

**ES CERAMICS TECHNOLOGY BHD**  
Company No. 627117-P  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 MAY 2017**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31-May-17	CORRESPONDING QUARTER ENDED 31-May-16	CURRENT YEAR TO DATE ENDED 31-May-17	CORRESPONDING YEAR TO DATE ENDED 31-May-16
	RM	RM	RM	RM
<b>Revenue</b>	<u>8,346,594</u>	<u>7,852,711</u>	<u>33,266,297</u>	<u>29,951,965</u>
<b>Operating profit</b>	1,357,735	2,336,914	7,834,079	8,722,931
Finance costs	(1,261)	(2,148)	(5,521)	(14,592)
Depreciation and amortisation	(556,462)	(467,662)	(2,096,249)	(1,800,154)
Interest income	107,408	69,179	298,309	277,080
<b>Profit before taxation</b>	<u>907,420</u>	<u>1,936,283</u>	<u>6,030,618</u>	<u>7,185,265</u>
Taxation	363,319	156,244	295,910	79,059
<b>Profit for the period</b>	<u>1,270,739</u>	<u>2,092,527</u>	<u>6,326,528</u>	<u>7,264,324</u>
<b>Other comprehensive income :</b>				
Foreign exchange translation difference	994,836	(256,945)	2,376,539	1,196,806
<b>Total comprehensive income for the period</b>	<u>2,265,575</u>	<u>1,835,582</u>	<u>8,703,067</u>	<u>8,461,130</u>
<b>Profit Attributable to :</b>				
Equity holders of the parent	1,270,739	2,092,527	6,326,528	7,264,324
Non-Controlling Interest	-	-	-	-
	<u>1,270,739</u>	<u>2,092,527</u>	<u>6,326,528</u>	<u>7,264,324</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	2,265,575	1,835,582	8,703,067	8,461,130
Non-Controlling Interest	-	-	-	-
	<u>2,265,575</u>	<u>1,835,582</u>	<u>8,703,067</u>	<u>8,461,130</u>
Earnings per share (sen)				
- Basic	<u>0.6</u>	<u>1.0</u>	<u>3.1</u>	<u>3.5</u>
- Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

*(The condensed consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2016)*

**ES CERAMICS TECHNOLOGY BHD**  
**Company No. 627117-P**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MAY 2017**

	AS AT 31-May-17 (UNAUDITED)	AS AT 31-May-16 (AUDITED)
	RM	RM
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	17,376,712	14,523,173
Intangible Assets	1,212,565	1,230,640
	18,589,277	15,753,813
<b>Current Assets</b>		
Inventories	3,530,145	2,398,729
Trade & Other Receivables	8,316,173	6,448,180
Current Tax Asset	277,371	300,394
Cash and Cash Equivalents	23,692,932	21,744,026
	35,816,621	30,891,329
<b>TOTAL ASSETS</b>	54,405,898	46,645,142
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Parent</b>		
Share Capital	20,551,510	20,551,510
Share Premium	2,359,801	2,359,801
Capital Reserve	715,680	715,680
Exchange Reserve	4,549,443	2,172,904
Retained Profit	21,955,709	16,862,272
	50,132,143	42,662,167
<b>Non-controlling interest</b>	-	-
<b>TOTAL EQUITY</b>	50,132,143	42,662,167
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Hire Purchase Payables	39,901	67,510
Deferred Taxation	-	296,000
	39,901	363,510
<b>Current Liabilities</b>		
Trade and Other Payables	4,201,736	3,593,897
Hire Purchase Payables	32,118	25,568
	4,233,854	3,619,465
<b>TOTAL LIABILITIES</b>	4,273,755	3,982,975
<b>TOTAL EQUITY AND LIABILITIES</b>	54,405,898	46,645,142
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>	24	21

*(The condensed consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2016)*

**ES CERAMICS TECHNOLOGY BHD**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to Owners of the Parent					Total Equity RM
	Share Capital RM	Share Premium RM	Capital Reserve RM	Exchange Reserve RM	Retained Profits RM	
Balance at 1 Jun 2016	20,551,510	2,359,801	715,680	2,172,904	16,862,272	42,662,167
Issue of Shares						-
Total comprehensive income for the period		-	-	2,376,539	6,326,528	8,703,067
Dividends paid					(1,233,091)	(1,233,091)
Balance at 31 May 2017	20,551,510	2,359,801	715,680	4,549,443	21,955,709	50,132,143

