

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31-Aug-19	CORRESPONDING QUARTER ENDED 31-Aug-18	CURRENT YEAR TO DATE ENDED 31-Aug-19	CORRESPONDING YEAR TO DATE ENDED 31-Aug-18
	RM	RM	RM	RM
Revenue	<u>8,752,842</u>	<u>7,360,010</u>	<u>8,752,842</u>	<u>7,360,010</u>
Operating profit	1,451,413	792,306	1,451,413	792,306
Finance costs	(3,340)	(1,450)	(3,340)	(1,450)
Depreciation and amortisation	(486,742)	(451,625)	(486,742)	(451,625)
Interest income	44,736	107,474	44,736	107,474
Profit before taxation	<u>1,006,067</u>	<u>446,705</u>	<u>1,006,067</u>	<u>446,705</u>
Taxation	(236)	888	(236)	888
Profit for the period	<u>1,005,831</u>	<u>447,593</u>	<u>1,005,831</u>	<u>447,593</u>
Other comprehensive income :				
Foreign exchange translation difference	705,743	(235,087)	705,743	406,850
Total comprehensive income for the period	<u>1,711,574</u>	<u>212,506</u>	<u>1,711,574</u>	<u>854,443</u>
Profit Attributable to :				
Equity holders of the parent	1,005,831	447,593	1,005,831	447,593
Non-Controlling Interest	-	-	-	-
	<u>1,005,831</u>	<u>447,593</u>	<u>1,005,831</u>	<u>447,593</u>
Total comprehensive income attributable to:				
Equity holders of the parent	1,711,574	212,506	1,711,574	854,443
Non-Controlling Interest	-	-	-	-
	<u>1,711,574</u>	<u>212,506</u>	<u>1,711,574</u>	<u>854,443</u>
Earnings per share (sen)				
- Basic	<u>0.5</u>	<u>0.2</u>	<u>0.5</u>	<u>0.2</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 2019)

ES CERAMICS TECHNOLOGY BHD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2019

	AS AT 31-Aug-19 (UNAUDITED)	AS AT 31-May-19 (AUDITED)
	RM	RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	20,655,869	21,629,011
Intangible Assets	1,093,437	1,101,251
	<u>21,749,306</u>	<u>22,730,262</u>
Current Assets		
Inventories	4,678,643	4,626,617
Trade & Other Receivables	8,967,279	8,748,741
Current Tax Asset	197,428	258,452
Cash and Cash Equivalents	19,584,137	19,123,075
	<u>33,427,487</u>	<u>32,756,885</u>
TOTAL ASSETS	<u><u>55,176,793</u></u>	<u><u>55,487,147</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	22,911,311	22,911,311
Capital Reserve	743,836	732,561
Exchange Reserve	6,938,805	6,233,062
Retained Profit	21,515,364	20,509,533
	<u>52,109,316</u>	<u>50,386,467</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u><u>52,109,316</u></u>	<u><u>50,386,467</u></u>
LIABILITIES		
Non-Current Liabilities		
Hire Purchase Payables	48,903	52,019
Employee Benefit Obligation	38,793	37,878
Term Loan	211,888	225,489
	<u>299,584</u>	<u>315,386</u>
Current Liabilities		
Trade and Other Payables	2,725,325	4,753,875
Hire Purchase Payables	20,224	19,747
Term Loan	22,344	11,672
	<u>2,767,893</u>	<u>4,785,294</u>
TOTAL LIABILITIES	<u><u>3,067,477</u></u>	<u><u>5,100,680</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>55,176,793</u></u>	<u><u>55,487,147</u></u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u><u>25</u></u>	<u><u>25</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 2019)

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 2019	22,911,311	-	732,561	6,233,062	20,509,533	50,386,467
Issue of Shares						-
Total comprehensive income for the period		-	11,275	705,743	1,005,831	1,722,849
Dividends paid						-
Balance at 31 August 2019	22,911,311	-	743,836	6,938,805	21,515,364	52,109,316

For the Corresponding Quarter Ended 31 August 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 2018	20,551,510	2,359,801	715,680	4,287,838	20,956,381	48,871,210
Issue of Shares						-
Total comprehensive income for the period		-	-	(235,087)	447,593	212,506
Dividends paid						-
Balance at 31 August 2018	20,551,510	2,359,801	715,680	4,052,751	21,403,974	49,083,716

(The condensed consolidated Statement of changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2019)

ES CERAMICS TECHNOLOGY BHD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2019

