

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 NOVEMBER 2021**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30-Nov-21	CORRESPONDING QUARTER ENDED 30-Nov-20	CURRENT YEAR TO DATE ENDED 30-Nov-21	CORRESPONDING YEAR TO DATE ENDED 30-Nov-20
	RM	RM	RM	RM
Revenue	<u>33,848,787</u>	<u>15,591,308</u>	<u>59,322,201</u>	<u>27,530,826</u>
Operating profit	15,690,778	4,396,983	26,542,558	8,027,169
Finance costs	(4,166)	(4,927)	(8,601)	(9,402)
Depreciation and amortisation	(596,074)	(475,155)	(1,223,733)	(976,575)
Interest income	178,720	94,673	367,296	172,209
Profit before taxation	<u>15,269,258</u>	<u>4,011,574</u>	<u>25,677,520</u>	<u>7,213,401</u>
Taxation	(1,134,186)	(186)	(2,100,566)	(384)
Profit for the period	<u>14,135,072</u>	<u>4,011,388</u>	<u>23,576,954</u>	<u>7,213,017</u>
Other comprehensive income :				
Foreign exchange translation difference	(425,655)	(242,589)	(1,046,689)	(402,473)
Total comprehensive income for the period	<u>13,709,417</u>	<u>3,768,799</u>	<u>22,530,265</u>	<u>6,810,544</u>
Profit/(Loss) Attributable to :				
Equity holders of the parent	14,135,072	4,011,388	23,576,954	7,213,017
Non-Controlling Interest	-	-	-	-
	<u>14,135,072</u>	<u>4,011,388</u>	<u>23,576,954</u>	<u>7,213,017</u>
Total comprehensive income attributable to:				
Equity holders of the parent	13,709,417	3,768,799	22,530,265	6,810,544
Non-Controlling Interest	-	-	-	-
	<u>13,709,417</u>	<u>3,768,799</u>	<u>22,530,265</u>	<u>6,810,544</u>
Earnings per share (sen)				
- Basic	<u>2.80</u>	<u>0.87</u>	<u>4.67</u>	<u>1.57</u>
- Diluted	<u>2.80</u>	<u>0.87</u>	<u>4.67</u>	<u>1.57</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
Registration No: 200301024697 (627117-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2021

	AS AT 30-Nov-21 (UNAUDITED)	AS AT 31-May-21 (AUDITED)
	RM	RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	29,462,598	22,939,114
Right-Of-Use Assets	10,625,887	10,846,476
Other Investments	-	2,120,000
Intangible Assets	254,272	283,113
	<u>40,342,757</u>	<u>36,188,703</u>
Current Assets		
Inventories	4,181,002	5,818,375
Trade & Other Receivables	17,822,856	18,724,913
Current Tax Asset	1,157,675	41,665
Cash and Cash Equivalents	73,181,678	75,461,570
	<u>96,343,211</u>	<u>100,046,523</u>
TOTAL ASSETS	<u><u>136,685,968</u></u>	<u><u>136,235,226</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	46,037,384	45,761,484
Share Option Reserve	979,467	979,467
Capital Reserve	715,680	715,680
Exchange Reserve	5,187,205	6,233,894
Retained Profit	53,256,689	29,679,735
	<u>106,176,425</u>	<u>83,370,260</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u><u>106,176,425</u></u>	<u><u>83,370,260</u></u>
LIABILITIES		
Non-Current Liabilities		
Lease Liabilities	213,353	222,839
Employee Benefit Obligation	26,968	28,161
Term Loan	206,285	211,607
Deferred Taxation	1,365,777	1,166,927
	<u>1,812,383</u>	<u>1,629,534</u>
Current Liabilities		
Trade and Other Payables	7,597,760	7,065,243
Contract Liabilities	20,981,881	43,843,823
Lease Liabilities	83,131	107,988
Term Loan	13,514	13,514
Current Tax Payable	20,874	204,864
	<u>28,697,160</u>	<u>51,235,432</u>
TOTAL LIABILITIES	<u><u>30,509,543</u></u>	<u><u>52,864,966</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>136,685,968</u></u>	<u><u>136,235,226</u></u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u><u>21</u></u>	<u><u>17</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 2021)

ES CERAMICS TECHNOLOGY BHD
Registration No: 200301024697 (627117-P)
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Owners of the Parent					Total Equity RM
	Share Capital RM	Share Option Reserve RM	Capital Reserve RM	Exchange Reserve RM	Retained Profits 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	275,900					275,900
ESOS exercised						-
Total comprehensive income for the period			-	(1,046,689)	23,576,954	22,530,265
Dividends paid						-
Balance at 30 November 2021	46,037,384	979,467	715,680	5,187,205	53,256,689	106,176,425

For the Corresponding Quarter Ended 30 November 2020

	Attributable to Owners of the Parent					Total Equity RM
	Share Capital RM	Share Option Reserve RM	Capital Reserve RM	Exchange Reserve RM	Retained Profits 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

