

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 AUGUST 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31-Aug-21	CORRESPONDING QUARTER ENDED 31-Aug-20	CURRENT YEAR TO DATE ENDED 31-Aug-21	CORRESPONDING YEAR TO DATE ENDED 31-Aug-20
	RM	RM	RM	RM
Revenue	<u>25,473,414</u>	<u>11,939,518</u>	<u>25,473,414</u>	<u>11,939,518</u>
Operating profit	10,851,780	3,630,186	10,851,780	3,630,186
Finance costs	(4,435)	(4,475)	(4,435)	(4,475)
Depreciation and amortisation	(627,659)	(501,420)	(627,659)	(501,420)
Interest income	188,576	77,536	188,576	77,536
Profit before taxation	<u>10,408,262</u>	<u>3,201,827</u>	<u>10,408,262</u>	<u>3,201,827</u>
Taxation	(966,380)	(198)	(966,380)	(198)
Profit for the period	<u>9,441,882</u>	<u>3,201,629</u>	<u>9,441,882</u>	<u>3,201,629</u>
Other comprehensive income :				
Foreign exchange translation difference	(621,034)	(159,884)	(621,034)	(159,884)
Total comprehensive income for the period	<u>8,820,848</u>	<u>3,041,745</u>	<u>8,820,848</u>	<u>3,041,745</u>
Profit/(Loss) Attributable to :				
Equity holders of the parent	9,441,882	3,201,629	9,441,882	3,201,629
Non-Controlling Interest	-	-	-	-
	<u>9,441,882</u>	<u>3,201,629</u>	<u>9,441,882</u>	<u>3,201,629</u>
Total comprehensive income attributable to:				
Equity holders of the parent	8,820,848	3,041,745	8,820,848	3,041,745
Non-Controlling Interest	-	-	-	-
	<u>8,820,848</u>	<u>3,041,745</u>	<u>8,820,848</u>	<u>3,041,745</u>
Earnings per share (sen)				
- Basic	<u>1.87</u>	<u>1.50</u>	<u>1.87</u>	<u>1.50</u>
- Diluted	<u>1.87</u>	<u>1.50</u>	<u>1.87</u>	<u>1.50</u>

(The condensed consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2021)

ES CERAMICS TECHNOLOGY BHD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2021

	AS AT 31-Aug-21 (UNAUDITED)	AS AT 31-May-21 (AUDITED)
	RM	RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	23,999,730	22,939,114
Right-Of-Use Assets	10,729,834	10,846,476
Other Investments	2,120,000	2,120,000
Intangible Assets	258,489	283,113
	37,108,053	36,188,703
Current Assets		
Inventories	7,019,980	5,818,375
Trade & Other Receivables	17,209,016	18,724,913
Current Tax Asset	1,157,675	41,665
Cash and Cash Equivalents	68,568,889	75,461,570
	93,955,560	100,046,523
TOTAL ASSETS	131,063,613	136,235,226
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	45,910,684	45,761,484
Share Option Reserve	979,467	979,467
Capital Reserve	715,680	715,680
Exchange Reserve	5,612,860	6,233,894
Retained Profit	39,121,617	29,679,735
	92,340,308	83,370,260
Non-controlling interest	-	-
TOTAL EQUITY	92,340,308	83,370,260
LIABILITIES		
Non-Current Liabilities		
Lease Liabilities	217,921	222,839
Employee Benefit Obligation	27,415	28,161
Term Loan	208,946	211,607
Deferred Taxation	1,365,777	1,166,927
	1,820,059	1,629,534
Current Liabilities		
Trade and Other Payables	5,611,236	7,065,243
Contract Liabilities	31,162,023	43,843,823
Lease Liabilities	95,599	107,988
Term Loan	13,514	13,514
Current Tax Payable	20,874	204,864
	36,903,246	51,235,432
TOTAL LIABILITIES	38,723,305	52,864,966
TOTAL EQUITY AND LIABILITIES	131,063,613	136,235,226
Net assets per share attributable to ordinary equity holders of the parent (sen)	18	17

(The condensed consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2021)

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 2021	45,761,484	979,467	715,680	6,233,894	29,679,735	83,370,260
Share-based payment transactions		-				-
Warrant converted	149,200					149,200
ESOS exercised						-
Total comprehensive income for the period			-	(621,034)	9,441,882	8,820,848
Dividends paid						-
Balance at 31 August 2021	45,910,684	979,467	715,680	5,612,860	39,121,617	92,340,308

For the Corresponding Quarter Ended 31 August 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 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

(The condensed consolidated Statement of changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2021)

ES CERAMICS TECHNOLOGY BHD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MAY 2021