**For the Corresponding Quarter Ended 31 May 2016**

	Attributable to Owners of the Parent					Total Equity RM
	Share Capital RM	Share Premium RM	Capital Reserve RM	Exchange Reserve RM	Retained Profits RM	
Balance at 1 Jun 2015	19,704,980	1,646,256	1,031,083	976,098	9,597,948	32,956,365
Issue of Shares	846,530	236,612				1,083,142
Total comprehensive income for the period		476,933	(315,403)	1,196,806	7,264,324	8,622,660
Balance at 31 May 2016	20,551,510	2,359,801	715,680	2,172,904	16,862,272	42,662,167

*(The condensed consolidated Statement of changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2016)*

**ES CERAMICS TECHNOLOGY BHD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 MAY 2017**

	<b>CURRENT QUARTER ENDED 31-May-17</b>	<b>PRECEDING YEAR QUARTER ENDED 31-May-16</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	6,030,618	7,185,265
Adjustments for :-		
Depreciation, amortisation and impairment losses	2,096,249	1,800,154
Interest income and expenses	(292,788)	(262,488)
Other non-cash items	(458,960)	40,931
Operating profit before changes in working capital	<u>7,375,119</u>	<u>8,763,862</u>
Changes in working capital:		
Net change in inventories	(1,131,416)	(960,208)
Net change in receivables	(1,160,719)	785,100
Net change in payables	607,838	108,555
Cash flow from operations	<u>5,690,822</u>	<u>8,697,309</u>
Finance costs	(5,521)	(14,592)
Income tax refunded/(paid)	(88,065)	(87,275)
<b>Net cash flows from operating activities</b>	<u>5,597,236</u>	<u>8,595,442</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,777,655)	(2,179,988)
Interest income	298,309	277,080
Proceeds from disposal of property, plant and equipment	6,000	148,243
<b>Net cash used in investing activities</b>	<u>(3,473,346)</u>	<u>(1,754,665)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(1,233,091)	-
Drawdown / (Repayment) of term loan	-	(7,073)
Issuance of shares pursuant to exercise of share options	-	1,083,142
Drawdown / (Repayment) of hire purchase	(21,059)	(267,711)
<b>Net cash flows from financing activities</b>	<u>(1,254,150)</u>	<u>808,358</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	869,740	7,649,135
<b>Cash and cash equivalents at beginning of the year</b>	21,744,026	13,762,508
<b>Effect of changes in foreign exchange rates</b>	1,079,166	332,383
<b>Cash and cash equivalents at end of period</b>	<u><u>23,692,932</u></u>	<u><u>21,744,026</u></u>

*(The condensed consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2016)*

**ES CERAMICS TECHNOLOGY BHD** (Company No. 627117-P)  
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**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 MAY 2017**

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

**A1. Basis of Preparation**

The interim financial reports are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard 134 (“MFRS 134”) “Interim Financial Reporting” and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the ACE Market (“**ACE**”).

The interim financial report should be read in conjunction with the latest audited financial statements of ES Ceramics Technology Bhd (“**ESCTB**” or the “**Company**”) and its subsidiaries (“**Group**”) for the financial year ended 31 May 2016.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 May 2016, except for the adoption of the following new Malaysian Financial Reporting Standards (“MFRS”) and IC Interpretations (“IC Int.”) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial year:-

<b>MFRSs and IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017

**NOTES TO THE INTERIM FINANCIAL REPORT  
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Annual Improvements to MFRS Standards 2014 – 2016 Cycles:

- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

1 January 2018

The adoption and application of the amendments to MFRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group.

**A2. Auditors' Report on Preceding Annual Financial Statements**

The auditor's report on the financial statements of ESCTB for the financial year ended 31 May 2016 was not subject to any audit qualification.

**A3. Seasonal or Cyclical Factors**

The results of the Group were not materially affected by any seasonal or cyclical factors during the current quarter under review.

