

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 MAY 2018**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31-May-18	CORRESPONDING QUARTER ENDED 31-May-17	CURRENT YEAR TO DATE ENDED 31-May-18	CORRESPONDING YEAR TO DATE ENDED 31-May-17
	RM	RM	RM	RM
<b>Revenue</b>	<u>5,901,524</u>	<u>8,346,594</u>	<u>25,185,734</u>	<u>33,266,297</u>
<b>Operating profit</b>	(201,017)	1,357,735	1,974,444	7,834,079
Finance costs	(1,068)	(1,261)	(4,173)	(5,521)
Depreciation and amortisation	(548,132)	(556,462)	(2,183,327)	(2,096,249)
Interest income	101,423	107,408	448,066	298,309
<b>Profit before taxation</b>	<u>(648,794)</u>	<u>907,420</u>	<u>235,010</u>	<u>6,030,618</u>
Taxation	(306)	363,319	(1,247)	295,910
<b>Profit for the period</b>	<u>(649,100)</u>	<u>1,270,739</u>	<u>233,763</u>	<u>6,326,528</u>
<b>Other comprehensive income :</b>				
Foreign exchange translation difference	(379,722)	994,836	(261,605)	2,376,539
<b>Total comprehensive income for the period</b>	<u>(1,028,822)</u>	<u>2,265,575</u>	<u>(27,842)</u>	<u>8,703,067</u>
<b>Profit Attributable to :</b>				
Equity holders of the parent	(649,100)	1,270,739	233,763	6,326,528
Non-Controlling Interest	-	-	-	-
	<u>(649,100)</u>	<u>1,270,739</u>	<u>233,763</u>	<u>6,326,528</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	(1,028,822)	2,265,575	(27,842)	8,703,067
Non-Controlling Interest	-	-	-	-
	<u>(1,028,822)</u>	<u>2,265,575</u>	<u>(27,842)</u>	<u>8,703,067</u>
Earnings per share (sen)				
- Basic	<u>(0.32)</u>	<u>0.62</u>	<u>0.11</u>	<u>3.08</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 2017)

**ES CERAMICS TECHNOLOGY BHD**

Company No. 627117-P  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MAY 2018**

	<b>AS AT 31-May-18 (UNAUDITED)</b>	<b>AS AT 31-May-17 (AUDITED)</b>
	<b>RM</b>	<b>RM</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	18,669,560	17,376,712
Intangible Assets	1,141,353	1,212,565
	<u>19,810,913</u>	<u>18,589,277</u>
<b>Current Assets</b>		
Inventories	3,628,417	3,530,145
Trade & Other Receivables	6,867,750	8,316,173
Current Tax Asset	352,018	277,371
Cash and Cash Equivalents	22,743,672	23,692,932
	33,591,857	35,816,621
<b>TOTAL ASSETS</b>	<u><u>53,402,770</u></u>	<u><u>54,405,898</u></u>
<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	4,287,838	4,549,443
Retained Profit	20,956,381	21,955,709
	48,871,210	50,132,143
<b>Non-controlling interest</b>	-	-
<b>TOTAL EQUITY</b>	<u><u>48,871,210</u></u>	<u><u>50,132,143</u></u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Hire Purchase Payables	77,449	39,901
Employee Benefit Obligation	36,297	-
	113,746	39,901
<b>Current Liabilities</b>		
Trade and Other Payables	4,369,309	4,201,736
Hire Purchase Payables	48,505	32,118
	4,417,814	4,233,854
<b>TOTAL LIABILITIES</b>	<u><u>4,531,560</u></u>	<u><u>4,273,755</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>53,402,770</u></u>	<u><u>54,405,898</u></u>
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>	<u><u>24</u></u>	<u><u>24</u></u>

*(The condensed consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2017)*

**ES CERAMICS TECHNOLOGY BHD**

Company No. 627117-P  
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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 2017	20,551,510	2,359,801	715,680	4,549,443	21,955,709	50,132,143
Issue of Shares						-
Total comprehensive income for the period		-	-	(261,605)	233,763	(27,842)
Dividends paid					(1,233,091)	(1,233,091)
Balance at 31 May 2018	20,551,510	2,359,801	715,680	4,287,838	20,956,381	48,871,210

***For the Corresponding Quarter Ended 31 May 2017***

	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

*(The condensed consolidated Statement of changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2017)*

