u>30,251</u>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>84,559</u>	<u>54,246</u>
<b>EFFECTS ON EXCHANGE RATES FLUCTUATIONS ON CASH HELD</b>	<u>322</u>	<u>(391)</u>
<b>CASH &amp; CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u><u>115,838</u></u>	<u><u>84,106</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 2020 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 PERIOD ENDED 31 DECEMBER 2020

	Current Year - To - date 31-Dec-20 RM'000	Preceding Year Corresponding Year 31-Dec-19 RM'000
<b>Cash and cash equivalents at end of the period comprises:</b>		
Cash & bank Balances	33,736	51,948
Deposits with licensed banks	167	17
	<u>33,903</u>	<u>51,965</u>
Add : Short term investment	81,952	32,157
Less : Non-cash & cash equivalent		
-Fixed deposit pledge for banking facilities	(17)	(16)
	<u>115,838</u>	<u>84,106</u>
<b>Disposal of subsidiary company</b>		
The disposal had the following effect on the financial position of the Group:		
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	-	19,501
Non-Controlling Interest	-	(6,742)
Share of net assets disposed as at 31/08/2019	-	12,759
Goodwill	-	6,921
Carrying amount of net assets disposed	-	19,680
Gain on disposal	-	6,090
Disposal proceed	-	25,770
Less : Cash and bank balances	-	(557)
Less : Bank overdraft	-	1,877
Net cash inflow from disposal of subsidiary	<u>-</u>	<u>27,090</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 2020 with the accompanying explanatory notes attached to these interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Non-distributable					Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Employees Share Option Reserve RM'000	Translation Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
<b>Current year-to-date ended 31 December 2020</b>									
<b>As at 1 July 2020</b>	72,018	(13,649)	787	3,474	14,288	237,712	314,630	21,767	336,397
Profit for the period	-	-	-	-	-	12,778	12,778	994	13,772
Other comprehensive income									
- Foreign currency translation differences	-	-	-	629	-	-	629	788	1,417
<b>Total comprehensive income for the period</b>	-	-	-	629	-	12,778	13,407	1,782	15,189
<b>Contributions by and distributions to owners of the Company :</b>									
Employees' share option granted	-	-	131	-	-	-	131	-	131
Employees' share option exercised	163	-	(37)	-	-	-	126	-	126
Dividends to owners of the Company									
- by the Company	-	-	-	-	-	(2,280)	(2,280)	-	(2,280)
- by subsidiary to non-controlling interests	-	-	-	-	-	-	-	(100)	(100)
Purchase of treasury shares	-	(1,282)	-	-	-	-	(1,282)	-	(1,282)
Changes in ownership interest in subsidiary that do not result in a loss of control	-	-	-	-	-	(519)	(519)	-	(519)
<b>Total transactions with owners of the Company</b>	163	(1,282)	94	-	-	(2,799)	(3,824)	(100)	(3,924)
<b>As at 31 December 2020</b>	<b>72,181</b>	<b>(14,931)</b>	<b>881</b>	<b>4,103</b>	<b>14,288</b>	<b>247,691</b>	<b>324,213</b>	<b>23,449</b>	<b>347,662</b>



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2019

	← Non-distributable →					Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Employees Share Option Reserve RM'001	Translation Reserve RM'000	Capital Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
<b>Preceding year corresponding period ended 31 December 2019</b>									
<b>As at 1 July 2019</b>	71,515	(9,880)	457	2,926	7,790	247,968	320,776	28,227	349,003
Profit for the period	-	-	-	-	-	12,984	12,984	1,809	14,793
Other comprehensive income									
- Foreign currency translation differences	-	-	-	(732)	-	-	(732)	(467)	(1,199)
<b>Total comprehensive income for the period</b>	-	-	-	(732)	-	12,984	12,252	1,342	13,594
<b>Contributions by and distributions to owners of the Company :</b>									
Dividend payable by the Company	-	-	-	-	-	(13,390)	(13,390)	-	(13,390)
Disposal of a subsidiary	-	-	-	-	-	-	-	(6,742)	(6,742)
Changes in ownership interest in subsidiary that do not result in a loss of control	-	-	-	-	-	(514)	(514)	549	35
Employees' share option granted	-	-	278	-	-	-	278	-	278
Employees' share option exercised	346	-	(41)	-	-	-	305	-	305
<b>Total transactions with owners of the Company</b>	346	-	237	-	-	(13,904)	(13,321)	(6,193)	(19,514)
<b>As at 31 December 2019</b>	71,861	(9,880)	694	2,194	7,790	247,048	319,707	23,376	343,083

