

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 28 FEBRUARY 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 28-Feb-22	CORRESPONDING QUARTER ENDED 28-Feb-21	CURRENT YEAR TO DATE ENDED 28-Feb-22	CORRESPONDING YEAR TO DATE ENDED 28-Feb-21
	RM	RM	RM	RM
Revenue	<u>29,419,954</u>	<u>22,607,853</u>	<u>88,742,155</u>	<u>50,138,679</u>
Operating profit	13,713,071	10,402,895	40,255,629	18,430,064
Finance costs	(3,948)	(4,312)	(12,549)	(13,714)
Depreciation and amortisation	(722,933)	(538,860)	(1,946,666)	(1,515,435)
Interest income	135,684	124,670	502,980	296,879
Profit before taxation	<u>13,121,874</u>	<u>9,984,393</u>	<u>38,799,394</u>	<u>17,197,794</u>
Taxation	(1,164,181)	(1,516,912)	(3,264,747)	(1,517,296)
Profit for the period	<u>11,957,693</u>	<u>8,467,481</u>	<u>35,534,647</u>	<u>15,680,498</u>
Other comprehensive income :				
Foreign exchange translation difference	(59,857)	(464,084)	(1,106,546)	(866,557)
Total comprehensive income for the period	<u>11,897,836</u>	<u>8,003,397</u>	<u>34,428,101</u>	<u>14,813,941</u>
Profit/(Loss) Attributable to :				
Equity holders of the parent	11,957,693	8,467,481	35,534,647	15,680,498
Non-Controlling Interest	-	-	-	-
	<u>11,957,693</u>	<u>8,467,481</u>	<u>35,534,647</u>	<u>15,680,498</u>
Total comprehensive income attributable to:				
Equity holders of the parent	11,897,836	8,003,397	34,428,101	14,813,941
Non-Controlling Interest	-	-	-	-
	<u>11,897,836</u>	<u>8,003,397</u>	<u>34,428,101</u>	<u>14,813,941</u>
Earnings per share (sen)				
- Basic	<u>2.37</u>	<u>1.82</u>	<u>7.03</u>	<u>3.37</u>
- Diluted	<u>2.37</u>	<u>1.82</u>	<u>7.03</u>	<u>3.37</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 28 FEBRUARY 2022

	AS AT 28-Feb-22 (UNAUDITED)	AS AT 31-May-21 (AUDITED)
	RM	RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	31,140,137	22,939,114
Right-Of-Use Assets	10,488,193	10,846,476
Other Investments	-	2,120,000
Intangible Assets	220,950	283,113
	<u>41,849,280</u>	<u>36,188,703</u>
Current Assets		
Inventories	5,795,415	5,818,375
Trade & Other Receivables	23,884,508	18,724,913
Current Tax Asset	1,157,675	41,665
Cash and Cash Equivalents	64,821,309	75,461,570
	<u>95,658,907</u>	<u>100,046,523</u>
TOTAL ASSETS	<u><u>137,508,187</u></u>	<u><u>136,235,226</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	46,060,984	45,761,484
Share Option Reserve	979,467	979,467
Capital Reserve	715,680	715,680
Exchange Reserve	5,127,348	6,233,894
Retained Profit	65,214,382	29,679,735
	<u>118,097,861</u>	<u>83,370,260</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u><u>118,097,861</u></u>	<u><u>83,370,260</u></u>
LIABILITIES		
Non-Current Liabilities		
Lease Liabilities	208,793	222,839
Employee Benefit Obligation	26,946	28,161
Term Loan	203,624	211,607
Deferred Taxation	1,365,777	1,166,927
	<u>1,805,140</u>	<u>1,629,534</u>
Current Liabilities		
Trade and Other Payables	8,294,558	7,065,243
Contract Liabilities	9,205,319	43,843,823
Lease Liabilities	70,921	107,988
Term Loan	13,514	13,514
Current Tax Payable	20,874	204,864
	<u>17,605,186</u>	<u>51,235,432</u>
TOTAL LIABILITIES	<u><u>19,410,326</u></u>	<u><u>52,864,966</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>137,508,187</u></u>	<u><u>136,235,226</u></u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u><u>23</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
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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	299,500					299,500
ESOS exercised						-
Total comprehensive income for the period			-	(1,106,546)	35,534,647	34,428,101
Dividends paid						-
Balance at 28 February 2022	46,060,984	979,467	715,680	5,127,348	65,214,382	118,097,861

For the Corresponding Quarter Ended 28 February 2021

	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	2,893,860					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

(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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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 28 FEBRUARY 2022**

	CURRENT QUARTER ENDED 28-Feb-22	PRECEDING YEAR QUARTER ENDED 28-Feb-21
	RM	RM
Cash flows from operating activities		
Profit before taxation	38,799,394	17,197,794
Adjustments for :-		
Depreciation, amortisation and impairment losses	1,946,666	1,515,435
Interest income and expenses	(490,431)	(283,165)
Other non-cash items	232,739	29,326
Operating profit before changes in working capital	<u>40,488,368</u>	<u>18,459,390</u>
Changes in working capital:		
Net change in contract liabilities	(34,638,504)	-
Net change in inventories	64,748	(3,365,666)
Net change in receivables	(5,159,595)	(5,267,483)
Net change in payables	<u>1,229,315</u>	<u>22,258,680</u>
Cash flow from operations	<u>1,984,332</u>	<u>32,084,921</u>
Finance costs	(12,549)	(13,714)
Income tax refunded/(paid)	<u>(3,065,897)</u>	<u>(17,296)</u>
Net cash flows from operating activities	<u>(1,094,114)</u>	<u>32,053,911</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,344,627)	(1,926,090)
Interest income	502,980	296,879
Proceeds from redemption of redeemable non-convertible preference shares	2,120,000	-
Repayment from associate	-	90,000
Proceeds from disposal of property, plant and equipment	-	70,000
Net cash used in investing activities	<u>(8,721,647)</u>	<u>(1,469,211)</u>
Cash flows from financing activities		
Dividends paid	-	(2,184,651)
Drawdown / (Repayment) of term loan	(7,983)	(1,010)
Issuance of ordinary shares pursuant to conversion of warrant	299,500	2,893,860
Issuance of shares pursuant to exercise of share options	-	8,418,444
Drawdown / (Repayment) of lease liabilities	<u>(51,112)</u>	<u>62,927</u>
Net cash flows from financing activities	<u>240,405</u>	<u>9,189,570</u>
Net increase / (decrease) in cash and cash equivalents	(9,575,356)	39,774,270
Cash and cash equivalents at beginning of the year	75,461,570	20,200,812
Effect of changes in foreign exchange rates	(1,064,905)	(122,467)
Cash and cash equivalents at end of period	<u><u>64,821,309</u></u>	<u><u>59,852,615</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)

