

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 AUGUST 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31-Aug-15	CORRESPONDING QUARTER ENDED 31-Aug-14	CURRENT YEAR TO DATE ENDED 31-Aug-15	CORRESPONDING YEAR TO DATE ENDED 31-Aug-14
	RM	RM	RM	RM
Revenue	<u>6,653,686</u>	<u>6,124,625</u>	<u>6,653,686</u>	<u>6,124,625</u>
Operating profit	1,901,094	1,570,606	1,901,094	1,570,606
Finance costs	(4,882)	(8,232)	(4,882)	(8,232)
Depreciation and amortisation	(423,612)	(389,361)	(423,612)	(389,361)
Interest income	63,558	2,168	63,558	2,168
Profit before taxation	<u>1,536,158</u>	<u>1,175,181</u>	<u>1,536,158</u>	<u>1,175,181</u>
Taxation	(26,282)	(21,249)	(26,282)	(21,249)
Profit for the period	<u>1,509,876</u>	<u>1,153,932</u>	<u>1,509,876</u>	<u>1,153,932</u>
Other comprehensive income :				
Foreign exchange translation difference	1,471,073	(714,177)	1,471,073	(714,177)
Total comprehensive income for the period	<u>2,980,949</u>	<u>439,755</u>	<u>2,980,949</u>	<u>439,755</u>
Profit Attributable to :				
Equity holders of the parent	1,509,876	1,153,932	1,509,876	1,153,932
Non-Controlling Interest	-	-	-	-
	<u>1,509,876</u>	<u>1,153,932</u>	<u>1,509,876</u>	<u>1,153,932</u>
Total comprehensive income attributable to:				
Equity holders of the parent	2,980,949	439,755	2,980,949	439,755
Non-Controlling Interest	-	-	-	-
	<u>2,980,949</u>	<u>439,755</u>	<u>2,980,949</u>	<u>439,755</u>
Earnings per share (sen)				
- Basic	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</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 2015)

ES CERAMICS TECHNOLOGY BHD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2015

	AS AT 31-Aug-15 (UNAUDITED)	AS AT 31-May-15 (AUDITED)
	RM	RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	14,759,552	13,204,667
Intangible Assets	1,284,056	1,255,635
	16,043,608	14,460,302
Current Assets		
Inventories	2,149,767	1,643,017
Trade & Other Receivables	6,360,729	7,291,498
Current Tax Asset	-	5,244
Cash and Cash Equivalents	16,766,323	13,762,508
	25,276,819	22,702,267
TOTAL ASSETS	41,320,427	37,162,569
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	20,551,510	19,704,980
Share Premium	1,882,868	1,646,256
Capital Reserve	1,192,613	1,031,083
Exchange Reserve	2,447,171	976,098
Retained Profit	11,107,824	9,597,948
	37,181,986	32,956,365
Non-controlling interest	-	-
TOTAL EQUITY	37,181,986	32,956,365
LIABILITIES		
Non-Current Liabilities		
Hire Purchase Payables	252,423	269,865
Deferred Taxation	353,000	353,000
	605,423	622,865
Current Liabilities		
Trade and Other Payables	3,432,000	3,485,342
Hire Purchase Payables	92,518	90,924
Term Loan	-	7,073
Current Tax Payable	8,500	-
	3,533,018	3,583,339
TOTAL LIABILITIES	4,138,441	4,206,204
TOTAL EQUITY AND LIABILITIES	41,320,427	37,162,569
Net assets per share attributable to ordinary equity holders of the parent (sen)	18	17

(The condensed consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2015)

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 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			161,530	1,471,073	1,509,876	3,142,479
Balance at 31 August 2015	20,551,510	1,882,868	1,192,613	2,447,171	11,107,824	37,181,986

For the Corresponding Quarter Ended 31 August 2014

	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 2014	16,982,660	1,685	1,442,648	752,101	4,006,392	23,185,486
Issue of Shares	624,610					624,610
Total comprehensive income for the period		1,219	491,829	(714,177)	1,153,932	932,803
Balance at 31 August 2014	17,607,270	2,904	1,934,477	37,924	5,160,324	24,742,899

(The condensed consolidated Statement of changes in Equity should be read in conjunction with the Audited Financial Statement for the year