**A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the current quarter under review.

**A5. Material Changes in Estimates**

There were no changes in estimates that have a material effect on the current quarter's results.

**A6. Debts and Equity Securities**

There were no issuance and repayment of debts and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares for the current quarter under review.

**A7. Dividend paid**

There were no dividends paid for the current quarter under review.

**A8. Segmental Information**

The Group operates mainly in Malaysia and Thailand. As the Group is predominantly in the business operation of hand formers, no segment reporting by business segment is prepared.

**A9. Valuation of Property, Plant and Equipment**

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

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**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 MAY 2017**

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**A10. Material Events Subsequent To the End of the Quarter**

There are no material events subsequent to the current quarter that have not been reflected in this quarterly report.

**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current financial quarter.

**A12. Contingent Assets or Liabilities**

There were no contingent assets or contingent liabilities for the current quarter under review.

**A13. Capital Commitments**

There were no material capital commitments for the current quarter under review.

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**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 MAY 2017**

**B. ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1. Review of Performance**

	31-May-17	31-May-16	Variance	12 Months 31-May-17	12 Months 31-May-16	Variance
	(RM)	(RM)	%	(RM)	(RM)	%
Revenue	8,346,594	7,852,711	6.29	33,266,297	29,951,965	11.07
EBITDA	1,465,143	2,406,093	(39.11)	8,132,388	9,000,011	(9.64)
PBT	907,420	1,936,283	(53.14)	6,030,618	7,185,265	(16.07)
PAT	1,270,739	2,092,527	(39.27)	6,326,528	7,264,324	(12.91)

For the current quarter ended 31 May 2017, the Group recorded revenue of RM8.35 million, represents a slightly increase of 6.29% as compared to revenue of RM7.85 million for the corresponding quarter of the preceding year.

The Group achieved a profit before taxation of approximately RM0.91 million for the current quarter. This represents a decrease of 53.14% from the profit before taxation of approximately RM1.94 million registered in the corresponding quarter of the preceding year. The decrease was mainly resulting from higher operating cost due to increase in energy cost as well as raw material and more competitive pricing.

For the twelve (12) months ended 31 May 2017, the Group generated total revenue of approximately RM33.27 million which represents an increase of approximately 11.07% as compared to RM29.95 million achieved in the corresponding period of the preceding year.

For the same period, the Group achieved a profit before tax of approximately RM6.03 million which represents a decrease of 16.07% as compared to a profit before tax of approximately RM7.19 million registered in the corresponding period of the preceding year. The decrease was mainly due to higher operating cost as mentioned above and recognition of foreign exchange differences.

**B2. Comparison with Preceding Quarter's Results**

	Current Quarter 31.05.2017	Immediate preceding Quarter 28.02.2017	Changes
	RM	RM	%
Revenue	8,346,594	7,625,577	9.46
EBITDA	1,465,143	1,594,986	(8.14)
Profit before tax	907,420	1,052,294	(13.77)

Revenue registered in the current quarter of RM8.35 million represents an increase of 9.46% as compared to the revenue of RM7.63 million recorded in the immediate preceding quarter.



**NOTES TO THE INTERIM FINANCIAL REPORT  
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The Group's current quarter profit before taxation of approximately RM0.91 million has decreased by 13.77% as compared to the immediate preceding quarter. This was mainly due to higher operating cost.

**B3. Commentary on Prospect for the Current Financial Year**

The continued escalation of production cost due to increase in various essential cost components and shortage of workers coupled with fluctuation in exchange rates may pose challenges to the group's operations as well as its profitability. Nevertheless, the management is mindful of the challenges ahead and is taking measures to improve operational efficiencies, monitoring and controlling the operational expenses to achieve improved profitability and sustainable business growth.

The management shall continue to explore opportunities to enhance and improve the performance of the Group and is confident that barring any unforeseen circumstances the Group expects to achieve a favourable performance in the coming year.

**B4. Variance of Actual and Forecast Profit**

The Group has not provided any profit forecast and therefore no variance information is available for presentation.