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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2022

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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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2022

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 THIRD QUARTER ENDED 28 FEBRUARY 2022**

A13. Capital Commitments

There were no material capital commitments for the current quarter under review.

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ES CERAMICS TECHNOLOGY BHD

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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2022

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-22 (RM)	28-Feb-21 (RM)		28-Feb-22 (RM)	28-Feb-21 (RM)	
Revenue	29,419,954	22,607,853	30.13%	88,742,155	50,138,679	76.99%
Operating Profit	13,713,071	10,402,895	31.82%	40,255,629	18,430,064	118.42%
Profit Before Interest and Tax	13,125,822	9,988,705	31.41%	38,811,943	17,211,508	125.50%
Profit Before Tax	13,121,874	9,984,393	31.42%	38,799,394	17,197,794	125.61%
Profit After Tax	11,957,693	8,467,481	41.22%	35,534,647	15,680,498	126.62%
Profit Attributable to Ordinary Equity Holders of the Parent	11,957,693	8,467,481	41.22%	35,534,647	15,680,498	126.62%

For the current quarter ended 28 February 2022, the Group recorded revenue of RM29.42 million, represents an increase of 30.13% as compared to revenue of RM22.61 million for the corresponding quarter of the preceding year.

The Group achieved a profit before taxation of approximately RM13.12 million for the current quarter. This represents an increase of 31.42% from the profit before taxation of approximately RM9.98 million registered in the corresponding quarter of the preceding year. This was in tandem with the increase in revenue boosted by better product mix and deferment of deliveries from previous quarters as requested by the customers.

For the nine (9) months ended 28 February 2022, the Group generated total revenue of approximately RM88.74 million which represents an increase of approximately 76.99% as compared to RM50.14 million achieved in the corresponding period of the preceding year.

For the same period, the Group achieved a profit before tax of approximately RM38.80 million which represents an increase of 125.61% as compared to a profit before tax of approximately RM17.20 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, better product mix and deferment of deliveries from previous quarters as requested by the customers.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 28.02.2022 RM	Immediate preceding Quarter 30.11.2021 RM	Changes %
Revenue	29,419,954	33,848,787	(13.08)
Operating Profit	13,713,071	15,690,778	(12.60)
Profit/(Loss) Before Interest and Tax	13,125,822	15,273,424	(14.06)
Profit/(Loss) Before Tax	13,121,874	15,269,258	(14.06)
Profit/(Loss) After Tax	11,957,693	14,135,072	(15.40)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	11,957,693	14,135,072	(15.40)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 28 FEBRUARY 2022

Revenue registered in the current quarter of RM29.42 million represents a decrease of 13.08% as compared to the revenue of RM33.85 million recorded in the immediate preceding quarter.

The Group's current quarter profit before taxation of approximately RM13.12 million has decreased by 14.06% as compared in the immediate preceding quarter. This was in tandem with the decrease in sales volume.

B3. Commentary on Prospect for the Current Financial Year

Global economic uncertainties is expected to continue throughout 2022 amid a resurgence of COVID-19 variants, global supply chain disruptions resulting in escalating cost challenges, and increasing tensions in Europe arising from the Ukraine/Russia situation. It is challenging to predict the full extent and duration of these impact on the global economy.

The Management is also mindful of competition and operational risks such as foreign exchange fluctuations, material and labour costs that could impact on its financial results.

Despite the prevailing challenges, the Group remains cautiously optimistic on the long term business prospects and will continue to actively pursue various business strategies to increase its revenue, focus on improving efficiency, automation across our operations and to implement cost control measures.

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 28.02.2022	Current year to date 28.02.2022
	RM	RM
Current year	1,164,181	3,264,747
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 2022

B7. Borrowings and Debt Securities

The Group's borrowings as at 28 February 2022 are as follows:

	At end of current quarter 28 February 2022 (RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
Secured:			
Lease Liability	70,921	208,793	279,714
Term Loan	13,514	203,624	217,138
	<u>84,435</u>	<u>412,417</u>	<u>496,852</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 30.05.2022.

B10. Dividend

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

B11. Earnings Per Share

	Current Quarter Ended 28.02.22	Current Year To Date 28.02.22
Net profit/(loss) attributable to owner of the Company (RM'000)	11,958	35,535
Weighted average number of ordinary shares in issue (RM'000)	505,170	505,170
Basic earnings per share (sen)	2.37	7.03

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 2022

B12. Profit Before Taxation

	Current Quarter	Current Year To Date
	28.02.22	28.02.22
	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(136)	(503)
Other income including investment income	-	-
Interest expense	4	13
Depreciation and amortization	723	1,947
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)	(287)	(1,100)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-