

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 AUGUST 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31-Aug-20	CORRESPONDING QUARTER ENDED 31-Aug-19	CURRENT YEAR TO DATE ENDED 31-Aug-20	CORRESPONDING YEAR TO DATE ENDED 31-Aug-19
	RM	RM	RM	RM
Revenue	<u>11,939,518</u>	<u>8,752,842</u>	<u>11,939,518</u>	<u>8,752,842</u>
Operating profit	3,630,186	1,451,413	3,630,186	1,451,413
Finance costs	(4,475)	(3,340)	(4,475)	(3,340)
Depreciation and amortisation	(501,420)	(486,742)	(501,420)	(486,742)
Interest income	77,536	44,736	77,536	44,736
<b>Profit/(Loss) before taxation</b>	<u>3,201,827</u>	<u>1,006,067</u>	<u>3,201,827</u>	<u>1,006,067</u>
Taxation	(198)	(236)	(198)	(236)
<b>Profit/(Loss) for the period</b>	<u>3,201,629</u>	<u>1,005,831</u>	<u>3,201,629</u>	<u>1,005,831</u>
<b>Other comprehensive income :</b>				
Foreign exchange translation difference	(159,884)	705,743	(159,884)	705,743
<b>Total comprehensive income for the period</b>	<u>3,041,745</u>	<u>1,711,574</u>	<u>3,041,745</u>	<u>1,711,574</u>
<b>Profit/(Loss) Attributable to :</b>				
Equity holders of the parent	3,201,629	1,005,831	3,201,629	1,005,831
Non-Controlling Interest	-	-	-	-
	<u>3,201,629</u>	<u>1,005,831</u>	<u>3,201,629</u>	<u>1,005,831</u>
<b>Total comprehensive income/(expense) attributable to:</b>				
Equity holders of the parent	3,041,745	1,711,574	3,041,745	1,711,574
Non-Controlling Interest	-	-	-	-
	<u>3,041,745</u>	<u>1,711,574</u>	<u>3,041,745</u>	<u>1,711,574</u>
Earnings per share (sen)				
- Basic	<u>1.50</u>	<u>0.49</u>	<u>1.50</u>	<u>0.49</u>
- Diluted	<u>1.50</u>	<u>N/A</u>	<u>1.50</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 2020)*

**ES CERAMICS TECHNOLOGY BHD**  
Registration No: 200301024697 (627117-P)  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2020**

	AS AT 31-Aug-20 (UNAUDITED)	AS AT 31-May-20 (AUDITED)
	RM	RM
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	19,400,765	19,222,965
Right-Of-Use Asset (Cost)	3,479,685	3,479,682
Right-Of-Use Asset (Accum. Deprn.)	(908,824)	(890,295)
Investment In Associate	2,300,000	2,300,000
Intangible Assets	344,705	364,659
	<u>24,616,331</u>	<u>24,477,011</u>
<b>Current Assets</b>		
Inventories	5,606,094	4,320,518
Trade & Other Receivables	6,412,171	10,520,564
Current Tax Asset	300,918	121,143
Cash and Cash Equivalents	26,780,062	20,200,812
	<u>39,099,245</u>	<u>35,163,037</u>
<b>TOTAL ASSETS</b>	<u><u>63,715,576</u></u>	<u><u>59,640,048</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Parent</b>		
Share Capital	25,931,060	22,911,311
Share Option Reserve	376,673	376,673
Capital Reserve	715,680	715,680
Exchange Reserve	7,118,296	7,278,180
Retained Profit	24,759,084	21,557,455
	<u>58,900,793</u>	<u>52,839,299</u>
<b>Non-controlling interest</b>	-	-
<b>TOTAL EQUITY</b>	<u><u>58,900,793</u></u>	<u><u>52,839,299</u></u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Lease Liability	310,504	251,775
Employee Benefit Obligation	38,092	38,289
Term Loan	216,364	213,842
	<u>564,960</u>	<u>503,906</u>
<b>Current Liabilities</b>		
Trade and Other Payables	4,120,654	6,205,249
Lease Liability	114,259	76,684
Term Loan	14,910	14,910
	<u>4,249,823</u>	<u>6,296,843</u>
<b>TOTAL LIABILITIES</b>	<u><u>4,814,783</u></u>	<u><u>6,800,749</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>63,715,576</u></u>	<u><u>59,640,048</u></u>
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>	<u><u>29</u></u>	<u><u>26</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 2020)*

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to Owners of the Parent					Total Equity RM
	Share Capital	Share Option Reserve	Capital Reserve	Exchange Reserve	Retained Profits	
	RM	RM	RM	RM	RM	
Balance at 1 Jun 2020	22,911,311	376,673	715,680	7,278,180	21,557,455	52,839,299
Share-based payment transactions		-				-
ESOS exercised	3,019,749					3,019,749
Total comprehensive income for the period			-	(159,884)	3,201,629	3,041,745
Dividends paid						-
Balance at 31 August 2020	25,931,060	376,673	715,680	7,118,296	24,759,084	58,900,793

