

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 NOVEMBER 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30-Nov-16	CORRESPONDING QUARTER ENDED 30-Nov-15	CURRENT YEAR TO DATE ENDED 30-Nov-16	CORRESPONDING YEAR TO DATE ENDED 30-Nov-15
	RM	RM	RM	RM
Revenue	<u>9,013,266</u>	<u>7,661,807</u>	<u>17,294,126</u>	<u>14,315,493</u>
Operating profit	2,480,571	2,228,858	4,941,200	4,129,952
Finance costs	(1,424)	(4,514)	(2,895)	(9,396)
Depreciation and amortisation	(512,622)	(436,367)	(998,460)	(859,979)
Interest income	62,344	71,682	131,059	135,240
Profit before taxation	<u>2,028,869</u>	<u>1,859,659</u>	<u>4,070,904</u>	<u>3,395,817</u>
Taxation	(22,035)	(25,923)	(45,374)	(52,205)
Profit for the period	<u>2,006,834</u>	<u>1,833,736</u>	<u>4,025,530</u>	<u>3,343,612</u>
<b>Other comprehensive income :</b>				
Foreign exchange translation difference	630,059	(91,626)	789,363	1,379,447
<b>Total comprehensive income for the period</b>	<u>2,636,893</u>	<u>1,742,110</u>	<u>4,814,893</u>	<u>4,723,059</u>
<b>Profit Attributable to :</b>				
Equity holders of the parent	2,006,834	1,833,736	4,025,530	3,343,612
Non-Controlling Interest	-	-	-	-
	<u>2,006,834</u>	<u>1,833,736</u>	<u>4,025,530</u>	<u>3,343,612</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	2,636,893	1,742,110	4,814,893	4,723,059
Non-Controlling Interest	-	-	-	-
	<u>2,636,893</u>	<u>1,742,110</u>	<u>4,814,893</u>	<u>4,723,059</u>
Earnings per share (sen)				
- Basic	<u>1.0</u>	<u>0.9</u>	<u>2.0</u>	<u>1.6</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 2016)*

**ES CERAMICS TECHNOLOGY BHD**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 NOVEMBER 2016**

	AS AT 30-Nov-16 (UNAUDITED)	AS AT 31-May-16 (AUDITED)
	RM	RM
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	15,578,590	14,523,173
Intangible Assets	1,214,944	1,230,640
	16,793,534	15,753,813
<b>Current Assets</b>		
Inventories	3,406,695	2,398,729
Trade & Other Receivables	8,389,340	6,448,180
Current Tax Asset	93,500	300,394
Cash and Cash Equivalents	22,161,820	21,744,026
	34,051,355	30,891,329
<b>TOTAL ASSETS</b>	50,844,889	46,645,142
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Parent</b>		
Share Capital	20,551,510	20,551,510
Share Premium	2,359,801	2,359,801
Capital Reserve	715,680	715,680
Exchange Reserve	2,962,267	2,172,904
Retained Profit	19,654,711	16,862,272
	46,243,969	42,662,167
<b>Non-controlling interest</b>	-	-
<b>TOTAL EQUITY</b>	46,243,969	42,662,167
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Hire Purchase Payables	50,834	67,510
Deferred Taxation	296,000	296,000
	346,834	363,510
<b>Current Liabilities</b>		
Trade and Other Payables	4,222,706	3,593,897
Hire Purchase Payables	31,380	25,568
	4,254,086	3,619,465
<b>TOTAL LIABILITIES</b>	4,600,920	3,982,975
<b>TOTAL EQUITY AND LIABILITIES</b>	50,844,889	46,645,142
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>	23	21

*(The condensed consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2016)*

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 2016	20,551,510	2,359,801	715,680	2,172,904	16,862,272	42,662,167
Issue of Shares						-
Total comprehensive income for the period				789,363	4,025,530	4,814,893
Dividends paid					(1,233,091)	(1,233,091)
Balance at 30 November 2016	20,551,510	2,359,801	715,680	2,962,267	19,654,711	46,243,969

For the Corresponding Quarter Ended 30 November 2015

	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

(The condensed consolidated Statement of changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2016)

