

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 NOVEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30-Nov-15	CORRESPONDING QUARTER ENDED 30-Nov-14	CURRENT YEAR TO DATE ENDED 30-Nov-15	CORRESPONDING YEAR TO DATE ENDED 30-Nov-14
	RM	RM	RM	RM
<b>Revenue</b>	<u>7,661,807</u>	<u>7,143,687</u>	<u>14,315,493</u>	<u>13,268,312</u>
<b>Operating profit</b>	2,228,858	1,793,500	4,129,952	3,364,106
Finance costs	(4,514)	(7,606)	(9,396)	(15,838)
Depreciation and amortisation	(436,367)	(411,300)	(859,979)	(800,661)
Interest income	71,682	39,014	135,240	41,182
<b>Profit before taxation</b>	<u>1,859,659</u>	<u>1,413,608</u>	<u>3,395,817</u>	<u>2,588,789</u>
Taxation	(25,923)	(23,563)	(52,205)	(44,812)
<b>Profit for the period</b>	<u>1,833,736</u>	<u>1,390,045</u>	<u>3,343,612</u>	<u>2,543,977</u>
<b>Other comprehensive income :</b>				
Foreign exchange translation difference	(91,626)	646,844	1,379,447	(67,333)
<b>Total comprehensive income for the period</b>	<u>1,742,110</u>	<u>2,036,889</u>	<u>4,723,059</u>	<u>2,476,644</u>
<b>Profit Attributable to :</b>				
Equity holders of the parent	1,833,736	1,390,045	3,343,612	2,543,977
Non-Controlling Interest	-	-	-	-
	<u>1,833,736</u>	<u>1,390,045</u>	<u>3,343,612</u>	<u>2,543,977</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	1,742,110	2,036,889	4,723,059	2,476,644
Non-Controlling Interest	-	-	-	-
	<u>1,742,110</u>	<u>2,036,889</u>	<u>4,723,059</u>	<u>2,476,644</u>
Earnings per share (sen)				
- Basic	<u>0.9</u>	<u>0.7</u>	<u>1.6</u>	<u>1.3</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 30 NOVEMBER 2015**

	AS AT 30-Nov-15 (UNAUDITED)	AS AT 31-May-15 (AUDITED)
	RM	RM
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	14,349,351	13,204,667
Intangible Assets	1,265,110	1,255,635
	<u>15,614,461</u>	<u>14,460,302</u>
<b>Current Assets</b>		
Inventories	2,507,893	1,643,017
Trade & Other Receivables	7,783,662	7,291,498
Current Tax Asset	-	5,244
Cash and Cash Equivalents	17,485,946	13,762,508
	<u>27,777,501</u>	<u>22,702,267</u>
<b>TOTAL ASSETS</b>	<u><u>43,391,962</u></u>	<u><u>37,162,569</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Parent</b>		
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	2,355,545	976,098
Retained Profit	12,941,560	9,597,948
	<u>38,924,096</u>	<u>32,956,365</u>
<b>Non-controlling interest</b>	-	-
<b>TOTAL EQUITY</b>	<u><u>38,924,096</u></u>	<u><u>32,956,365</u></u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Hire Purchase Payables	150,355	269,865
Deferred Taxation	353,000	353,000
	<u>503,355</u>	<u>622,865</u>
<b>Current Liabilities</b>		
Trade and Other Payables	3,863,628	3,485,342
Hire Purchase Payables	92,383	90,924
Term Loan	-	7,073
Current Tax Payable	8,500	-
	<u>3,964,511</u>	<u>3,583,339</u>
<b>TOTAL LIABILITIES</b>	<u><u>4,467,866</u></u>	<u><u>4,206,204</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>43,391,962</u></u>	<u><u>37,162,569</u></u>
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>	<u>19</u>	<u>17</u>

*(The condensed consolidated Statement of Financial Position 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 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	1,379,447	3,343,612	4,884,589
Balance at 30 November 2015	20,551,510	1,882,868	1,192,613	2,355,545	12,941,560	38,924,096

**For the Corresponding Quarter Ended 30 November 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	2,050,591					2,050,591
Total comprehensive income for the period		525,334	531,269	(67,333)	2,543,977	3,533,247
Balance at 30 November 2014	19,033,251	527,019	1,973,917	684,768	6,550,369	28,769,324

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

**ES CERAMICS TECHNOLOGY BHD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 NOVEMBER 2015**

	CURRENT QUARTER ENDED 30-Nov-15	PRECEDING YEAR QUARTER ENDED 30-Nov-14
	RM	RM
<b>Cash flows from operating activities</b>		
Profit before taxation	3,395,817	2,588,789
Adjustments for :-		
Depreciation, amortisation and impairment losses	859,979	800,661
Interest income and expenses	(125,844)	(25,344)
Other non-cash items	161,530	531,269
Operating profit before changes in working capital	4,291,482	3,895,375
Changes in working capital:		
Net change in inventories	(701,505)	(296,328)
Net change in receivables	(492,164)	(247,436)
Net change in payables	378,286	221,313
Cash flow from operations	3,476,099	3,572,924
Finance costs	(9,396)	(15,838)
Income tax refunded/(paid)	(59,539)	(61,113)
<b>Net cash flows from operating activities</b>	3,407,164	3,495,973
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,148,540)	(23,358)
Interest income	135,240	41,182
Proceeds from disposal of property, plant and equipment	-	-
<b>Net cash used in investing activities</b>	(1,013,300)	17,824
<b>Cash flows from financing activities</b>		
Drawdown / (Repayment) of bank borrowings	-	-
Drawdown / (Repayment) of term loan	(7,073)	(68,186)
Issuance of shares pursuant to exercise of share options	1,083,142	2,575,925
Drawdown / (Repayment) of hire purchase	(118,051)	(51,263)
<b>Net cash flows from financing activities</b>	958,018	2,456,476
<b>Net increase / (decrease) in cash and cash equivalents</b>	3,351,882	5,970,273
<b>Cash and cash equivalents at beginning of the year</b>	13,762,508	4,137,498
<b>Effect of changes in foreign exchange rates</b>	371,556	11,339
<b>Cash and cash equivalents at end of period</b>	17,485,946	10,119,110