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2015

	CURRENT QUARTER ENDED 31-Aug-15	PRECEDING YEAR QUARTER ENDED 31-Aug-14
	RM	RM
Cash flows from operating activities		
Profit before taxation	1,536,158	1,175,181
Adjustments for :-		
Depreciation, amortisation and impairment losses	423,612	389,361
Interest income and expenses	(58,676)	6,064
Other non-cash items	161,530	491,829
Operating profit before changes in working capital	<u>2,062,624</u>	<u>2,062,435</u>
Changes in working capital:		
Net change in inventories	(506,750)	(109,950)
Net change in receivables	930,770	436,006
Net change in payables	80,990	(535,919)
Cash flow from operations	<u>2,567,634</u>	<u>1,852,572</u>
Finance costs	(4,882)	(8,232)
Income tax refunded/(paid)	<u>(33,616)</u>	<u>(37,550)</u>
Net cash flows from operating activities	<u>2,529,136</u>	<u>1,806,790</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,054,934)	(18,138)
Interest income	63,558	2,168
Proceeds from disposal of property, plant and equipment	-	-
Net cash used in investing activities	<u>(991,376)</u>	<u>(15,970)</u>
Cash flows from financing activities		
Drawdown / (Repayment) of bank borrowings	-	-
Drawdown / (Repayment) of term loan	(7,073)	(38,534)
Issuance of shares pursuant to exercise of share options	1,083,142	625,829
Drawdown / (Repayment) of hire purchase	(15,847)	(29,392)
Net cash flows from financing activities	<u>1,060,222</u>	<u>557,903</u>
Net increase / (decrease) in cash and cash equivalents	2,597,982	2,348,723
Cash and cash equivalents at beginning of the year	13,762,508	4,137,498
Effect of changes in foreign exchange rates	405,833	(127,520)
Cash and cash equivalents at end of period	<u>16,766,323</u>	<u>6,358,701</u>

(The condensed consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2015)

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**NOTES TO THE INTERIM FINANCIAL REPORT
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**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 2015.

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 2015, 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 Date
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
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities - Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements - Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016

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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 2015 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

Save as disclosed below, 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.

- i) On 1 Sept 2015, the Company issued 8,465,300 new ordinary shares of RM0.10 each pursuant to the Employees' Share Option Scheme.

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

B1. Review of Performance

	31-Aug-15 (RM)	31-Aug-14 (RM)	Variance %
Revenue	6,653,686	6,124,625	8.64
EBITDA	1,964,652	1,572,774	24.92
PBT	1,536,158	1,175,181	30.72
PAT	1,509,876	1,153,932	30.85

For the current quarter ended 31 August 2015, the Group recorded revenue of RM6.65 million, represents an increase of 8.64% as compared to revenue of RM6.12 million for the corresponding quarter of the preceding year.

The Group achieved a profit before taxation of approximately RM1.54 million for the current quarter. This represents an increase of 30.72% from the profit before taxation of approximately RM1.18 million registered in the corresponding quarter of the preceding year. The increase is in line with the revenue and improvement in the operations performance.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 31.08.2015 RM	Immediate preceding Quarter 31.05.2015 RM	Changes %
Revenue	6,653,686	6,025,434	10.43
EBITDA	1,964,652	1,922,916	2.17
Profit before tax	1,536,158	1,563,620	(1.76)

Revenue registered in the current quarter of RM6.65 million represents an increase of 10.43% as compared to the revenue of RM6.03 million recorded in the immediate preceding quarter.

The Group's current quarter profit before taxation of approximately RM1.54 million has decreased slightly by 1.76% as compared to the immediate preceding quarter.

B3. Commentary on Prospect for the Current Financial Year

The continued escalation of production cost due to increase in various essential cost components 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

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challenges ahead and is taking measures to improve the performance of the Group and ensure better efficiency.

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 31.08.2015	Current year to date 31.08.2015
	RM	RM
Current year	26,282	26,282
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 2015 are as follows:

	At end of current quarter 31 August 2015 (RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
Secured:			
Hire Purchase	92,518	252,423	344,941

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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

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.

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 August 2015 into realised and unrealised profits or losses, pursuant to the Listing Requirements of Bursa Securities, is as follows:

Total group retained profits/(accumulated losses) of the Company and its subsidiaries	Current Quarter 31.08.15 RM'000
- Realised	14,817
- Unrealised	-
Less: Consolidation adjustments	(3,709)
Total group retained profits/(accumulated losses) as per consolidated accounts	11,108

B12. Earnings Per Share

	Current Quarter Ended 31.08.15	Current Year To Date 31.08.15
Net profit attributable to owner of the Company (RM'000)	1,510	1,510
Weighted average number of ordinary shares in issue ('000)	205,515	205,515
Basic earnings per share (sen)	0.7	0.7

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 31 August 2015.

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B13. Profit Before Taxation

	Current Quarter 31.08.15 RM'000	Current Year To Date 31.08.15 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	64	64
Other income including investment income	-	-
Interest expense	5	5
Depreciation and amortization	424	424
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)	(25)	(25)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-