**ES CERAMICS TECHNOLOGY BHD**Company No. 627117-P  
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MAY 2018**

	<b>CURRENT QUARTER ENDED 31-May-18</b>	<b>PRECEDING YEAR QUARTER ENDED 31-May-17</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	235,010	6,030,618
Adjustments for :-		
Depreciation, amortisation and impairment losses	2,183,327	2,096,249
Interest income and expenses	(443,893)	(292,788)
Other non-cash items	754,073	(458,960)
Operating profit before changes in working capital	<u>2,728,517</u>	<u>7,375,119</u>
Changes in working capital:		
Net change in inventories	(110,072)	(1,131,416)
Net change in receivables	1,448,423	(1,160,719)
Net change in payables	(716,468)	607,838
Cash flow from operations	<u>3,350,400</u>	<u>5,690,822</u>
Finance costs	(4,173)	(5,521)
Income tax refunded/(paid)	72,698	(88,065)
<b>Net cash flows from operating activities</b>	<u>3,418,925</u>	<u>5,597,236</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,379,900)	(3,777,655)
Interest income	448,066	298,309
Proceeds from disposal of property, plant and equipment	-	6,000
<b>Net cash used in investing activities</b>	<u>(2,931,834)</u>	<u>(3,473,346)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(1,233,091)	(1,233,091)
Drawdown / (Repayment) of hire purchase	(53,935)	(21,059)
<b>Net cash flows from financing activities</b>	<u>(1,287,026)</u>	<u>(1,254,150)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	(799,935)	869,740
<b>Cash and cash equivalents at beginning of the year</b>	23,692,932	21,744,026
<b>Effect of changes in foreign exchange rates</b>	(149,325)	1,079,166
<b>Cash and cash equivalents at end of period</b>	<u><u>22,743,672</u></u>	<u><u>23,692,932</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 2017)*

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**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 MAY 2018**

**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 2017.

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 2017, 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

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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 2017 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.

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**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.

**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 2018**

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

**B1. Review of Performance**

	31-May-18 (RM)	31-May-17 (RM)	Variance %	12 Months 31-May-18 (RM)	12 Months 31-May-17 (RM)	Variance %
Revenue	5,901,524	8,346,594	(29.29)	25,185,734	33,266,297	(24.29)
Operating Profit	(201,017)	1,357,735	(114.81)	1,974,444	7,834,079	(74.80)
Profit Before Interest and Tax	(647,726)	908,681	(171.28)	239,183	6,036,139	(96.04)
Profit Before Tax	(648,794)	907,420	(171.50)	235,010	6,030,618	(96.10)
Profit After Tax	(649,100)	1,270,739	(151.08)	233,763	6,326,528	(96.31)
Profit Attributable to Ordinary Equity Holders of the Parent	(649,100)	1,270,739	(151.08)	233,763	6,326,528	(96.31)

For the current quarter ended 31 May 2018, the Group recorded revenue of RM5.90 million, represents a decrease of 29.29% as compared to revenue of RM8.35 million for the corresponding quarter of the preceding year. The decrease was mainly due to lower output.

The Group registered a loss before taxation of approximately RM0.65 million against a profit before taxation of approximately RM0.91 million for the same period of the preceding year. The decrease was in line with the drop in revenue, increase in operating costs, variance in products mix and impairment loss on trade receivables.

For the twelve (12) months ended 31 May 2018, the Group generated total revenue of approximately RM25.19 million which represents a decrease of approximately 24.29% as compared to RM33.27 million achieved in the corresponding period of the preceding year.

For the same period, the Group achieved a profit before tax of approximately RM0.24 million which represents a decrease of 96.10% as compared to a profit before tax of approximately RM6.03 million registered in the corresponding period of the preceding year. The decrease was in tandem with the decrease in revenue, lower margin due to the product mix sold in the current quarter and higher operating costs.

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

	Current Quarter 31.05.2018 RM	Immediate preceding Quarter 28.02.2018 RM	Changes %
Revenue	5,901,524	6,768,445	(12.81)
Operating Profit	(201,017)	520,087	(>100)
Profit Before Interest and Tax	(647,726)	72,357	(>100)
Profit Before Tax	(648,794)	71,446	(>100)
Profit After Tax	(649,100)	71,140	(>100)
Profit Attributable to Ordinary Equity Holders of the Parent	(649,100)	71,140	(>100)

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 MAY 2018**

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Revenue registered in the current quarter of RM5.90 million represents a decrease of 12.81% as compared to the revenue of RM6.77 million recorded in the immediate preceding quarter.