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 2020 with the accompanying explanatory notes attached to these interim financial statements.



**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)  
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**Notes on the quarterly report – 31 December 2020**

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

**A1. Basis of Preparation**

These condensed consolidated financial statements, for the period ended 31 December 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 financial year ended (“FYE”) 30 June 2020.

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 FYE 30 June 2020.

**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.





**SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)  
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**Notes on the quarterly report – 31 December 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 period: -

**MFRSs and IC Interpretations (including the Consequential Amendments)**

<b><u>Standard issued but not effective</u></b>		<b><u>Effective date</u></b>
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
Amendments to MFRS 16	: COVID -19 – Related Rent Concessions	1 June 2020
Amendments to MFRS 9 MFRS 139, MFRS7	: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 9, MFRS 139, MFRS7, MFRS4 and MFRS 16	: Interest Rate Benchmark Reform – Phase 2	1 January 2021
MFRS 17 Amendments to MFRS 17 Insurance Contracts	: Insurance Contracts	1 January 2023
Amendments to MFRS 101	: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2023

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 – 31 December 2020**

**A3. Qualification of Annual Financial Statements**

The latest audited consolidated financial statements of STC for the FYE 30 June 2020 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 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 FPE 31 December 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 period under review.

a) Share Buy Back

During the FPE 31 December 2020, the Company repurchased 2,226,300 units of its issued share capital from the open market at average cost of RM0.5761 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 2020 including transaction costs was RM1,282,662 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 2020, the number of treasury shares held was 22,076,254 STC Shares at an average cost of RM0.6763 per STC Share out of its 249,976,100 STC shares.

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

During the FPE 31 December 2020, a total number of 233,000 ordinary shares were issued under the Company’s ESOS, increasing the issued ordinary shares of the Company to 249,976,100 ordinary shares as at 31 December 2020.



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

**Notes on the quarterly report – 31 December 2020**

**A8. Dividend Paid**

On 11 November 2020, the Company declared a tax-exempt single-tier dividend of RM0.01 per ordinary shares on 227,970,346 ordinary shares in respect of the financial year ending 30 June 2021 amounting to RM2,279,703 and paid on 7 December 2020 to shareholders whose names appeared in Company’s record of depositors on 26 November 2020.

In the previous year corresponding FPE 31 December 2019, the Company declared an interim tax-exempt single-tier dividend of RM0.022 per ordinary shares and a special tax-exempt single-tier dividend of RM0.035 per ordinary share on 234,904,146 ordinary shares in respect of the FYE 30 June 2020 amounting to a total of RM13,389,535, which was paid on 7 October 2019 to shareholders whose name appeared in Company’s record of depository on 30 September 2019.