	CURRENT QUARTER ENDED 31-Aug-19	PRECEDING YEAR QUARTER ENDED 31-Aug-18
	RM	RM
Cash flows from operating activities		
Profit before taxation	1,006,067	446,705
Adjustments for :-		
Depreciation, amortisation and impairment losses	486,742	451,625
Interest income and expenses	(41,396)	(106,024)
Other non-cash items	11,275	47,560
Operating profit before changes in working capital	<u>1,462,688</u>	<u>839,866</u>
Changes in working capital:		
Net change in inventories	52,026	41,797
Net change in receivables	(157,514)	735,676
Net change in payables	(1,006,323)	(1,708,694)
Cash flow from operations	<u>350,877</u>	<u>(91,355)</u>
Finance costs	(3,340)	(1,450)
Income tax refunded/(paid)	(236)	87,578
Net cash flows from operating activities	<u>347,301</u>	<u>(5,227)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(141,700)	(433,676)
Interest income	44,736	107,474
Proceeds from disposal of property, plant and equipment	-	6,228
Net cash used in investing activities	<u>(96,964)</u>	<u>(319,974)</u>
Cash flows from financing activities		
Drawdown / (Repayment) of term loan	(2,929)	-
Drawdown / (Repayment) of hire purchase	(2,639)	(12,350)
Net cash flows from financing activities	<u>(5,568)</u>	<u>(12,350)</u>
Net increase / (decrease) in cash and cash equivalents	244,769	(337,551)
Cash and cash equivalents at beginning of the year	19,123,075	22,743,673
Effect of changes in foreign exchange rates	216,293	92,868
Cash and cash equivalents at end of period	<u><u>19,584,137</u></u>	<u><u>22,498,990</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 2019)

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 AUGUST 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 2019.

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 2019, 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 16 <i>Leases</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
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 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
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
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019
• Amendments to MFRS 3 <i>Previously Held Interest in a Joint Operation</i>	
• Amendments to MFRS 11 <i>Previously Held Interest in a Joint Operation</i>	
• Amendments to MFRS 112 <i>Income Tax Consequences of Payments on Financial Instruments Classified as Equity</i>	
• Amendments to MFRS 123 <i>Borrowing Costs Eligible for Capitalisation</i>	

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.

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**NOTES TO THE INTERIM FINANCIAL REPORT
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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 2019 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.

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.

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

B1. Review of Performance

	31-Aug-19 (RM)	31-Aug-18 (RM)	Variance %	3 Months 31-Aug-19 (RM)	12 Months 31-Aug-18 (RM)	Variance %
Revenue	8,752,842	7,360,010	18.92	8,752,842	7,360,010	18.92
Operating Profit	1,451,413	792,306	83.19	1,451,413	792,306	83.19
Profit Before Interest and Tax	1,009,407	448,155	125.24	1,009,407	448,155	125.24
Profit Before Tax	1,006,067	446,705	125.22	1,006,067	446,705	125.22
Profit After Tax	1,005,831	447,593	124.72	1,005,831	447,593	124.72
Profit Attributable to Ordinary Equity Holders of the Parent	1,005,831	447,593	124.72	1,005,831	447,593	124.72

For the current quarter ended 31 August 2019, the Group recorded revenue of RM8.75 million, represents an increase of 18.92% as compared to revenue of RM7.36 million for the corresponding quarter of the preceding year.

The Group achieved a profit before taxation of approximately RM1.01 million for the current quarter. This represents an increase of 125.22% from the profit before taxation of approximately RM0.45 million registered in the corresponding quarter of the preceding year. The increase was mainly resulting from improved production activities as well as better products mix.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 31.08.2019 RM	Immediate preceding Quarter 31.05.2019 RM	Changes %
Revenue	8,752,842	9,383,293	(6.72)
Operating Profit	1,451,413	1,328,247	9.27
Profit Before Interest and Tax	1,009,407	877,850	14.99
Profit Before Tax	1,006,067	874,458	15.05
Profit After Tax	1,005,831	875,231	14.92
Profit Attributable to Ordinary Equity Holders of the Parent	1,005,831	875,231	14.92

Revenue registered in the current quarter of RM8.75 million represents a decrease of 6.72% as compared to the revenue of RM9.38 million recorded in the immediate preceding quarter.

The Group's current quarter profit before taxation of approximately RM1.01 million has increased by 15.05% as compared in the immediate preceding quarter. This was mainly due to better sales mix as mentioned above.

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

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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 31.08.2019	Current year to date 31.08.2019
	RM	RM
Current year	236	236
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 August 2019 are as follows:

	At end of current quarter 31 August 2019		
	(RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
Secured:			
Hire Purchase	20,224	48,903	69,127
Term Loan	22,344	211,888	234,232
	42,568	260,791	303,359

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.

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On 8 October 2019, further to the announcement made on 22 July 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 Plaintiff's second witness has completed giving his testimony on 7 October 2019. The Defendants, namely Easy Sun Sdn. Bhd., Dato Kamal YP Tan and Michael Gunalan Benedict will be starting their case on 30 October 2019. The Court has also fixed 18 November 2019 at 2.30 p.m. and 27 November 2019 at 2.30 p.m. for continuance for trial.

B10. Dividend

The Board of Directors has declared a single-tier ordinary dividend of RM0.006 per share in respect of the financial year ending 31 May 2020 and paid on 24 October 2019.

B11. Earnings Per Share

	Current Quarter Ended 31.08.19	Current Year To Date 31.08.19
Net profit attributable to owner of the Company (RM'000)	1,006	1,006
Weighted average number of ordinary shares in issue ('000)	205,515	205,515
Basic earnings per share (sen)	0.5	0.5

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

B12. Profit Before Taxation

	Current Quarter 31.08.19 RM'000	Current Year To Date 31.08.19 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(45)	(45)
Other income including investment income	-	-
Interest expense	3	3
Depreciation and amortization	487	487
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)	(27)	(27)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-