The Group registered a loss before taxation of approximately RM0.65 million against a profit before taxation of approximately RM0.07 million as compared to the immediate preceding quarter. The decrease was mainly due to impairment loss on trade receivables, decrease in revenue as well as 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 31.05.2018</b>	<b>Current year to date 31.05.2018</b>
	<b>RM</b>	<b>RM</b>
Current year	306	1,247
Deferred taxation	-	-

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**

Save as disclosed below, there was no other corporate proposal announced but not completed as at the date of this report.

On 3 April 2018, on behalf of the Board of Directors of the Company, UOB Kay Hian Securities (M) Sdn Bhd ("UOBKH") announced that the Company proposed to undertake the establishment of a long term incentive plan, which comprised the proposed employees' share option scheme (ESOS) and the proposed share grant plan ("Proposed LTIP") of up to 30% of the total number of issued shares of the Company (excluding treasury share, if any) at any point in time during the duration of the Proposed LTIP, for eligible persons including the Directors of the Company.

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On 16 April 2018, UOBKH announced that the listing application and circular to shareholders for the Proposed LTIP had been submitted to Bursa Malaysia Securities Berhad (“Bursa Securities”).

On 23 April 2018, UOBKH announced that Bursa Securities had, vide its letter dated 20 April 2018 approved the listing and quotation of such number of shares representing up to 30% of the Company’s total number of issued shares, to be issued pursuant to the Proposed LTIP subject to the following:

- (i) UOBKH is required to submit a confirmation to Bursa Securities of full compliance of the Proposed LTIP pursuant to Rule 6.43(1) of the ACE Market Listing Requirements and stating the effective date of the implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and
- (ii) the Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of the Company’s shares listed pursuant to the Proposed LTIP as at the end of each quarter together with a detailed computation of listing fees payable.

On 16 May 2018, the Company announced that the shareholders of ES have at the Extraordinary General Meeting held on 16 May 2018, approved all the ordinary resolutions as set out in the notice of EGM dated 30 April 2018.

The voting in respect of the Ordinary Resolutions was carried out by way of a poll, results of which were validated by Mr. Lim Chee Beng, the independent scrutineer appointed by ES.

**B7. Borrowings and Debt Securities**

The Group’s borrowings as at 31 May 2018 are as follows:

	<b>At end of current quarter 31 May 2018 (RM)</b>		
	<b>Short term Borrowings</b>	<b>Long term borrowings</b>	<b>Total Borrowings</b>
<b>Secured:</b>			
Hire Purchase	48,505	77,449	125,954

**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 October 2017, further to the announcement made on 19 July 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

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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 October 2017 for hearing in the Court of Appeal and the Court of Appeal has dismissed the appeal with costs of RM10,000.

On 18 May 2018, further to the announcement made on 27 March 2018, the Company announced that the appeal filed by Kong Ah Choo against its wholly-owned subsidiary, namely Easy Sun Sdn Bhd (“Easy Sun”) via Shah Alam High Court Civil Appeal No. BA-12ANCVC-70-08/2016 against the decision of Shah Alam Sessions Court Suit no. B52NCVC-155-07/2015 in allowing Easy Sun’s application to strike out the Writ dated 24 July 2015 and the Statement of Claim dated 27 November 2015 which was heard on 27 March 2018 before the learned High Court Judge Datin Zalita Binti Dato’ Hj Zaidan has been dismissed with costs on 18 May 2018.

**B10. Dividend**

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

**B11. Earnings Per Share**

	Current Quarter Ended 31.05.18	Current Year To Date 31.05.18
Net profit attributable to owner of the Company (RM’000)	(649)	234
Weighted average number of ordinary shares in issue (‘000)	205,515	205,515
Basic earnings per share (sen)	(0.32)	0.11

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 31 May 2018.

**B12. Profit Before Taxation**

	Current Quarter 31.05.18 RM’000	Current Year To Date 31.05.18 RM’000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(101)	(448)
Other income including investment income	-	-
Interest expense	1	4
Depreciation and amortization	548	2,183
Provision for and write off of receivables	71	718
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)	(415)	(454)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-