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

Notes on the quarterly report – 31 December 2020

A9. Segment Information

**Business Segments Revenue & Results**

Quarter Ended 31 December 2020	Transformer, lighting and related products RM’000	Process equipment RM’000	Eliminations RM’000	Consolidated RM’000
<b>REVENUE</b>				
External Sales	63,734	-	-	63,734
Inter-segment sales	-	-	-	-
Total Revenue	63,734	-	-	63,734
<b>RESULTS</b>				
Segment results				8,782
Unallocated corporate expenses				(800)
Finance cost				(79)
Interest income				362
Profit before taxation				8,265
Taxation				(1,557)
<b>Net profit for the period</b>				6,708
- From continuing operations				6,708
- From discontinued operations				-
<b>Profit for the period</b>				6,708
<b>Profit attributable to :</b>				
Owners of the Company				
- From continuing operations				6,319
- From discontinued operations				-
				6,319
Non-controlling interests				
- From continuing operations				389
- From discontinued operations				-
				389
				6,708
<b>Comprehensive income for the period :</b>				
Profit for the period				6,708
Other comprehensive income				857
<b>Total comprehensive income for the period</b>				7,565
<b>Total comprehensive income attributable to :</b>				
Owners of the Company				
- From continuing operations				6,544
- From discontinued operations				-
				6,544
Non-controlling interests				
- From continuing operations				1,021
- From discontinued operations				-
				1,021
<b>Total comprehensive income for the period</b>				7,565



SUCCESS TRANSFORMER CORPORATION BERHAD (“STC”)  
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Notes on the quarterly report – 31 December 2020

Six Months Ended 31 December 2020	Transformer, lighting and related products RM'000	Process equipment RM'000	Eliminations RM'000	Consolidated RM'000
<b>REVENUE</b>				
External Sales	134,030	-	-	134,030
Inter-segment sales	-	-	-	-
Total Revenue	<u>134,030</u>	<u>-</u>	<u>-</u>	<u>134,030</u>
<b>RESULTS</b>				
Segment results				19,655
Unallocated corporate expenses				(1,193)
Finance cost				(177)
Interest income				613
Profit before taxation				<u>18,898</u>
Taxation				<u>(5,126)</u>
<b>Net profit for the period</b>				
- From continuing operations				13,772
- From discontinued operations				-
<b>Profit for the period</b>				<u><u>13,772</u></u>
<b>Profit attributable to :</b>				
Owners of the Company				
- From continuing operations				12,778
- From discontinued operations				-
				<u>12,778</u>
Non-controlling interests				
- From continuing operations				994
- From discontinued operations				-
				<u>994</u>
				<u><u>13,772</u></u>
<b>Comprehensive income for the period :</b>				
Profit for the period				13,772
Other comprehensive income				1,417
<b>Total comprehensive income for the period</b>				<u><u>15,189</u></u>
<b>Total comprehensive income attributable to :</b>				
Owners of the Company				
- From continuing operations				13,407
- From discontinued operations				-
				<u>13,407</u>
Non-controlling interests				
- From continuing operations				1,782
- From discontinued operations				-
				<u>1,782</u>
<b>Total comprehensive income for the period</b>				<u><u>15,189</u></u>



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

Notes on the quarterly report – 31 December 2020

Quarter Ended 31 December 2019	Transformer, lighting and related products RM'000	Process equipment RM'000	Eliminations RM'000	Consolidated RM'000
<b>REVENUE</b>				
External Sales	64,714	-	-	64,714
Inter-segment sales	-	-	-	-
Total Revenue	<u>64,714</u>	<u>-</u>	<u>-</u>	<u>64,714</u>
<b>RESULTS</b>				
Segment results				3,994
Unallocated corporate expenses				(529)
Finance cost				(136)
Interest income				<u>348</u>
Profit before taxation				3,677
Taxation				<u>(1,389)</u>
<b>Net profit for the period</b>				
- From continuing operations				2,288
- From discontinued operations				<u>-</u>
<b>Profit for the period</b>				<u>2,288</u>
<b>Profit attributable to :</b>				
Owners of the Company				
- From continuing operations				1,673
- From discontinued operations				<u>-</u>
				1,673
Non-controlling interests				
- From continuing operations				615
- From discontinued operations				<u>-</u>
				615
				<u>2,288</u>
<b>Comprehensive income / (loss) for the period :</b>				
Profit for the period				2,288
Other comprehensive expense				(337)
<b>Total comprehensive income for the period</b>				<u>1,951</u>
<b>Total comprehensive income attributable to :</b>				
Owners of the Company				
- From continuing operations				1,299
- From discontinued operations				<u>-</u>
				1,299
Non-controlling interests				
- From continuing operations				652
- From discontinued operations				<u>-</u>
				652
<b>Total comprehensive income for the period</b>				<u>1,951</u>



