

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 28 FEBRUARY 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 28-Feb-21	CORRESPONDING QUARTER ENDED 29-Feb-20	CURRENT YEAR TO DATE ENDED 28-Feb-21	CORRESPONDING YEAR TO DATE ENDED 29-Feb-20
	RM	RM	RM	RM
Revenue	<u>22,607,853</u>	<u>8,949,822</u>	<u>50,138,679</u>	<u>26,651,428</u>
Operating profit	10,402,895	1,064,368	18,430,064	3,978,721
Finance costs	(4,312)	(2,881)	(13,714)	(9,498)
Depreciation and amortisation	(538,860)	(495,764)	(1,515,435)	(1,473,591)
Interest income	124,670	87,690	296,879	200,801
Profit before taxation	<u>9,984,393</u>	<u>653,413</u>	<u>17,197,794</u>	<u>2,696,433</u>
Taxation	(1,516,912)	(222)	(1,517,296)	(680)
Profit for the period	<u>8,467,481</u>	<u>653,191</u>	<u>15,680,498</u>	<u>2,695,753</u>
Other comprehensive income :				
Foreign exchange translation difference	(464,084)	(162,850)	(866,557)	775,836
Total comprehensive income for the period	<u>8,003,397</u>	<u>490,341</u>	<u>14,813,941</u>	<u>3,471,589</u>
Profit/(Loss) Attributable to :				
Equity holders of the parent	8,467,481	653,191	15,680,498	2,695,753
Non-Controlling Interest	-	-	-	-
	<u>8,467,481</u>	<u>653,191</u>	<u>15,680,498</u>	<u>2,695,753</u>
Total comprehensive income attributable to:				
Equity holders of the parent	8,003,397	490,341	14,813,941	3,471,589
Non-Controlling Interest	-	-	-	-
	<u>8,003,397</u>	<u>490,341</u>	<u>14,813,941</u>	<u>3,471,589</u>
Earnings per share (sen)				
- Basic	<u>1.82</u>	<u>0.32</u>	<u>3.37</u>	<u>1.31</u>
- Diluted	<u>1.82</u>	<u>N/A</u>	<u>3.37</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 28 FEBRUARY 2021

	AS AT 28-Feb-21 (UNAUDITED)	AS AT 31-May-20 (AUDITED)
	RM	RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	20,119,822	19,222,965
Right-Of-Use Asset (Cost)	3,363,822	3,479,682
Right-Of-Use Asset (Accum. Deprn.)	(963,242)	(890,295)
Investment In Associate	2,210,000	2,300,000
Intangible Assets	305,938	364,659
	<u>25,036,340</u>	<u>24,477,011</u>
Current Assets		
Inventories	7,686,184	4,320,518
Trade & Other Receivables	15,788,047	10,520,564
Current Tax Asset	424,382	121,143
Cash and Cash Equivalents	59,852,615	20,200,812
	<u>83,751,228</u>	<u>35,163,037</u>
TOTAL ASSETS	<u><u>108,787,568</u></u>	<u><u>59,640,048</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	34,223,615	22,911,311
Share Option Reserve	376,673	376,673
Capital Reserve	715,680	715,680
Exchange Reserve	6,411,623	7,278,180
Retained Profit	35,053,302	21,557,455
	<u>76,780,893</u>	<u>52,839,299</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u><u>76,780,893</u></u>	<u><u>52,839,299</u></u>
LIABILITIES		
Non-Current Liabilities		
Lease Liability	317,025	251,775
Employee Benefit Obligation	37,700	38,289
Term Loan	212,832	213,842
	<u>567,557</u>	<u>503,906</u>
Current Liabilities		
Trade and Other Payables	29,849,858	6,205,249
Lease Liability	74,360	76,684
Term Loan	14,910	14,910
Current Tax Payable	1,499,990	-
	<u>31,439,118</u>	<u>6,296,843</u>
TOTAL LIABILITIES	<u><u>32,006,675</u></u>	<u><u>6,800,749</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>108,787,568</u></u>	<u><u>59,640,048</u></u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u><u>16.51</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		-				-
Warrant converted	2,893,860					2,893,860
ESOS exercised	8,418,444					8,418,444
Total comprehensive income for the period			-	(866,557)	15,680,498	14,813,941
Dividends paid					(2,184,651)	(2,184,651)
Balance at 28 February 2021	34,223,615	376,673	715,680	6,411,623	35,053,302	76,780,893

For the Corresponding Quarter Ended 29 February 2020

	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	-	732,561	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		-	49,415	775,836	2,695,753	3,521,004
Dividends paid					(1,233,091)	(1,233,091)
Balance at 29 February 2020	22,911,311	-	781,976	7,008,898	21,972,195	52,674,380

