

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 NOVEMBER 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30-Nov-20	CORRESPONDING QUARTER ENDED 30-Nov-19	CURRENT YEAR TO DATE ENDED 30-Nov-20	CORRESPONDING YEAR TO DATE ENDED 30-Nov-19
	RM	RM	RM	RM
Revenue	<u>15,591,308</u>	<u>8,948,764</u>	<u>27,530,826</u>	<u>17,701,606</u>
Operating profit	4,396,983	1,462,940	8,027,169	2,914,353
Finance costs	(4,927)	(3,277)	(9,402)	(6,617)
Depreciation and amortisation	(475,155)	(491,085)	(976,575)	(977,827)
Interest income	94,673	68,375	172,209	113,111
Profit before taxation	<u>4,011,574</u>	<u>1,036,953</u>	<u>7,213,401</u>	<u>2,043,020</u>
Taxation	(186)	(222)	(384)	(458)
Profit for the period	<u>4,011,388</u>	<u>1,036,731</u>	<u>7,213,017</u>	<u>2,042,562</u>
Other comprehensive income :				
Foreign exchange translation difference	(242,589)	232,943	(402,473)	938,686
Total comprehensive income for the period	<u>3,768,799</u>	<u>1,269,674</u>	<u>6,810,544</u>	<u>2,981,248</u>
Profit/(Loss) Attributable to :				
Equity holders of the parent	4,011,388	1,036,731	7,213,017	2,042,562
Non-Controlling Interest	-	-	-	-
	<u>4,011,388</u>	<u>1,036,731</u>	<u>7,213,017</u>	<u>2,042,562</u>
Total comprehensive income attributable to:				
Equity holders of the parent	3,768,799	1,269,674	6,810,544	2,981,248
Non-Controlling Interest	-	-	-	-
	<u>3,768,799</u>	<u>1,269,674</u>	<u>6,810,544</u>	<u>2,981,248</u>
Earnings per share (sen)				
- Basic	<u>0.87</u>	<u>0.50</u>	<u>1.57</u>	<u>0.99</u>
- Diluted	<u>0.87</u>	<u>N/A</u>	<u>1.57</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 30 NOVEMBER 2020

	AS AT 30-Nov-20 (UNAUDITED)	AS AT 31-May-20 (AUDITED)
	RM	RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	19,744,655	19,222,965
Right-Of-Use Asset (Cost)	3,363,809	3,479,682
Right-Of-Use Asset (Accum. Deprn.)	(923,346)	(890,295)
Investment In Associate	2,210,000	2,300,000
Intangible Assets	323,208	364,659
	24,718,326	24,477,011
Current Assets		
Inventories	5,205,874	4,320,518
Trade & Other Receivables	8,644,882	10,520,564
Current Tax Asset	324,163	121,143
Cash and Cash Equivalents	48,118,164	20,200,812
	62,293,083	35,163,037
TOTAL ASSETS	87,011,409	59,640,048
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	33,236,315	22,911,311
Share Option Reserve	376,673	376,673
Capital Reserve	715,680	715,680
Exchange Reserve	6,875,707	7,278,180
Retained Profit	26,585,821	21,557,455
	67,790,196	52,839,299
Non-controlling interest	-	-
TOTAL EQUITY	67,790,196	52,839,299
LIABILITIES		
Non-Current Liabilities		
Lease Liability	294,035	251,775
Employee Benefit Obligation	37,672	38,289
Term Loan	215,458	213,842
	547,165	503,906
Current Liabilities		
Trade and Other Payables	18,545,103	6,205,249
Lease Liability	114,035	76,684
Term Loan	14,910	14,910
	18,674,048	6,296,843
TOTAL LIABILITIES	19,221,213	6,800,749
TOTAL EQUITY AND LIABILITIES	87,011,409	59,640,048
Net assets per share attributable to ordinary equity holders of the parent (sen)	15	26

(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
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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		-				-
Warrant converted	2,009,760					2,009,760
ESOS exercised	8,315,244					8,315,244
Total comprehensive income for the period			-	(402,473)	7,213,017	6,810,544
Dividends paid					(2,184,651)	(2,184,651)
Balance at 30 November 2020	33,236,315	376,673	715,680	6,875,707	26,585,821	67,790,196

For the Corresponding Quarter Ended 30 November 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		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	39,431	715,680	7,171,748	21,319,004	52,157,174

(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 30 NOVEMBER 2020**

	CURRENT QUARTER ENDED 30-Nov-20	PRECEDING YEAR QUARTER ENDED 30-Nov-19
	RM	RM
Cash flows from operating activities		
Profit before taxation	7,213,401	2,043,020
Adjustments for :-		
Depreciation, amortisation and impairment losses	976,575	977,827
Interest income and expenses	(162,807)	(106,494)
Other non-cash items	29,326	22,550
Operating profit before changes in working capital	<u>8,056,495</u>	<u>2,936,903</u>
Changes in working capital:		
Net change in inventories	(1,218,819)	190,753
Net change in receivables	1,875,682	1,800,204
Net change in payables	<u>12,339,853</u>	<u>(1,464,450)</u>
Cash flow from operations	<u>21,053,211</u>	<u>3,463,410</u>
Finance costs	(9,402)	(6,617)
Income tax refunded/(paid)	<u>(384)</u>	<u>(458)</u>
Net cash flows from operating activities	<u><u>21,043,425</u></u>	<u><u>3,456,335</u></u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,461,567)	(289,822)
Interest income	172,209	113,111
Proceeds from disposal of property, plant and equipment	<u>70,000</u>	<u>-</u>
Net cash used in investing activities	<u><u>(1,219,358)</u></u>	<u><u>(176,711)</u></u>
Cash flows from financing activities		
Dividends paid	(2,184,651)	(1,233,091)
Drawdown / (Repayment) of term loan	2,100	(5,891)
Issuance of ordinary shares pursuant to conversion of warrant	2,009,760	-
Issuance of shares pursuant to exercise of share options	8,315,244	-
Drawdown / (Repayment) of hire purchase	<u>79,130</u>	<u>(6,528)</u>
Net cash flows from financing activities	<u><u>8,221,583</u></u>	<u><u>(1,245,510)</u></u>
Net increase / (decrease) in cash and cash equivalents	28,045,650	2,034,114
Cash and cash equivalents at beginning of the year	20,200,812	19,123,075
Effect of changes in foreign exchange rates	(128,298)	290,645
Cash and cash equivalents at end of period	<u><u>48,118,164</u></u>	<u><u>21,447,834</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)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 NOVEMBER 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 SECOND QUARTER ENDED 30 NOVEMBER 2020