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

**Notes on the quarterly report – 31 December 2020**

<b>Six Months Ended 31 December 2019</b>	<b>Transformer, lighting and related products RM'000</b>	<b>Process equipment RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>REVENUE</b>				
External Sales	131,308	7,058	-	138,366
Inter-segment sales	-	-	-	-
Total Revenue	<u>131,308</u>	<u>7,058</u>	<u>-</u>	<u>138,366</u>
<b>RESULTS</b>				
Segment results				20,050
Unallocated corporate expenses				(1,138)
Finance cost				(694)
Interest income				<u>596</u>
Profit before taxation				18,814
Taxation				<u>(4,021)</u>
<b>Net profit / (loss) for the period</b>				
- From continuing operations				15,185
- From discontinued operations				<u>(392)</u>
<b>Profit for the period</b>				<u>14,793</u>
<b>Profit / (Loss) attributable to :</b>				
Owners of the Company				
- From continuing operations				13,213
- From discontinued operations				<u>(229)</u>
				12,984
Non-controlling interests				
- From continuing operations				1,646
- From discontinued operations				<u>163</u>
				1,809
				<u>14,793</u>
<b>Comprehensive income / (loss) for the period :</b>				
Profit for the period				14,793
Other comprehensive expense				<u>(1,199)</u>
<b>Total comprehensive income for the period</b>				<u>13,594</u>
<b>Total comprehensive income / (loss) attributable to :</b>				
Owners of the Company				
- From continuing operations				12,481
- From discontinued operations				<u>(229)</u>
				12,252
Non-controlling interests				
- From continuing operations				1,179
- From discontinued operations				<u>163</u>
				1,342
<b>Total comprehensive income for the period</b>				<u>13,594</u>



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

Notes on the quarterly report – 31 December 2020

A9. Segment Information - (Cont’d)

**Geographical Segments Revenue & Results**

Quarter Ended 31 December 2020	Malaysia RM’000	Overseas RM’000	Eliminations RM’000	Consolidated RM’000
<b>REVENUE</b>				
External Sales	35,680	28,054	-	63,734
Inter-segment sales	-	5,523	(5,523)	-
<b>Total Revenue</b>	<b>35,680</b>	<b>33,577</b>	<b>(5,523)</b>	<b>63,734</b>
<b>RESULTS</b>				
Segment results				8,782
Unallocated corporate expenses				(800)
Finance cost				(79)
Interest income				362
Profit before taxation				8,265
Taxation				(1,557)
<b>Net profit for the period</b>				
- From continuing operations				6,708
- From discontinued operations				-
<b>Profit for the period</b>				<b>6,708</b>
<b>Profit attributable to :</b>				
Owners of the Company				
- From continuing operations				6,319
- From discontinued operations				-
				6,319
Non-controlling interests				
- From continuing operations				389
- From discontinued operations				-
				389
				<b>6,708</b>
<b>Comprehensive income for the period :</b>				
Profit for the period				6,708
Other comprehensive expense				857
<b>Total comprehensive profit for the period</b>				<b>7,565</b>
<b>Total comprehensive income attributable to :</b>				
Owners of the Company				
- From continuing operations				6,544
- From discontinued operations				-
				6,544
Non-controlling interests				
- From continuing operations				1,021
- From discontinued operations				-
				1,021
<b>Total comprehensive profit for the period</b>				<b>7,565</b>





