

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MAY 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31-May-19	CORRESPONDING QUARTER ENDED 31-May-18	CURRENT YEAR TO DATE ENDED 31-May-19	CORRESPONDING YEAR TO DATE ENDED 31-May-18
	RM	RM	RM	RM
Revenue	<u>9,383,293</u>	<u>5,901,524</u>	<u>32,486,144</u>	<u>25,185,734</u>
Operating profit / (loss)	1,328,247	(201,017)	2,408,556	1,974,444
Finance costs	(3,392)	(1,068)	(10,937)	(4,173)
Depreciation and amortisation	(491,854)	(548,132)	(1,886,288)	(2,183,327)
Interest income	41,457	101,423	273,775	448,066
Profit / (Loss) before taxation	<u>874,458</u>	<u>(648,794)</u>	<u>785,106</u>	<u>235,010</u>
Taxation	773	(306)	1,139	(1,247)
Profit / (Loss) for the period	<u>875,231</u>	<u>(649,100)</u>	<u>786,245</u>	<u>233,763</u>
Other comprehensive income :				
Foreign exchange translation difference	1,505,841	(379,722)	1,945,223	(261,605)
Total comprehensive income for the period	<u>2,381,072</u>	<u>(1,028,822)</u>	<u>2,731,468</u>	<u>(27,842)</u>
Profit / (Loss) Attributable to :				
Equity holders of the parent	875,231	(649,100)	786,245	233,763
Non-Controlling Interest	-	-	-	-
	<u>875,231</u>	<u>(649,100)</u>	<u>786,245</u>	<u>233,763</u>
Total comprehensive income attributable to:				
Equity holders of the parent	2,381,072	(1,028,822)	2,731,468	(27,842)
Non-Controlling Interest	-	-	-	-
	<u>2,381,072</u>	<u>(1,028,822)</u>	<u>2,731,468</u>	<u>(27,842)</u>
Earnings per share (sen)				
- Basic	<u>0.43</u>	<u>(0.32)</u>	<u>0.38</u>	<u>0.11</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 2018)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2019

	AS AT 31-May-19 (UNAUDITED)	AS AT 31-May-18 (AUDITED)
	RM	RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	20,698,012	18,669,560
Intangible Assets	1,101,251	1,141,353
	<u>21,799,263</u>	<u>19,810,913</u>
Current Assets		
Inventories	4,626,617	3,628,416
Trade & Other Receivables	9,682,964	6,867,750
Current Tax Asset	258,452	352,018
Cash and Cash Equivalents	19,123,076	22,743,673
	<u>33,691,109</u>	<u>33,591,857</u>
TOTAL ASSETS	<u><u>55,490,372</u></u>	<u><u>53,402,770</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	22,911,311	20,551,510
Share Premium	-	2,359,801
Capital Reserve	732,561	715,680
Exchange Reserve	6,233,061	4,287,838
Retained Profit	20,509,535	20,956,381
	<u>50,386,468</u>	<u>48,871,210</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u><u>50,386,468</u></u>	<u><u>48,871,210</u></u>
LIABILITIES		
Non-Current Liabilities		
Hire Purchase Payables	52,019	77,449
Employee Benefit Obligation	37,878	36,297
Term Loan	230,421	-
	<u>320,318</u>	<u>113,746</u>
Current Liabilities		
Trade and Other Payables	4,757,099	4,369,309
Hire Purchase Payables	19,747	48,505
Term Loan	6,740	-
	<u>4,783,586</u>	<u>4,417,814</u>
TOTAL LIABILITIES	<u><u>5,103,904</u></u>	<u><u>4,531,560</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>55,490,372</u></u>	<u><u>53,402,770</u></u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u><u>25</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 2018)

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 2018	20,551,510	2,359,801	715,680	4,287,838	20,956,381	48,871,210
Transfer to share capital upon implementation of the Companies Act 2016	2,359,801	(2,359,801)				-
Total comprehensive income for the period		-	16,881	1,945,223	786,245	2,748,349
Dividends paid					(1,233,091)	(1,233,091)
Balance at 31 May 2019	22,911,311	-	732,561	6,233,061	20,509,535	50,386,468

For the Corresponding Quarter Ended 31 May 2018

	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

(The condensed consolidated Statement of changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2018)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MAY 2019

	CURRENT QUARTER ENDED 31-May-19	PRECEDING YEAR QUARTER ENDED 31-May-18
	RM	RM
Cash flows from operating activities		
Profit before taxation	785,106	235,010
Adjustments for :-		
Depreciation, amortisation and impairment losses	1,886,288	2,183,327
Interest income and expenses	(262,838)	(443,893)
Other non-cash items	(152,944)	754,073
Operating profit before changes in working capital	<u>2,255,612</u>	<u>2,728,517</u>
Changes in working capital:		
Net change in inventories	(998,201)	(110,072)
Net change in receivables	(2,381,713)	1,448,423
Net change in payables	387,790	(716,468)
Cash flow from operations	<u>(736,512)</u>	<u>3,350,400</u>
Finance costs	(10,937)	(4,173)
Income tax refunded/(paid)	108,660	72,698
Net cash flows from operating activities	<u>(638,789)</u>	<u>3,418,925</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,905,521)	(3,379,900)
Interest income	273,775	448,066
Proceeds from disposal of property, plant and equipment	80,936	-
Net cash used in investing activities	<u>(2,550,810)</u>	<u>(2,931,834)</u>
Cash flows from financing activities		
Dividends paid	(1,233,091)	(1,233,091)
Drawdown / (Repayment) of term loan	237,161	-
Drawdown / (Repayment) of hire purchase	(54,188)	(53,935)
Net cash flows from financing activities	<u>(1,050,118)</u>	<u>(1,287,026)</u>
Net increase / (decrease) in cash and cash equivalents	(4,239,717)	(799,935)
Cash and cash equivalents at beginning of the year	22,743,673	23,692,932
Effect of changes in foreign exchange rates	619,120	(149,324)
Cash and cash equivalents at end of period	<u><u>19,123,076</u></u>	<u><u>22,743,673</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 2018)

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 MAY 2019**

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 2018.