**B5. Taxation**

	<b>Current quarter 31.05.2017</b>	<b>Current year to date 31.05.2017</b>
	<b>RM</b>	<b>RM</b>
Current year	(67,319)	90
Deferred taxation	(296,000)	(296,000)

The effective tax rate of the Group's current tax charge for the period was lower than the statutory tax rate mainly due to tax incentives enjoyed by subsidiary companies.

**B6. Status of Corporate Proposals**

There was no corporate proposal announced but not completed as at the date of this report.

**B7. Borrowings and Debt Securities**

The Group's borrowings as at 31 May 2017 are as follows:

	<b>At end of current quarter 31 May 2017 (RM)</b>		
	<b>Short term Borrowings</b>	<b>Long term borrowings</b>	<b>Total Borrowings</b>
<b>Secured:</b>			
Hire Purchase	32,118	39,901	72,019

**NOTES TO THE INTERIM FINANCIAL REPORT  
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**B8. Derivative Financial Instruments**

The Group does not have any derivative financial instruments as at the date of this report.

**B9. Material Litigation**

Save as disclosed below, the Company and its subsidiaries are not engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of the Company and its subsidiaries as at the date of this announcement.

On 9 May 2017, further to the announcement made on 27 March 2017, the Board of Directors wishes to announce that Kong Ah Choo's appeal to the Court of Appeal against the decision of the learned High Court Judge Dato' Mohd Zabidin Diah given on 27 February 2017 allowing the appeal by its wholly-owned subsidiary, namely Euroceramic Technologies Company Limited to set aside the Writ filed by Kong Ah Choo via Shah Alam Sessions Court Suit no. B52NCVC-155-07/2015 came up on 9 May 2017 for case management before the Registrar of the Court of Appeal who adjourned the appeal for further case management on 19 July 2017 pending the Grounds of Judgement of the learned High Court Judge. The appeal is fixed for further case management on 27 September 2017 for parties to file and exchange written submission and bundle of authorities and fixed the appeal for hearing on 9 October 2017.

On 2 May 2017, further to the announcement made on 28 March 2017, the Board of Directors wishes to announce that Shah Alam High Court has dismissed Kong Ah Choo's appeal against the Sessions' Court's decision to strike out his claim against its wholly-owned subsidiary, namely Easy Sun Sdn. Bhd.

On 15 June 2017, further to the announcement made on 2 May 2017, the Company wishes to announce that Kong Ah Choo's appeal to the Court of Appeal against the decision of the learned High Court Judge Datin Zalita Binti Dato' Zaidan given on 2 May 2017 dismissing Kong Ah Choo's appeal against the Sessions Court's decision to strike out his claim against its wholly-owned subsidiary, namely Easy Sun Sdn. Bhd is fixed for case management on 11 July 2017 before the Registrar of the Court of Appeal. On 11 July 2017, the appeal is fixed for further case management on 22 August 2017 pending the Appellant, Kong Ah Choo obtaining the grounds of judgment of the learned High Court Judge.

**B10. Dividend**

No interim dividend has been declared for the current quarter under review.

**B11. Disclosure of Realised and Unrealised Profits/(Losses)**

The breakdown of the retained earnings of the Group as of 31 May 2017 into realised and unrealised profits or losses, pursuant to the Listing Requirements of Bursa Securities, is as follows:

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Total group retained profits/(accumulated losses) of the Company and its subsidiaries	Current Quarter 31.05.17 RM'000
- Realised	24,965
- Unrealised	296
Less: Consolidation adjustments	(3,305)
Total group retained profits/(accumulated losses) as per consolidated accounts	21,956

**B12. Earnings Per Share**

	Current Quarter Ended 31.05.17	Current Year To Date 31.05.17
Net profit attributable to owner of the Company (RM'000)	1,271	6,327
Weighted average number of ordinary shares in issue ('000)	205,515	205,515
Basic earnings per share (sen)	0.6	3.1

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 31 May 2017.

**B13. Profit Before Taxation**

	Current Quarter 31.05.17 RM'000	Current Year To Date 31.05.17 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(107)	(298)
Other income including investment income	-	-
Interest expense	1	6
Depreciation and amortization	556	2,096
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain/(loss)	56	(65)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-