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

Notes on the quarterly report – 31 December 2020

Six Months Ended 31 December 2020	Malaysia RM'000	Overseas RM'000	Eliminations RM'000	Consolidated RM'000
<b>REVENUE</b>				
External Sales	79,095	54,935	-	134,030
Inter-segment sales	-	11,168	(11,168)	-
Total Revenue	<u>79,095</u>	<u>66,103</u>	<u>(11,168)</u>	<u>134,030</u>
<b>RESULTS</b>				
Segment results				19,655
Unallocated corporate expenses				(1,193)
Finance cost				(177)
Interest income				613
Profit before taxation				<u>18,898</u>
Taxation				<u>(5,126)</u>
<b>Net profit for the period</b>				
- From continuing operations				13,772
- From discontinued operations				-
<b>Profit for the period</b>				<u>13,772</u>
<b>Profit attributable to :</b>				
Owners of the Company				
- From continuing operations				12,778
- From discontinued operations				-
				<u>12,778</u>
Non-controlling interests				
- From continuing operations				994
- From discontinued operations				-
				<u>994</u>
				<u>13,772</u>
<b>Comprehensive income for the period :</b>				
Profit for the period				13,772
Other comprehensive expense				1,417
<b>Total comprehensive profit for the period</b>				<u>15,189</u>
<b>Total comprehensive income attributable to :</b>				
Owners of the Company				
- From continuing operations				13,407
- From discontinued operations				-
				<u>13,407</u>
Non-controlling interests				
- From continuing operations				1,782
- From discontinued operations				-
				<u>1,782</u>
<b>Total comprehensive profit for the period</b>				<u>15,189</u>



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

**Notes on the quarterly report – 31 December 2020**

<b>Quarter Ended 31 December 2019</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	33,385	31,329	-	64,714
Inter-segment sales	-	2,267	(2,267)	-
<b>Total Revenue</b>	<b>33,385</b>	<b>33,596</b>	<b>(2,267)</b>	<b>64,714</b>
<b>RESULTS</b>				
Segment results				3,994
Unallocated corporate expenses				(529)
Finance cost				(136)
Interest income				348
Profit before taxation				3,677
Taxation				(1,389)
<b>Net profit for the period</b>				
- From continuing operations				2,288
- From discontinued operations				-
<b>Profit for the period</b>				<b>2,288</b>
<b>Profit attributable to :</b>				
Owners of the Company				
- From continuing operations				1,673
- From discontinued operations				-
				1,673
Non-controlling interests				
- From continuing operations				615
- From discontinued operations				-
				615
				2,288
<b>Comprehensive income /(loss) for the period :</b>				
Profit for the period				2,288
Other comprehensive loss				(337)
<b>Total comprehensive income for the period</b>				<b>1,951</b>
<b>Total comprehensive income attributable to :</b>				
Owners of the Company				
- From continuing operations				1,299
- From discontinued operations				-
				1,299
Non-controlling interests				
- From continuing operations				652
- From discontinued operations				-
				652
<b>Total comprehensive income for the period</b>				<b>1,951</b>



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

**Notes on the quarterly report – 31 December 2020**

<b>Six Months Ended 31 December 2019</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	73,937	64,429	-	138,366
Inter-segment sales	-	8,250	(8,250)	-
<b>Total Revenue</b>	<b>73,937</b>	<b>72,679</b>	<b>(8,250)</b>	<b>138,366</b>
<b>RESULTS</b>				
Segment results				20,050
Unallocated corporate expenses				(1,138)
Finance cost				(694)
Interest income				596
Profit before taxation				18,814
Taxation				(4,021)
<b>Net profit / (loss) for the period</b>				
- From continuing operations				15,185
- From discontinued operations				(392)
<b>Profit for the period</b>				<b>14,793</b>
<b>Profit / (Loss) attributable to :</b>				
Owners of the Company				
- From continuing operations				13,213
- From discontinued operations				(229)
				12,984
Non-controlling interests				
- From continuing operations				1,646
- From discontinued operations				163
				1,809
				14,793
<b>Comprehensive income /(loss) for the period :</b>				
Profit for the period				14,793
Other comprehensive loss				(1,199)
<b>Total comprehensive income for the period</b>				<b>13,594</b>
<b>Total comprehensive income / (loss) attributable to :</b>				
Owners of the Company				
- From continuing operations				12,481
- From discontinued operations				(229)
				12,252
Non-controlling interests				
- From continuing operations				1,179
- From discontinued operations				163
				1,342
<b>Total comprehensive income for the period</b>				<b>13,594</b>



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

**Notes on the quarterly report – 31 December 2020**

**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 31 December 2020.

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

There were no material events subsequent to the FPE 31 December 2020.