**For the Corresponding Quarter Ended 31 August 2019**

	Attributable to Owners of the Parent					Total Equity RM
	Share Capital	Share Option Reserve	Capital Reserve	Exchange Reserve	Retained Profits	
	RM	RM	RM	RM	RM	
Balance at 1 Jun 2019	22,911,311	16,881	715,680	6,233,062	20,509,533	50,386,467
Transfer from share premium upon expiry of the transition period of the Companies Act 2016						-
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	28,156	715,680	6,938,805	21,515,364	52,109,316

*(The condensed consolidated Statement of changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2020)*

**ES CERAMICS TECHNOLOGY BHD**

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 AUGUST 2020**

	<b>CURRENT QUARTER ENDED 31-Aug-20</b>	<b>PRECEDING YEAR QUARTER ENDED 31-Aug-19</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	3,201,827	1,006,067
Adjustments for :-		
Depreciation, amortisation and impairment losses	501,420	486,742
Interest income and expenses	(73,061)	(41,396)
Other non-cash items	29,326	11,275
Operating profit before changes in working capital	<u>3,659,512</u>	<u>1,462,688</u>
Changes in working capital:		
Net change in inventories	(1,285,576)	52,026
Net change in receivables	3,312,444	(157,514)
Net change in payables	<u>(2,036,599)</u>	<u>(1,006,323)</u>
Cash flow from operations	<u>3,649,781</u>	<u>350,877</u>
Finance costs	(4,475)	(3,340)
Income tax refunded/(paid)	<u>(198)</u>	<u>(236)</u>
<b>Net cash flows from operating activities</b>	<u><u>3,645,108</u></u>	<u><u>347,301</u></u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(566,229)	(141,700)
Interest income	77,536	44,736
Proceeds from disposal of property, plant and equipment	25,420	-
<b>Net cash used in investing activities</b>	<u>(463,273)</u>	<u>(96,964)</u>
<b>Cash flows from financing activities</b>		
Drawdown / (Repayment) of term loan	(2,523)	(2,929)
Issuance of shares pursuant to exercise of share options	3,019,749	-
Drawdown / (Repayment) of hire purchase	96,305	(2,639)
<b>Net cash flows from financing activities</b>	<u>3,113,531</u>	<u>(5,568)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	6,295,366	244,769
<b>Cash and cash equivalents at beginning of the year</b>	20,200,812	19,123,075
<b>Effect of changes in foreign exchange rates</b>	283,884	216,293
<b>Cash and cash equivalents at end of period</b>	<u><u>26,780,062</u></u>	<u><u>19,584,137</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 2020)*

# ES CERAMICS TECHNOLOGY BHD

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## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2020

### 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 2020.

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 2020, 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/or IC Interpretations (Including The Consequential Amendments)	Effective for annual periods beginning on or after
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 3: <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: <i>Interest Rate Benchmark Reform</i>	1 January 2020
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 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

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 2020 was not subject to any audit qualification.

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## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2020

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### **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.

### **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 FIRST QUARTER ENDED 31 AUGUST 2020

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

#### B1. Review of Performance

	1st Quarter		Variance %	Year-To-Date Ended		Variance %
	31-Aug-20 (RM)	31-Aug-19 (RM)		31-Aug-20 (RM)	31-Aug-19 (RM)	
Revenue	11,939,518	8,752,842	36.41	11,939,518	8,752,842	36.41
Operating Profit	3,630,186	1,451,413	150.11	3,630,186	1,451,413	150.11
Profit Before Interest and Tax	3,206,302	1,009,407	217.64	3,206,302	1,009,407	217.64
Profit Before Tax	3,201,827	1,006,067	218.25	3,201,827	1,006,067	218.25
Profit After Tax	3,201,629	1,005,831	218.31	3,201,629	1,005,831	218.31
Profit Attributable to Ordinary Equity Holders of the Parent	3,201,629	1,005,831	218.31	3,201,629	1,005,831	218.31

For the current quarter ended 31 August 2020, the Group recorded revenue of RM11.94 million, represents an increase of 36.41% as compared to revenue of RM8.75 million for the corresponding quarter of the preceding year.

The Group achieved a profit before taxation of approximately RM3.20 million for the current quarter. This represents an increase of 218.25% from the profit before taxation of approximately RM1.01 million registered in the corresponding quarter of the preceding year. This was in tandem with the increase in revenue and improved production activities.