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 RM0.01 per share amounting to RM2,184,651 in respect of the financial year ending 31 May 2021, declared on 21 August 2020 and paid on 28 September 2020.

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.

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2020**

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 2020

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

B1. Review of Performance

	2nd Quarter		Variance %	Year-To-Date Ended		Variance %
	30-Nov-20 (RM)	30-Nov-19 (RM)		30-Nov-20 (RM)	30-Nov-19 (RM)	
Revenue	15,591,308	8,948,764	74.23	27,530,826	17,701,606	55.53
Operating Profit	4,396,983	1,462,940	200.56	8,027,169	2,914,353	175.44
Profit Before Interest and Tax	4,016,501	1,040,230	286.12	7,222,803	2,049,637	252.39
Profit Before Tax	4,011,574	1,036,953	286.86	7,213,401	2,043,020	253.08
Profit After Tax	4,011,388	1,036,731	286.93	7,213,017	2,042,562	253.14
Profit Attributable to Ordinary Equity Holders of the Parent	4,011,388	1,036,731	286.93	7,213,017	2,042,562	253.14

For the current quarter ended 30 November 2020, the Group recorded revenue of RM15.59 million, represents an increase of 74.23% as compared to revenue of RM8.95 million for the corresponding quarter of the preceding year.

The Group achieved a profit before taxation of approximately RM4.01 million for the current quarter. This represents an increase of 286.86% from the profit before taxation of approximately RM1.04 million registered in the corresponding quarter of the preceding year. This was in tandem with the increase in revenue, improved production activities and higher selling price.

For the six (6) months ended 30 November 2020, the Group generated total revenue of approximately RM27.53 million which represents an increase of approximately 55.53% as compared to RM17.70 million achieved in the corresponding period of the preceding year.

For the same period, the Group achieved a profit before tax of approximately RM7.21 million which represents an increase of 253.08% as compared to a profit before tax of approximately RM2.04 million registered in the corresponding period of the preceding year. The increase in profit before tax was mainly attributed to the higher sales output from the additional production capacity due to strong demand of formers, improved production activities and higher selling price.

Furthermore, the increase in net cash position with cash & bank balances amounting to RM48 million as of 30 November 2020 is mainly due to the collections from increased sales and customers paying deposits in advance to secure supply and also proceeds from issuance of new shares.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 30.11.2020 RM	Immediate preceding Quarter 31.08.2020 RM	Changes %
Revenue	15,591,308	11,939,518	30.59
Operating Profit	4,396,983	3,630,186	21.12
Profit/(Loss) Before Interest and Tax	4,016,501	3,206,302	25.27
Profit/(Loss) Before Tax	4,011,574	3,201,827	25.29

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2020

Profit/(Loss) After Tax	4,011,388	3,201,629	25.29
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	4,011,388	3,201,629	25.29

Revenue registered in the current quarter of RM15.59 million represents an increase of 30.59% as compared to the revenue of RM11.94 million recorded in the immediate preceding quarter.

The Group's current quarter profit before taxation of approximately RM4.01 million has increased by 25.29% as compared in the immediate preceding quarter. This was in tandem with the increase in revenue due to high demand of formers.

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 30.11.2020	Current year to date 30.11.2020
	RM	RM
Current year	186	384
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 26 October 2020, TA Securities announced that the Bonus Issue of Shares with Free Warrants has been completed following the listing of and quotation for the 224,978,097 Bonus Shares and 224,978,097 Warrants on the ACE Market of Bursa Securities on 26 October 2020.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2020

B7. Borrowings and Debt Securities

The Group's borrowings as at 30 November 2020 are as follows:

	At end of current quarter 30 November 2020 (RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
Secured:			
Lease Liability	114,035	294,035	408,071
Term Loan	14,910	215,458	230,368
	<u>128,945</u>	<u>509,493</u>	<u>638,439</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 30 Nov 2020, the Company announced that the Court has delivered its decision today pertaining to the Plaintiff's Application for Extension of Time to File his Notice of Appeal ("Enclosure 101") and allowed the Plaintiff's Application with costs of RM4,000.00 payable by the Plaintiff to the Company and two other Defendants.

B10. Dividend

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

B11. Earnings Per Share

	Current Quarter Ended 30.11.20	Current Year To Date 30.11.20
Net profit/(loss) attributable to owner of the Company (RM'000)	4,011	7,213
Weighted average number of ordinary shares in issue (RM'000)	460,005	460,005
Basic earnings per share (sen)	0.87	1.57

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2020

B12. Profit Before Taxation

	Current Quarter 30.11.20 RM'000	Current Year To Date 30.11.20 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(95)	(172)
Other income including investment income	-	-
Interest expense	5	9
Depreciation and amortization	475	977
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)	52	50
Gain/(loss) on derivatives	-	-
Exceptional items	-	-