**A13. Changes in the composition of the Group**

Save as disclosed below, there was no changes in the composition of the Group during the FPE 31 December 2020.

- a) On 1 July 2020, STC acquired an additional 5% equity interest in Omega Metal Industries Sdn Bhd (“**OMI**”) from its non-controlling interests for a total cash consideration of RM174,000. Following the completion of the acquisition, OMI became a wholly owned subsidiary of STC.
- b) On 2 November 2020, STC acquired an additional 5% equity interest in Daiichi Steel Sdn Bhd (“**DS**”) from its non-controlling interests for a total cash consideration of RM90,000. Following the completion of the acquisition, DS became a wholly owned subsidiary of STC.

**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.



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

**Notes on the quarterly report – 31 December 2020**

**A15. Discontinued operation**

Seremban Engineering Berhad (“SEB”) has ceased to be a subsidiary company of STC subsequent to the disposal of 52,000,000 ordinary shares in SEB by STC, representing 65% of the entire equity interest in SEB 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 are as follow:

	<b>3 months</b>	<b>3 months</b>	<b>6 months period ended</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>31-Dec-2020</b>	<b>31-Dec-2019</b>	<b>31-Dec-2020</b>	<b>31-Dec-2019</b>
Revenue	-	-	-	7,058
Other income	-	-	-	94
Operating expenses	-	-	-	(1,465)
Operating loss before tax	-	-	-	(392)
Taxation	-	-	-	-
Net loss after tax	-	-	-	(392)
Cash flow ( used in ) / generated from discontinued operations				
Operating activities	-	-	-	(4,251)
Investing activities	-	-	-	-
Financing activities	-	-	-	1,091
Net cash flows	-	-	-	(3,160)



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

**Notes on the quarterly report – 31 December 2020**

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

**B1. Review of Performance**

	3 Months Period Ended		Changes (%)	6 Months Period Ended		Changes (%)
	31-Dec-20 RM'000	31-Dec-19 RM'000		31-Dec-20 RM'000	31-Dec-19 RM'000	
Revenue	63,734	64,714	-2%	134,030	138,366	-3%
- From continuing operations	63,734	64,714	-2%	134,030	131,308	2%
- From discontinued operations	-	-	N/A	-	7,058	-100%
Profit before tax	8,265	3,677	125%	18,898	18,814	0%
Taxation	(1,557)	(1,389)	12%	(5,126)	(4,021)	27%
Net profit / (loss) after tax	6,708	2,288	193%	13,772	14,793	-7%
- From continuing operations	6,708	2,288	193%	13,772	15,185	-9%
- From discontinued operations	-	-	N/A	-	(392)	100%
<b>Profit / (Loss) attributable to Owners of the Company :</b>						
	6,319	1,673	278%	12,778	12,984	-2%
- From continuing operations	6,319	1,673	278%	12,778	13,213	-3%
- From discontinued operations	-	-	N/A	-	(229)	100%

**Current quarter review**

The Group recorded a revenue of RM63.73 million for the current quarter ended 31 December 2020 as compared to RM64.71 million in the previous year corresponding quarter, showing a decrease of RM0.98 million or approximately 2%. The decrease of revenue was mainly due to decrease in sales from overseas market despite sales increase from local market.

Profit after tax (“PAT”) attributable to owners of the Company of RM6.32 million for the current quarter ended 31 December 2020 as compared to RM1.67 million in the previous year corresponding quarter, showing an increase of RM4.65 million or approximately 278%. This was mainly due to lower operating cost, as a result of cost optimisation programmes.

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.