	CURRENT QUARTER ENDED 31-Aug-21	PRECEDING YEAR QUARTER ENDED 31-Aug-20
	RM	RM
Cash flows from operating activities		
Profit before taxation	10,408,262	3,201,827
Adjustments for :-		
Depreciation, amortisation and impairment losses	627,659	501,420
Interest income and expenses	(184,141)	(73,061)
Other non-cash items	-	29,326
Operating profit before changes in working capital	<u>10,851,780</u>	<u>3,659,512</u>
Changes in working capital:		
Net change in inventories	(1,201,605)	(1,285,576)
Net change in receivables	1,515,896	3,312,444
Net change in payables	<u>(12,758,911)</u>	<u>(2,036,599)</u>
Cash flow from operations	<u>(1,592,840)</u>	<u>3,649,781</u>
Finance costs	(4,435)	(4,475)
Income tax refunded/(paid)	<u>(2,067,530)</u>	<u>(198)</u>
Net cash flows from operating activities	<u><u>(3,664,805)</u></u>	<u><u>3,645,108</u></u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,891,795)	(566,229)
Interest income	188,576	77,536
Proceeds from disposal of property, plant and equipment	-	25,420
Net cash used in investing activities	<u><u>(2,703,219)</u></u>	<u><u>(463,273)</u></u>
Cash flows from financing activities		
Drawdown / (Repayment) of term loan	(2,661)	(2,523)
Issuance of ordinary shares pursuant to conversion of warrant	149,200	-
Issuance of shares pursuant to exercise of share options	-	3,019,749
Drawdown / (Repayment) of lease liabilities	<u>(17,307)</u>	<u>96,305</u>
Net cash flows from financing activities	<u><u>129,232</u></u>	<u><u>3,113,531</u></u>
Net increase / (decrease) in cash and cash equivalents	(6,238,792)	6,295,366
Cash and cash equivalents at beginning of the year	75,461,570	20,200,812
Effect of changes in foreign exchange rates	(653,889)	283,884
Cash and cash equivalents at end of period	<u><u><u>68,568,889</u></u></u>	<u><u><u>26,780,062</u></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 2021)

ES CERAMICS TECHNOLOGY BHD

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 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 2021.

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 2021, 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 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2021

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 2021 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.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 AUGUST 2021**

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 2021

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-21 (RM)	31-Aug-20 (RM)		31-Aug-21 (RM)	31-Aug-20 (RM)	
Revenue	25,473,414	11,939,518	113.35%	25,473,414	11,939,518	113.35%
Operating Profit	10,851,780	3,630,186	198.93%	10,851,780	3,630,186	198.93%
Profit Before Interest and Tax	10,412,697	3,206,302	224.76%	10,412,697	3,206,302	224.76%
Profit Before Tax	10,408,262	3,201,827	225.07%	10,408,262	3,201,827	225.07%
Profit After Tax	9,441,882	3,201,629	194.91%	9,441,882	3,201,629	194.91%
Profit Attributable to Ordinary Equity Holders of the Parent	9,441,882	3,201,629	194.91%	9,441,882	3,201,629	194.91%

For the current quarter ended 31 August 2021, the Group recorded revenue of RM25.47 million, represents an increase of 113.35% as compared to revenue of RM11.94 million for the corresponding quarter of the preceding year.

The Group achieved a profit before taxation of approximately RM10.41 million for the current quarter. This represents an increase of 225.07% from the profit before taxation of approximately RM3.20 million registered in the corresponding quarter of the preceding year. This was in tandem with the increase in revenue and higher average selling price.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 31.08.2021 RM	Immediate preceding Quarter 31.05.2021 RM	Changes %
Revenue	25,473,414	42,772,031	(40.44)
Operating Profit	10,851,780	18,589,347	(41.62)
Profit/(Loss) Before Interest and Tax	10,412,697	18,275,439	(43.02)
Profit/(Loss) Before Tax	10,408,262	18,265,572	(43.02)
Profit/(Loss) After Tax	9,441,882	14,510,251	(34.93)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	9,441,882	14,510,251	(34.93)

Revenue registered in the current quarter declined by 40.44% to RM25.47 million as compared to RM42.77 million recorded in the immediate preceding quarter.

The Group's current quarter profit before taxation of approximately RM10.41 million has decreased by 43.02% as compared in the immediate preceding quarter. This was in tandem with the decrease in revenue and production output due to COVID-19 infection cases and factories shutdown.

During the quarter under review, both the COVID-19 pandemic and restrictions of the MCO have continued affect the performance and results of the Group. Business activities continued to be restrictive during the period under review as operations were halted from 1 June 2021 following the re-imposition of Full Movement Control Order by the Government following a drastic increase in COVID-19 cases across Malaysia.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2021

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 31.08.2021	Current year to date 31.08.2021
	RM	RM
Current year	966,380	966,380
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.

B7. Borrowings and Debt Securities

The Group's borrowings as at 31 August 2021 are as follows:

	At end of current quarter 31 August 2021 (RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
Secured:			
Lease Liability	95,599	217,921	313,520
Term Loan	13,514	208,946	222,460
	<u>109,113</u>	<u>426,867</u>	<u>535,980</u>

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2021

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 29 July 2021, the Company informed that the Appellant / Plaintiff has lodged an appeal against the High Court Judge's decision (dismissing the Appellant's / Plaintiff's Appeal) on 26.07.2021. In this regard, the further case management for the appeal is now fixed on 13.09.2021 and 15.11.2021.

B10. Dividend

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

B11. Earnings Per Share

	Current Quarter Ended 31.08.21	Current Year To Date 31.08.21
Net profit/(loss) attributable to owner of the Company (RM'000)	9,442	9,442
Weighted average number of ordinary shares in issue (RM'000)	504,537	504,537
Basic earnings per share (sen)	1.87	1.87

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 31.08.21 RM'000	Current Year To Date 31.08.21 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(189)	(189)
Other income including investment income	-	-
Interest expense	4	4
Depreciation and amortization	628	628
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)	(212)	(212)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-