

ES CERAMICS TECHNOLOGY BHD
Registration No: 200301024697 (627117-P)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 NOVEMBER 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30-Nov-19	CORRESPONDING QUARTER ENDED 30-Nov-18	CURRENT YEAR TO DATE ENDED 30-Nov-19	CORRESPONDING YEAR TO DATE ENDED 30-Nov-18
	RM	RM	RM	RM
Revenue	<u>8,948,764</u>	<u>7,416,612</u>	<u>17,701,606</u>	<u>14,776,622</u>
Operating profit	1,462,940	442,446	2,914,353	1,234,752
Finance costs	(3,277)	(2,406)	(6,617)	(3,856)
Depreciation and amortisation	(491,085)	(469,669)	(977,827)	(921,294)
Interest income	68,375	75,915	113,111	183,389
Profit before taxation	<u>1,036,953</u>	<u>46,286</u>	<u>2,043,020</u>	<u>492,991</u>
Taxation	(222)	(261)	(458)	627
Profit for the period	<u>1,036,731</u>	<u>46,025</u>	<u>2,042,562</u>	<u>493,618</u>
Other comprehensive income :				
Foreign exchange translation difference	232,943	432,046	938,686	196,959
Total comprehensive income for the period	<u>1,269,674</u>	<u>478,071</u>	<u>2,981,248</u>	<u>690,577</u>
Profit Attributable to :				
Equity holders of the parent	1,036,731	46,025	2,042,562	493,618
Non-Controlling Interest	-	-	-	-
	<u>1,036,731</u>	<u>46,025</u>	<u>2,042,562</u>	<u>493,618</u>
Total comprehensive income attributable to:				
Equity holders of the parent	1,269,674	478,071	2,981,248	690,577
Non-Controlling Interest	-	-	-	-
	<u>1,269,674</u>	<u>478,071</u>	<u>2,981,248</u>	<u>690,577</u>
Earnings per share (sen)				
- Basic	<u>0.5</u>	<u>0.0</u>	<u>1.0</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
Registration No: 200301024697 (627117-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2019

	AS AT 30-Nov-19 (UNAUDITED)	AS AT 31-May-19 (AUDITED)
	RM	RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	20,435,217	21,629,011
Intangible Assets	1,078,813	1,101,251
	<u>21,514,030</u>	<u>22,730,262</u>
Current Assets		
Inventories	4,435,864	4,626,617
Trade & Other Receivables	6,948,537	8,748,741
Current Tax Asset	214,574	258,452
Cash and Cash Equivalents	21,447,834	19,123,075
	<u>33,046,809</u>	<u>32,756,885</u>
TOTAL ASSETS	<u><u>54,560,839</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	755,111	732,561
Exchange Reserve	7,171,748	6,233,062
Retained Profit	21,319,004	20,509,533
	<u>52,157,174</u>	<u>50,386,467</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u><u>52,157,174</u></u>	<u><u>50,386,467</u></u>
LIABILITIES		
Non-Current Liabilities		
Hire Purchase Payables	44,849	52,019
Employee Benefit Obligation	39,108	37,878
Term Loan	208,926	225,489
	<u>292,883</u>	<u>315,386</u>
Current Liabilities		
Trade and Other Payables	2,068,049	4,753,875
Hire Purchase Payables	20,389	19,747
Term Loan	22,344	11,672
	<u>2,110,782</u>	<u>4,785,294</u>
TOTAL LIABILITIES	<u><u>2,403,665</u></u>	<u><u>5,100,680</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>54,560,839</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
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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		-	22,550	938,686	2,042,562	3,003,798
Dividends paid					(1,233,091)	(1,233,091)
Balance at 30 November 2019	22,911,311	-	755,111	7,171,748	21,319,004	52,157,174

For the Corresponding Quarter Ended 30 November 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		-	-	196,959	493,618	690,577
Dividends paid					(1,233,091)	(1,233,091)
Balance at 30 November 2018	20,551,510	2,359,801	715,680	4,484,797	20,216,908	48,328,696

(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
Registration No: 200301024697 (627117-P)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 NOVEMBER 2019

	CURRENT QUARTER ENDED 30-Nov-19	PRECEDING YEAR QUARTER ENDED 30-Nov-18
	RM	RM
Cash flows from operating activities		
Profit before taxation	2,043,020	492,991
Adjustments for :-		
Depreciation, amortisation and impairment losses	977,827	921,294
Interest income and expenses	(106,494)	(179,533)
Other non-cash items	22,550	(424,000)
Operating profit before changes in working capital	2,936,903	810,752
Changes in working capital:		
Net change in inventories	190,753	(603,096)
Net change in receivables	1,800,204	435,193
Net change in payables	(1,464,450)	(3,183,581)
Cash flow from operations	3,463,410	(2,540,732)
Finance costs	(6,617)	(3,856)
Income tax refunded/(paid)	(458)	87,317
Net cash flows from operating activities	3,456,335	(2,457,271)
Cash flows from investing activities		
Purchase of property, plant and equipment	(289,822)	(536,205)
Interest income	113,111	183,389
Proceeds from disposal of property, plant and equipment	-	6,329
Net cash used in investing activities	(176,711)	(346,487)
Cash flows from financing activities		
Dividends paid	(1,233,091)	(1,233,091)
Drawdown / (Repayment) of term loan	(5,891)	159,794
Drawdown / (Repayment) of hire purchase	(6,528)	(22,071)
Net cash flows from financing activities	(1,245,510)	(1,095,368)
Net increase / (decrease) in cash and cash equivalents	2,034,114	(3,899,126)
Cash and cash equivalents at beginning of the year	19,123,075	22,743,673
Effect of changes in foreign exchange rates	290,645	61,912
Cash and cash equivalents at end of period	21,447,834	18,906,459