**Six months’ financial period review**

The Group recorded a revenue of RM134.03 million for the FPE 31 December 2020 as compared to RM138.37 million in the previous year corresponding financial period, showing a decrease of RM4.34 million or approximately 3%. These was mainly due to the Discontinued operation of the process equipment segment as a result of the disposal on 3 September 2019 (“Disposal”) despite increase in sales from transformer and lighting segment which mainly due to increase in sales from local market.



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

**Notes on the quarterly report – 31 December 2020**

PAT attributable to owners of the Company from continuing operations of RM12.78 million for the FPE 31 December 2020 as compared to RM13.21 million in the previous year corresponding financial period, showing a decrease of RM0.43 million or approximately 3%. This was mainly due to one-off gain on the Disposal amounting to RM6.09 million in the previous year corresponding quarter.

However, excluding the one-off gain on Disposal in the previous year corresponding financial period, PAT attributable to owners of the Company was increase as compared to the previous year corresponding financial period. This was mainly due to the increase in sales from transformer and lighting segment and lower operating cost, as a result of cost optimisation programmes.

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 under review.

**B2. Variation of Results against Preceding Quarter**

	<b>Current Quarter 31-Dec-20 RM'000</b>	<b>Preceding Quarter 30-Sep-20 RM'000</b>	<b>Changes (%)</b>
Revenue	63,734	70,296	(9)
Profit before tax	8,265	10,633	(22)
Taxation	<u>(1,557)</u>	<u>(3,569)</u>	56
<b>Net profit after tax</b>	<b><u>6,708</u></b>	<b><u>7,064</u></b>	(5)
<b>Profit attributable to Owners of the Company</b>	<b><u>6,319</u></b>	<b><u>6,459</u></b>	(2)

The Group recorded a revenue of RM63.73 million for the current quarter ended 31 December 2020 as compared to revenue of RM70.30 million in the preceding quarter, showing a decrease of RM6.57 million or 9%. The decrease of revenue was mainly due to decrease in sales from local market despite sales increase from overseas market.

PAT attributable to owners of the Company of RM6.32 million for the current quarter ended 31 December 2020 as compared to RM6.46 million in the preceding quarter, showing a decrease of RM0.14 million or 2%. This was mainly due to decrease in sales from local market however offset by the reversal of inventories written down during the quarter under review.



Notes on the quarterly report – 31 December 2020

**B3. Prospects**

The Covid-19 pandemic has continuously resulted in high uncertainties in the global and domestic economy.

To face the challenges ahead, the Group is continuing to leverage on its strong track record, by extending customer networking and wider range of products by expanding and penetrating into both existing and new markets. In addition, the Group will continue to put concerted efforts to establish strategic alliances to upgrade existing products and develop new product range.

Barring any unforeseen circumstances, the Group believe that overall performance for the financial year ending 30 June 2021 will remain satisfactory.

**B4. Profit Forecast or Profit Guarantee**

Not applicable as there was no profit forecast or profit guarantee issued by the Group as at 31 December 2020.

**B5. Tax Expense**

	3 Months Ended		6 Months Ended	
	31-Dec-2020	31-Dec-2019	31-Dec-2020	31-Dec-2019
	RM'000	RM'000	RM'000	RM'000
Income tax	1,507	1,404	4,594	3,716
Deferred tax	50	(15)	532	305
Total	<u>1,557</u>	<u>1,389</u>	<u>5,126</u>	<u>4,021</u>

The effective tax rate for the current quarter is lower than statutory tax rate was mainly due to non-taxable income.

While for cumulative quarter the effective tax rate is higher than statutory tax rate was mainly due to adding back of non-allowable expenses.





**Notes on the quarterly report – 31 December 2020**

**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.

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 23 February 2021, a total number of 1,962,700 ESOS options were exercised.