(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 28 FEBRUARY 2021

	CURRENT QUARTER ENDED 28-Feb-21	PRECEDING YEAR QUARTER ENDED 29-Feb-20
	RM	RM
Cash flows from operating activities		
Profit before taxation	17,197,794	2,696,433
Adjustments for :-		
Depreciation, amortisation and impairment losses	1,515,435	1,473,591
Interest income and expenses	(283,165)	(191,303)
Other non-cash items	29,326	49,415
Operating profit before changes in working capital	<u>18,459,390</u>	<u>4,028,136</u>
Changes in working capital:		
Net change in inventories	(3,365,666)	(186,726)
Net change in receivables	(5,267,483)	1,411,615
Net change in payables	<u>22,258,680</u>	<u>(1,927,128)</u>
Cash flow from operations	<u>32,084,921</u>	<u>3,325,897</u>
Finance costs	(13,714)	(9,498)
Income tax refunded/(paid)	<u>(17,296)</u>	<u>(680)</u>
Net cash flows from operating activities	<u><u>32,053,911</u></u>	<u><u>3,315,719</u></u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,926,090)	(2,094,128)
Interest income	296,879	200,801
Repayment from associate	90,000	-
Proceeds from disposal of property, plant and equipment	<u>70,000</u>	<u>6,790</u>
Net cash used in investing activities	<u><u>(1,469,211)</u></u>	<u><u>(1,886,537)</u></u>
Cash flows from financing activities		
Dividends paid	(2,184,651)	(1,233,091)
Drawdown / (Repayment) of term loan	(1,010)	(9,080)
Issuance of ordinary shares pursuant to conversion of warrant	2,893,860	-
Issuance of shares pursuant to exercise of share options	8,418,444	-
Drawdown / (Repayment) of hire purchase	<u>62,927</u>	<u>88,579</u>
Net cash flows from financing activities	<u><u>9,189,570</u></u>	<u><u>(1,153,592)</u></u>
Net increase / (decrease) in cash and cash equivalents	39,774,270	275,590
Cash and cash equivalents at beginning of the year	20,200,812	19,123,075
Effect of changes in foreign exchange rates	(122,467)	229,811
Cash and cash equivalents at end of period	<u><u>59,852,615</u></u>	<u><u>19,628,476</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 THIRD QUARTER ENDED 28 FEBRUARY 2021

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 THIRD QUARTER ENDED 28 FEBRUARY 2021

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 THIRD QUARTER ENDED 28 FEBRUARY 2021**

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2021

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

B1. Review of Performance

	3rd Quarter		Variance %	Year-To-Date Ended		Variance %
	28-Feb-21 (RM)	29-Feb-20 (RM)		28-Feb-21 (RM)	29-Feb-20 (RM)	
Revenue	22,607,853	8,949,822	152.61	50,138,679	26,651,428	88.13
Operating Profit	10,402,895	1,064,368	877.38	18,430,064	3,978,721	363.22
Profit Before Interest and Tax	9,988,705	656,294	1421.99	17,211,508	2,705,931	536.07
Profit Before Tax	9,984,393	653,413	1428.04	17,197,794	2,696,433	537.80
Profit After Tax	8,467,481	653,191	1196.33	15,680,498	2,695,753	481.67
Profit Attributable to Ordinary Equity Holders of the Parent	8,467,481	653,191	1196.33	15,680,498	2,695,753	481.67

For the current quarter ended 28 February 2021, the Group recorded revenue of RM22.61 million, represents an increase of 152.61% 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 RM9.98 million for the current quarter. This represents an increase of 1428% from the profit before taxation of approximately RM0.65 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 nine (9) months ended 28 February 2021, the Group generated total revenue of approximately RM50.14 million which represents an increase of approximately 88.13% as compared to RM26.65 million achieved in the corresponding period of the preceding year.

For the same period, the Group achieved a profit before tax of approximately RM17.20 million which represents an increase of 537.80% as compared to a profit before tax of approximately RM2.70 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 increase in average selling price.

Furthermore, the increase in net cash position with cash & bank balances amounting to RM60 million as of 28 February 2021 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 28.02.2021 RM	Immediate preceding Quarter 30.11.2020 RM	Changes %
Revenue	22,607,853	15,591,308	45.00
Operating Profit	10,402,895	4,396,983	136.59
Profit/(Loss) Before Interest and Tax	9,988,705	4,016,501	148.69
Profit/(Loss) Before Tax	9,984,393	4,011,574	148.89
Profit/(Loss) After Tax	8,467,481	4,011,388	111.09

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2021

Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	8,467,481	4,011,388	111.09
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Revenue registered in the current quarter of RM22.61 million represents an increase of 45% as compared to the revenue of RM15.59 million recorded in the immediate preceding quarter.

The Group's current quarter profit before taxation of approximately RM9.98 million has increased by 148.89% 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 28.02.2021	Current year to date 28.02.2021
	RM	RM
Current year	1,516,912	1,517,296
Deferred taxation	-	-

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the current period.

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2021

B7. Borrowings and Debt Securities

The Group's borrowings as at 28 February 2021 are as follows:

	At end of current quarter 28 February 2021 (RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
Secured:			
Lease Liability	74,360	317,025	391,385
Term Loan	14,910	212,832	227,742
	<u>89,270</u>	<u>529,857</u>	<u>619,127</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 8 Jan 2021, the Company announced that the High Court has fixed the Appellant's / Plaintiff's Appeal against the Sessions Court Judge's decision (dismissing the Plaintiff's Claim against the Company) dated 12 August 2020 for Hearing on 8 April 2021.

B10. Dividend

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

B11. Earnings Per Share

	Current Quarter Ended 28.02.21	Current Year To Date 28.02.21
Net profit/(loss) attributable to owner of the Company (RM'000)	8,467	15,680
Weighted average number of ordinary shares in issue (RM'000)	465,145	465,145
Basic earnings per share (sen)	1.82	3.37

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 THIRD QUARTER ENDED 28 FEBRUARY 2021

B12. Profit Before Taxation

	Current Quarter	Current Year To Date
	28.02.21	28.02.21
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(125)	(297)
Other income including investment income	-	-
Interest expense	4	14
Depreciation and amortization	539	1,515
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)	66	116
Gain/(loss) on derivatives	-	-
Exceptional items	-	-