*(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  
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2015**

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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:-

<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
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**

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.

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**NOTES TO THE INTERIM FINANCIAL REPORT  
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**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 SECOND QUARTER ENDED 30 NOVEMBER 2015**

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

**B1. Review of Performance**

	30-Nov-15	30-Nov-14	Variance	6 Months 30-Nov-15	6 Months 30-Nov-14	Variance
	(RM)	(RM)	%	(RM)	(RM)	%
Revenue	7,661,807	7,143,687	7.25	14,315,493	13,268,312	7.89
EBITDA	2,300,540	1,832,514	25.54	4,265,192	3,405,288	25.25
PBT	1,859,659	1,413,608	31.55	3,395,817	2,588,789	31.17
PAT	1,833,736	1,390,045	31.92	3,343,612	2,543,977	31.43

For the current quarter ended 30 November 2015, the Group recorded revenue of RM7.66 million, represents an increase of 7.25% as compared to revenue of RM7.14 million for the corresponding quarter of the preceding year.

The Group achieved a profit before taxation of approximately RM1.86 million for the current quarter. This represents an increase of 31.55% from the profit before taxation of approximately RM1.41 million registered in the corresponding quarter of the preceding year.

For the six (6) months ended 30 November 2015, the Group generated total revenue of approximately RM14.32 million which represents an increase of approximately 7.89% as compared to RM13.27 million achieved in the corresponding period of the preceding year.

For the same period, the Group achieved a profit before tax of approximately RM3.40 million which represents an increase of 31.17% as compared to a profit before tax of approximately RM2.59 million registered in the corresponding period of the preceding year. The increase was mainly resulted from continuous cost improvement, better products mix as well as higher output volume.

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

	Current Quarter 30.11.2015	Immediate preceding Quarter 31.08.2015	Changes
	RM	RM	%
Revenue	7,661,807	6,653,686	15.15
EBITDA	2,300,540	1,964,652	17.10
Profit before tax	1,859,659	1,536,158	21.06



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Revenue registered in the current quarter of RM7.66 million represents an increase of 15.15% as compared to the revenue of RM6.65 million recorded in the immediate preceding quarter.

The Group's current quarter profit before taxation of approximately RM1.86 million has increased by 21.06% as compared to the immediate preceding quarter. The improvement was in line with sales volume increase.

**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 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**

	<b>Current quarter 30.11.2015</b>	<b>Current year to date 30.11.2015</b>
	<b>RM</b>	<b>RM</b>
Current year	25,923	52,205
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 2015 are as follows:

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At end of current quarter 30 November 2015  
(RM)

	Short term Borrowings	Long term borrowings	Total Borrowings
<b>Secured:</b>			
Hire Purchase	92,383	150,355	242,738

**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 28 December 2015 and 4 January 2016, the Company announced that its wholly-owned subsidiaries, namely Easy Sun Sdn Bhd (“ESSB”) and Euroceramic Technologies Company Ltd. (“ETCL”) have been served with a Writ of Summons and Statement of Claim, filed for and on behalf of Mr. Kong Ah Choo for wrongful dismissal and damages.

Solicitors for ESSB and ETCL have advised that there is a reasonable defense to Mr. Kong Ah Choo’s claim.

On 27 January 2016, the Company announced that the above matter came up for Case Management at the Shah Alam Sessions Court on 26 January 2016 and the Court has fixed the matter for further case management on 25 February 2016.

Further, the Company also wishes to inform that Easy Sun Sdn. Bhd. has filed its defence and Euroceramic Technologies Company Limited (“ECT”) has filed an application to set aside the writ on the ground that the Plaintiff’s alleged cause of action against ECT arose in Thailand and not within the Jurisdiction of the Sessions Court and Sessions Court has no jurisdiction over ECT in respect of the subject matter of the claim or the relief or remedy sought in the action.

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

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Total group retained profits/(accumulated losses) of the Company and its subsidiaries	Current Quarter 30.11.15 RM'000
- Realised	16,651
- Unrealised	-
Less: Consolidation adjustments	(3,709)
Total group retained profits/(accumulated losses) as per consolidated accounts	12,942

**B12. Earnings Per Share**

	Current Quarter Ended 30.11.15	Current Year To Date 30.11.15
Net profit attributable to owner of the Company (RM'000)	1,834	3,344
Weighted average number of ordinary shares in issue ('000)	205,515	205,515
Basic earnings per share (sen)	0.9	1.6

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 30 November 2015.

**B13. Profit Before Taxation**

	Current Quarter 30.11.15 RM'000	Current Year To Date 30.11.15 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	72	135
Other income including investment income	-	-
Interest expense	5	9
Depreciation and amortization	436	860
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)	(91)	(116)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-