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

<b>Director</b>	<b>ESOS Options Offered (Units)</b>	<b>Exercised during the period (Units)</b>	<b>Outstanding (Units) As at 23 February 2021</b>
Tan Wei Neng	232,700	69,800	162,900



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

**Notes on the quarterly report – 31 December 2020**

**B7. Group Borrowings**

The Group’s borrowings as at 31 December 2020 were as follows:

	<b>Payable within 12 months RM'000</b>	<b>Payable after 12 Months RM'000</b>
<u>Secured</u>		
Bank Borrowings	346	1,126
Total Borrowings	<u>346</u>	<u>1,126</u>

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

	<b>Amount RM'000</b>
Singaporean Dollar	1,472
Total Borrowings	<u>1,472</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 quarter under review save as disclosed in Note A8.



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

**Notes on the quarterly report – 31 December 2020**

**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 current quarter and FPE 31 December 2020 are computed as follow: -

	3 Months Ended		6 Months Ended	
	31-Dec 2020	31-Dec 2019	31-Dec 2020	31-Dec 2019
Profit / (Loss) attributable to Owners of the Company (RM'000)				
- From continuing operations	6,319	1,673	12,778	13,213
- From discontinued operations	-	-	-	(229)
	<u>6,319</u>	<u>1,673</u>	<u>12,778</u>	<u>12,984</u>
Weighted average number of STC Shares in issue ('000)	229,311	234,892	228,980	234,892
Basic earnings / (loss) per STC Share (sen)				
- From continuing operations	2.76	0.71	5.59	5.63
- From discontinued operations	-	-	-	(0.10)
	<u>2.76</u>	<u>0.71</u>	<u>5.59</u>	<u>5.53</u>



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

**Notes on the quarterly report – 31 December 2020**

**(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 earnings per share for the current quarter and FPE 31 December 2020 have been retrospectively adjusted to reflect the unexercised ESOS as disclosed in Note B6.

	<b>3 Months Ended</b>		<b>6 Months Ended</b>	
	<b>31-Dec 2020</b>	<b>31-Dec 2019</b>	<b>31-Dec 2020</b>	<b>31-Dec 2019</b>
Profit / (Loss) attributable to Owners of the Company (RM'000)				
- From continuing operations	6,319	1,673	12,778	13,213
- From discontinued operations	-	-	-	(229)
	<u>6,319</u>	<u>1,673</u>	<u>12,778</u>	<u>12,984</u>
Weighted average number of STC Shares in issue ('000)	229,311	234,892	228,980	234,892
Adjusted for unexercised Employees Share Option Scheme (‘000)	229,908	237,260	229,428	237,260
Diluted earnings / (loss) per STC Share (sen)				
- From continuing operations	2.75	0.71	5.57	5.57
- From discontinued operations	-	-	-	(0.10)
	<u>2.75</u>	<u>0.71</u>	<u>5.57</u>	<u>5.47</u>



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

**Notes on the quarterly report – 31 December 2020**

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

	3 Months Ended		6 Months Ended	
	31-Dec 2020 RM'000	31-Dec 2019 RM'000	31-Dec 2020 RM'000	31-Dec 2019 RM'000
<b>Other income / (loss)</b>				
Gain / (Loss) on disposal of property, plant and equipment	-	(96)	44	84
Gain on disposal of subsidiary company	-	-	-	6,090
Interest income	362	348	613	596
Other income	335	333	556	537
Reversal of allowance for impairment loss of inventories	1,548	1,472	1,548	1,582
Reversal of allowance for impairment losses on trade receivables	12	14	15	14
Interest expense	(79)	(136)	(177)	(694)
Allowance of impairment losses on trade receivables	-	(195)	(193)	(195)
Fair value of ESOS option	(59)	(139)	(125)	(278)
Loss on foreign currency exchange	(267)	(46)	(2,138)	(1,002)
Property, plant and equipment written off	(17)	(1)	(77)	(1)
Waiver of debt	(6)	-	(6)	-
Write down of inventories	-	-	(574)	-
Depreciation	(2,046)	(2,157)	(4,703)	(4,792)

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  
23 February 2021