**ES CERAMICS TECHNOLOGY BHD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 NOVEMBER 2016**

	<b>CURRENT QUARTER ENDED 30-Nov-16</b>	<b>PRECEDING YEAR QUARTER ENDED 30-Nov-15</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	4,070,904	3,395,817
Adjustments for :-		
Depreciation, amortisation and impairment losses	998,460	859,979
Interest income and expenses	(128,164)	(125,844)
Other non-cash items	-	161,530
Operating profit before changes in working capital	<u>4,941,200</u>	<u>4,291,482</u>
Changes in working capital:		
Net change in inventories	(1,007,966)	(701,505)
Net change in receivables	(1,645,355)	(492,164)
Net change in payables	628,809	378,286
Cash flow from operations	<u>2,916,688</u>	<u>3,476,099</u>
Finance costs	(2,895)	(9,396)
Income tax refunded/(paid)	(45,374)	(59,539)
<b>Net cash flows from operating activities</b>	<u>2,868,419</u>	<u>3,407,164</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,690,328)	(1,148,540)
Interest income	131,059	135,240
Proceeds from disposal of property, plant and equipment	-	-
<b>Net cash used in investing activities</b>	<u>(1,559,269)</u>	<u>(1,013,300)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	(1,233,091)	-
Drawdown / (Repayment) of term loan	-	(7,073)
Issuance of shares pursuant to exercise of share options	-	1,083,142
Drawdown / (Repayment) of hire purchase	(10,864)	(118,051)
<b>Net cash flows from financing activities</b>	<u>(1,243,955)</u>	<u>958,018</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	65,195	3,351,882
<b>Cash and cash equivalents at beginning of the year</b>	21,744,026	13,762,508
<b>Effect of changes in foreign exchange rates</b>	352,599	371,556
<b>Cash and cash equivalents at end of period</b>	<u>22,161,820</u>	<u>17,485,946</u>

*(The condensed consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2016)*

**ES CERAMICS TECHNOLOGY BHD** (Company No. 627117-P)  
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**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2016**

**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 2016.

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 2016, 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 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities - Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Classifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable	1 January 2016

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**NOTES TO THE INTERIM FINANCIAL REPORT  
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Methods of Depreciation and Amortisation

Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016

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 2016 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 interim dividend of RM0.006 per share amounting to RM1,233,091 in respect of the financial year ending 31 May 2017, declared on 25 July 2016 and paid on 21 October 2016.

**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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**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2016**

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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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**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**

	30-Nov-16	30-Nov-15	Variance	6 Months 30-Nov-16	6 Months 30-Nov-15	Variance
	(RM)	(RM)	%	(RM)	(RM)	%
Revenue	9,013,266	7,661,807	17.64	17,294,126	14,315,493	20.81
EBITDA	2,542,915	2,300,540	10.54	5,072,259	4,265,192	18.92
PBT	2,028,869	1,859,660	9.10	4,070,904	3,395,817	19.88
PAT	2,006,834	1,833,736	9.44	4,025,530	3,343,612	20.39

For the current quarter ended 30 November 2016, the Group recorded revenue of RM9.01 million, represents an increase of 17.64% as compared to revenue of RM7.66 million for the corresponding quarter of the preceding year.

The Group achieved a profit before taxation of approximately RM2.03 million for the current quarter. This represents an increase of 9.10% from the profit before taxation of approximately RM1.86 million registered in the corresponding quarter of the preceding year. The increase was mainly resulting from better products mix.

For the six (6) months ended 30 November 2016, the Group generated total revenue of approximately RM17.29 million which represents an increase of approximately 20.81% as compared to RM14.32 million achieved in the corresponding period of the preceding year.

For the same period, the Group achieved a profit before tax of approximately RM4.07 million which represents an increase of 19.88% as compared to a profit before tax of approximately RM3.40 million registered in the corresponding period of the preceding year. The increase was in line with the revenue and continuous cost improvement in the operations performance.

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

	<b>Current Quarter 30.11.2016 RM</b>	<b>Immediate preceding Quarter 31.08.2016 RM</b>	<b>Changes %</b>
Revenue	9,013,266	8,280,860	8.84
EBITDA	2,542,915	2,529,344	0.54
Profit before tax	2,028,869	2,042,035	(0.64)

Revenue registered in the current quarter of RM9.01 million represents an increase of 8.84% as compared to the revenue of RM8.28 million recorded in the immediate preceding quarter.

However, the Group's current quarter profit before taxation of approximately RM2.03 million has slightly decreased by 0.64% as compared to the immediate preceding quarter.