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

	Current Quarter 31.08.2020 RM	Immediate preceding Quarter 31.05.2020 RM	Changes %
Revenue	11,939,518	8,475,833	40.87
Operating Profit	3,630,186	209,904	1629.45
Profit/(Loss) Before Interest and Tax	3,206,302	(251,443)	1357.16
Profit/(Loss) Before Tax	3,201,827	(259,176)	1335.39
Profit/(Loss) After Tax	3,201,629	(259,398)	1334.25
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	3,201,629	(259,398)	1334.25

Revenue registered in the current quarter of RM11.94 million represents an increase of 40.87% as compared to the revenue of RM8.48 million recorded in the immediate preceding quarter.

The Group's current quarter profit before taxation of approximately RM3.20 million has increased by 1335.39% as compared in the immediate preceding quarter. This was in tandem with the increase in revenue due to high demand of formers as well as improved production activities.

The higher losses recorded in the immediate preceding quarter was mainly due to written off goodwill.

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## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2020

### B3. Commentary on Prospect for the Current Financial Year

The COVID-19 pandemic and restrictive measures taken by respective governments will negatively impact the global business environment including the essential services industry have significant impact on the supply chain. The prospects for growth in the rubber glove industry are positive as the industry is expected to continue to be driven by the growth in the global and domestic healthcare industry as one of the essential item in the medical supplies.

The Company will continue to execute its business strategies to capitalize and strengthen its position in the industry whilst adopting prudent cash flow management to meet its financial commitments and obligations.

### 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 31.08.2020	Current year to date 31.08.2020
	RM	RM
Current year	198	198
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

Save as disclosed below, there was no other corporate proposal announced but not completed as at the date of this report.

On 19 August 2020, on behalf of the Board of Directors of ES Ceramics, TA Securities Holdings Berhad announced that the Company proposes to undertake a bonus issue of up to 236,565,097 new ordinary shares of ES Ceramics ("**ES Ceramics Shares**" or "**Shares**") ("**Bonus Shares**") together with up to 236,565,097 free detachable ES Ceramics warrants ("**Warrants**"), on the basis of 1 Bonus Share together with 1 Warrant for every 1 existing ES Ceramics Share held on an entitlement date to be determined and announced later ("**Proposed Bonus Issue of Shares with Free Warrants**").

On 4 September 2020, Bursa Securities had, vide its letter dated 4 September 2020, approved the proposal.

On 1 October 2020, TA Securities announced that ES Ceramics had executed a deed poll constituting the Warrants.

1)The Company's securities will be traded and quoted "[EX-BONUS ISSUE]" as from: 14 Oct 2020



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## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2020

2)The last date of lodgment : 15 Oct 2020

3)The date of the listing and quotation of the Bonus Shares and Warrants shall be on 26 October 2020.

### B7. Borrowings and Debt Securities

The Group's borrowings as at 31 August 2020 are as follows:

	At end of current quarter 31 August 2020 (RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
<b>Secured:</b>			
Lease Liability	114,259	310,504	424,763
Term Loan	14,910	216,364	231,274
	<u>129,169</u>	<u>526,868</u>	<u>656,037</u>

### 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 12 Aug 2020, the Company announced that the Court has delivered its decision and dismissed the Plaintiff's claim against the Company with costs of RM5,000.00 payable by the Plaintiff to the Company.

On 10 Sep 2020, the Plaintiff being dissatisfied of the Sessions Court Judge's decision on 12 August 2020 has appealed to the High Court vide the Notice of Appeal dated 9 September 2020. No date has been fixed for the hearing of the appeal.

On 25 Sep 2020, the Plaintiff has filed an application for Extension of Time to File his Notice of Appeal ("Enclosure 101") on 18 September 2020 as his Notice of Appeal was filed out of the 14 days prescribed under the rules. The court then gave directions for parties to file their respective Affidavit in Reply as well as submissions, and fixed the aforesaid Application for decision on 30 November 2020.

### B10. Dividend

The Board of Directors has declared a single-tier ordinary dividend of RM0.01 per share in respect of the financial year ending 31 May 2021 and paid on 28 September 2020.

**ES CERAMICS TECHNOLOGY BHD**

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**(Incorporated in Malaysia)****NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 AUGUST 2020****B11. Earnings Per Share**

	Current Quarter Ended 31.08.20	Current Year To Date 31.08.20
Net profit/(loss) attributable to owner of the Company (RM'000)	3,202	3,202
Weighted average number of ordinary shares in issue (RM'000)	213,240	213,240
Basic earnings per share (sen)	1.50	1.50

The diluted earnings per share equals the basic earnings per share as the Company did not have any potential dilutive ordinary shares during the financial year.

**B12. Profit Before Taxation**

	Current Quarter 31.08.20 RM'000	Current Year To Date 31.08.20 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(78)	(78)
Other income including investment income	-	-
Interest expense	4	4
Depreciation and amortization	501	501
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)	(2)	(2)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-