(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 30 NOVEMBER 2021**

	CURRENT QUARTER ENDED 30-Nov-21	PRECEDING YEAR QUARTER ENDED 30-Nov-20
	RM	RM
Cash flows from operating activities		
Profit before taxation	25,677,520	7,213,401
Adjustments for :-		
Depreciation, amortisation and impairment losses	1,223,733	976,575
Interest income and expenses	(358,695)	(162,807)
Other non-cash items	9,000	29,326
Operating profit before changes in working capital	<u>26,551,558</u>	<u>8,056,495</u>
Changes in working capital:		
Net change in contract liabilities	(22,861,942)	-
Net change in inventories	1,637,373	(1,218,819)
Net change in receivables	902,058	1,875,682
Net change in payables	<u>2,128,862</u>	<u>12,339,853</u>
Cash flow from operations	<u>8,357,909</u>	<u>21,053,211</u>
Finance costs	(8,601)	(9,402)
Income tax refunded/(paid)	<u>(3,201,716)</u>	<u>(384)</u>
Net cash flows from operating activities	<u>5,147,592</u>	<u>21,043,425</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,104,793)	(1,461,567)
Interest income	367,296	172,209
Proceeds from redemption of redeemable non-convertible preference shares	2,120,000	-
Proceeds from disposal of property, plant and equipment	-	70,000
Net cash used in investing activities	<u>(6,617,497)</u>	<u>(1,219,358)</u>
Cash flows from financing activities		
Dividends paid	-	(2,184,651)
Drawdown / (Repayment) of term loan	(5,322)	2,100
Issuance of ordinary shares pursuant to conversion of warrant	275,900	2,009,760
Issuance of shares pursuant to exercise of share options	-	8,315,244
Drawdown / (Repayment) of lease liabilities	<u>(34,343)</u>	<u>79,130</u>
Net cash flows from financing activities	<u>236,235</u>	<u>8,221,583</u>
Net increase / (decrease) in cash and cash equivalents	(1,233,670)	28,045,650
Cash and cash equivalents at beginning of the year	75,461,570	20,200,812
Effect of changes in foreign exchange rates	(1,046,222)	(128,298)
Cash and cash equivalents at end of period	<u>73,181,678</u>	<u>48,118,164</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)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 NOVEMBER 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 <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 2021 was not subject to any audit qualification.

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

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2021**

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 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 %
	30-Nov-21 (RM)	30-Nov-20 (RM)		30-Nov-21 (RM)	30-Nov-20 (RM)	
Revenue	33,848,787	15,591,308	117.10%	59,322,201	27,530,826	115.48%
Operating Profit	15,690,778	4,396,983	256.85%	26,542,558	8,027,169	230.66%
Profit Before Interest and Tax	15,273,424	4,016,501	280.27%	25,686,121	7,222,803	255.63%
Profit Before Tax	15,269,258	4,011,574	280.63%	25,677,520	7,213,401	255.97%
Profit After Tax	14,135,072	4,011,388	252.37%	23,576,954	7,213,017	226.87%
Profit Attributable to Ordinary Equity Holders of the Parent	14,135,072	4,011,388	252.37%	23,576,954	7,213,017	226.87%

For the current quarter ended 30 November 2021, the Group recorded revenue of RM33.85 million, represents an increase of 117.10% as compared to revenue of RM15.59 million for the corresponding quarter of the preceding year.

The Group achieved a profit before taxation of approximately RM15.27 million for the current quarter. This represents an increase of 280.63% from the profit before taxation of approximately RM4.01 million registered in the corresponding quarter of the preceding year. This was in tandem with the increase in revenue and improved production activities.

For the six (6) months ended 30 November 2021, the Group generated total revenue of approximately RM59.32 million which represents an increase of approximately 115.48% as compared to RM27.53 million achieved in the corresponding period of the preceding year.

For the same period, the Group achieved a profit before tax of approximately RM25.68 million which represents an increase of 255.97% as compared to a profit before tax of approximately RM7.21 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, improved production activities and higher selling price.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 30.11.2021 RM	Immediate preceding Quarter 31.08.2021 RM	Changes %
Revenue	33,848,787	25,473,414	32.88
Operating Profit	15,690,778	10,851,780	44.59
Profit/(Loss) Before Interest and Tax	15,273,424	10,412,697	46.68
Profit/(Loss) Before Tax	15,269,258	10,408,262	46.70
Profit/(Loss) After Tax	14,135,072	9,441,882	49.71
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	14,135,072	9,441,882	49.71

Revenue registered in the current quarter of RM33.85 million represents an increase of 32.88% as compared to the revenue of RM25.47 million recorded in the immediate preceding quarter.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2021

The Group's current quarter profit before taxation of approximately RM15.27 million has increased by 46.70% as compared in the immediate preceding quarter. This was in tandem with the increase in sales volume.

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 30.11.2021	Current year to date 30.11.2021
	RM	RM
Current year	1,134,186	2,100,566
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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B7. Borrowings and Debt Securities

The Group's borrowings as at 30 November 2021 are as follows:

	At end of current quarter 30 November 2021 (RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
Secured:			
Lease Liability	83,131	213,353	296,484
Term Loan	13,514	206,285	219,799
	<u>96,645</u>	<u>419,638</u>	<u>516,283</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 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 24.01.2022.

B10. Dividend

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

B11. Earnings Per Share

	Current Quarter Ended 30.11.21	Current Year To Date 30.11.21
Net profit/(loss) attributable to owner of the Company (RM'000)	14,135	23,577
Weighted average number of ordinary shares in issue (RM'000)	505,170	505,170
Basic earnings per share (sen)	2.80	4.67

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 2021

B12. Profit Before Taxation

	Current Quarter 30.11.21 RM'000	Current Year To Date 30.11.21 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(179)	(367)
Other income including investment income	-	-
Interest expense	4	9
Depreciation and amortization	596	1,224
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)	(601)	(813)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-