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**NOTES TO THE INTERIM FINANCIAL REPORT  
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**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 30.11.2016	Current year to date 30.11.2016
	RM	RM
Current year	22,035	45,374
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 2016 are as follows:

	At end of current quarter 30 November 2016 (RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
<b>Secured:</b>			
Hire Purchase	31,380	50,834	82,214

**NOTES TO THE INTERIM FINANCIAL REPORT  
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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**

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 14 November 2016, further to the announcement made on 25 October 2016, the Board of Directors wishes to announce that the appeal by its wholly-owned subsidiary, namely, Euroceramic Technologies Company Limited via Shah Alam High Court Civil Appeal No. BA-12ANCVC-35-06/2016 against the dismissal of its application to set aside the Writ filed by Kong Ah Choo via Shah Alam Sessions Court Suit no. B52NCVC-155-07/2015 came up for hearing on 14 November 2016 before the learned High Court Judge Dato' Mohd Zabidin Diah who after hearing submission from both parties reserved it for decision on 4 January 2017 and was subsequently postponed to 27 February 2017 as the learned High Court Judge Dato' Mohd Zabidin Diah is on medical leave.

On 16 November 2016, the Board of Directors wishes to announce that the matter in Shah Alam Sessions Court Suit No. B52NCVC-155-07/2015 against among others its wholly-owned subsidiary, namely Euroceramic Technologies Company Limited ("ECT") came up for mention before the learned Sessions Court Judge on 16 November 2016 for an update of the status of ECT's appeal via Shah Alam High Court Civil Appeal No. BA12ANCVC-35-06/2016 and the learned Sessions Court Judge had fixed the matter for further mention on 29 November 2016. On 29 November 2016, a further case management is fixed for 18 January 2017. On 18 January 2017, the learned Sessions Court Judge had fixed the matter for further case management on 27 March 2017.

On 24 November 2016, the Company wishes to announce that the appeal filed by Kong Ah Choo against its wholly-owned subsidiary, namely Easy Sun Sdn. Bhd. via Shah Alam High Court Civil Appeal No. BA-12ANCVC-70-08/2016 against the decision of Shah Alam Sessions Court Suit No. B52NCVC-155-07/2015 in allowing Easy Sun Sdn. Bhd.'s application to strike out the Writ dated 24 July 2015 and the Statement of Claim dated 27 November 2015 came up for case management on 24 November 2016 before the learned Senior Assistant Registrar Puan Ellyaha Binti Razalli who fixed the matter for further case management on 6 December 2016 pending the written grounds from the Sessions Court. On 6 December 2016 before the learned Senior Assistant Registrar Puan Ellyaha Binti Razalli who directed parties to file and exchange written submissions on the next case management on 4 January 2017. On 4 January 2017, a further case management is fixed for 16 February 2017.

Further to the announcement made on 4 January 2017, the Board of Directors wishes to announce that the matter in Shah Alam Sessions Court Suit No. B52NCVC-155-07/2015 against among others its wholly-owned subsidiary, namely, Easy Sun Sdn. Bhd. came up for case management before the learned Sessions Court Judge on 18 January 2017 for an update of the status of Kong Ah Choo's appeal via Shah Alam High Court Civil Appeal No. BA-12ANCVC-70-08/2016 and the learned Sessions Court Judge had fixed the matter for further case management on 27 March 2017.

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**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 2016 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 30.11.16 RM'000
- Realised	23,074
- Unrealised	-
Less: Consolidation adjustments	(3,419)
Total group retained profits/(accumulated losses) as per consolidated accounts	19,655

**B12. Earnings Per Share**

	Current Quarter Ended 30.11.16	Current Year To Date 30.11.16
Net profit attributable to owner of the Company (RM'000)	2,007	4,026
Weighted average number of ordinary shares in issue (*000)	205,515	205,515
Basic earnings per share (sen)	1.0	2.0

There was no dilution in earnings per share as there was no dilutive potential ordinary shares as at 30 November 2016.

**B13. Profit Before Taxation**

	Current Quarter 30.11.16 RM'000	Current Year To Date 30.11.16 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(62)	(131)
Other income including investment income	-	-
Interest expense	1	3
Depreciation and amortization	513	998
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	-	-

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Impairment of assets	-	-
Foreign exchange gain/(loss)	(67)	(74)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-