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 2018, 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:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective for annual periods beginning on or after
MFRS 9 <i>Financial Instruments</i> (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
IC Interpretation 23 <i>Uncertainty Over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 2: <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4: <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 9: <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 15: <i>Effective Date of MFRS 15</i>	1 January 2018
Amendments to MFRS 15: <i>Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’</i>	1 January 2018
Amendments to MFRS 119: <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 128: <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 MAY 2019**

Amendments to MFRS 140 - <i>Transfers of Investment Property</i>	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	1 January 2018
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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 2018 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.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 MAY 2019**

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

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 MAY 2019**

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

B1. Review of Performance

	31-May-19	31-May-18	Variance	12 Months 31-May-19	12 Months 31-May-18	Variance
	(RM)	(RM)	%	(RM)	(RM)	%
Revenue	9,383,293	5,901,524	59.00	32,486,144	25,185,734	28.99
Operating Profit	1,328,247	(201,017)	760.76	2,408,556	1,974,444	21.99
Profit Before Interest and Tax	877,850	(647,726)	235.53	796,043	239,183	232.82
Profit Before Tax	874,458	(648,794)	234.78	785,106	235,010	234.07
Profit After Tax	875,231	(649,100)	234.84	786,245	233,763	236.34
Profit Attributable to Ordinary Equity Holders of the Parent	875,231	(649,100)	234.84	786,245	233,763	236.34

For the current quarter ended 31 May 2019, the Group recorded revenue of RM9.38 million, represents an increase of 59% as compared to revenue of RM5.90 million for the corresponding quarter of the preceding year.

In line with the increase in turnover, the Group achieved a profit before taxation of approximately RM0.87 million for the current quarter. This represents an increase of 234.78% from the loss before taxation of approximately RM0.65 million registered in the corresponding quarter of the preceding year. The increase was mainly due to impairment loss on trade receivables incurred in the previous quarter.

For the twelve (12) months ended 31 May 2019, the Group generated total revenue of approximately RM32.49 million which represents an increase of approximately 28.99% as compared to RM25.19 million achieved in the corresponding period of the preceding year.

For the same period, the Group achieved a profit before tax of approximately RM0.79 million which represents an increase of 234.07% as compared to a profit before tax of approximately RM0.24 million registered in the corresponding period of the preceding year. The increase was in line with the revenue and no impairment loss on trade receivables incurred during the year.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 31.05.2019 RM	Immediate preceding Quarter 28.02.2019 RM	Changes %
Revenue	9,383,293	8,326,229	12.70
Operating Profit	1,328,247	(154,443)	960.02
Profit Before Interest and Tax	877,850	(578,654)	251.71
Profit Before Tax	874,458	(582,343)	250.16
Profit After Tax	875,231	(582,604)	250.23
Profit Attributable to Ordinary Equity Holders of the Parent	875,231	(582,604)	250.23

Revenue registered in the current quarter of RM9.38 million represents an increase of 12.70% as compared to the revenue of RM8.33 million recorded in the immediate preceding quarter.

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 MAY 2019**

The Group's current quarter profit before taxation of approximately RM0.87 million has increased by 250.16% as compared to the immediate preceding quarter. The increase was mainly due to decrease in operating costs.

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

	Current quarter 31.05.2019	Current year to date 31.05.2019
	RM	RM
Current year	(773)	(1,139)
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

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 2019 are as follows:

	At end of current quarter 31 May 2019 (RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
Secured:			
Hire Purchase	19,747	52,019	71,766
Term Loan	6,740	230,421	237,161
	26,487	282,440	308,927

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 MAY 2019**

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 2019, further to the announcement made on 1 April 2019, the Company announced that the suit filed by Kong Ah Choo against its wholly-owned subsidiary, namely Easy Sun Sdn. Bhd. via Shah Alam Sessions Court Suit no. B52NCVC-155-07/2015, the 1st, 3rd & 4th Defendants in the above matter are now represented by Messrs Douglas Yee. The trial of the above matter was originally fixed on 9 and 10 of May 2019. However, as the Learned Judge is not available on these trial dates, the Court has given a set of new trial dates as follows:- (i) 1 – 3 July 2019 (half day starting at 2pm); and (ii) 18 & 19 July 2019 (whole day)

On 4 July 2019, the Company announced that the trial that commenced on 1 July 2019 had been adjourned to 22 July 2019. The original trial dates on 2 July 2019, 3 July 2019, 18 July 2019 and 19 July 2019 were vacated by the Court.

The continued trial on 22 July 2019 has proceeded and the Court has adjourned the case for continuation of trial on 4 September 2019, 10 September 2019, 7 October 2019 and 30 October 2019.

B10. Dividend

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

B11. Earnings Per Share

	Current Quarter Ended 31.05.19	Current Year To Date 31.05.19
Net profit attributable to owner of the Company (RM'000)	875	786
Weighted average number of ordinary shares in issue ('000)	205,515	205,515
Basic earnings per share (sen)	0.43	0.38

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 31 May 2019.

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

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 MAY 2019**

B12. Profit Before Taxation

	Current Quarter 31.05.19 RM'000	Current Year To Date 31.05.19 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(41)	(274)
Other income including investment income	-	-
Interest expense	3	11
Depreciation and amortization	492	1,886
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)	(186)	(146)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-