(The condensed consolidated Statement of Cash Flows 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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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 NOVEMBER 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
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2019**

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

Dividends paid by the Company during the current quarter as follow:-

(a) Single-tier dividend of RM0.006 per share amounting to RM1,233,091 in respect of the financial year ending 31 May 2020, declared on 11 September 2019 and paid on 24 October 2019.

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
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2019**

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 SECOND QUARTER ENDED 30 NOVEMBER 2019****B. ADDITIONAL INFORMATION PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of Performance**

	30-Nov-19	30-Nov-18	Variance	6 Months 30-Nov-19	6 Months 30-Nov-18	Variance
	(RM)	(RM)	%	(RM)	(RM)	%
Revenue	8,948,764	7,416,612	20.66	17,701,606	14,776,622	19.79
Operating Profit	1,462,940	442,446	230.65	2,914,353	1,234,752	136.03
Profit Before Interest and Tax	1,040,230	48,692	2036.35	2,049,637	496,847	312.53
Profit Before Tax	1,036,953	46,286	2140.32	2,043,020	492,991	314.41
Profit After Tax	1,036,731	46,025	2152.54	2,042,562	493,618	313.79
Profit Attributable to Ordinary Equity Holders of the Parent	1,036,731	46,025	2152.54	2,042,562	493,618	313.79

For the current quarter ended 30 November 2019, the Group recorded revenue of RM8.95 million, represents an increase of 20.66% as compared to revenue of RM7.42 million for the corresponding quarter of the preceding year.

The Group achieved a profit before taxation of approximately RM1.04 million for the current quarter. This represents an increase of 2140.32% from the profit before taxation of approximately RM0.05 million registered in the corresponding quarter of the preceding year. This was in tandem with the increase in revenue and improved production activities as well as better products mix.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 30.11.2019 RM	Immediate preceding Quarter 31.08.2019 RM	Changes %
Revenue	8,948,764	8,752,842	2.24
Operating Profit	1,462,940	1,451,413	0.79
Profit Before Interest and Tax	1,040,230	1,009,407	3.05
Profit Before Tax	1,036,953	1,006,067	3.07
Profit After Tax	1,036,731	1,005,831	3.07
Profit Attributable to Ordinary Equity Holders of the Parent	1,036,731	1,005,831	3.07

Revenue registered in the current quarter of RM8.95 million represents a slightly increase of 2.24% as compared to the revenue of RM8.75 million recorded in the immediate preceding quarter.

The Group's current quarter profit before taxation of approximately RM1.04 million has increased by 3.07% as compared in the immediate preceding quarter. This was in tandem with the increase in revenue.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2019

B3. Commentary on Prospect for the Current Financial Year

The first half of the Group's current financial year has reported strong improvement, driven by higher sales and better product mix. The Group intends to maintain this growth through ongoing business development and better cost management.

The continued escalation of production cost due to increase in various essential cost components, implementation of the minimum wage 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 has continually 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 30.11.2019	Current year to date 30.11.2019
	RM	RM
Current year	222	458
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 30 November 2019 are as follows:

	At end of current quarter 30 November 2019 (RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
Secured:			
Hire Purchase	20,389	44,849	65,238
Term Loan	22,344	208,926	231,270
	<u>42,733</u>	<u>253,775</u>	<u>296,508</u>

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 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:

the trial continued and proceeded on 30 October 2019, 27 November 2019, 2 & 3 December 2019 and Easy Sun Sdn. Bhd., the Company's wholly-owned subsidiary had finished calling its witnesses and that its case had closed. The Court has fixed the decision date on 26 March 2020.

B10. Dividend

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

B11. Earnings Per Share

	Current Quarter Ended 30.11.19	Current Year To Date 30.11.19
Net profit attributable to owner of the Company (RM'000)	1,037	2,043
Weighted average number of ordinary shares in issue ('000)	205,515	205,515
Basic earnings per share (sen)	0.5	1.0

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 30 November 2019.

B12. Profit Before Taxation

	Current Quarter 30.11.19 RM'000	Current Year To Date 30.11.19 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(68)	(113)
Other income including investment income	-	-
Interest expense	3	7
Depreciation and amortization	491	978
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)	(24)	(51)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-