

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 AUGUST 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31-Aug-22	CORRESPONDING QUARTER ENDED 31-Aug-21	CURRENT YEAR TO DATE ENDED 31-Aug-22	CORRESPONDING YEAR TO DATE ENDED 31-Aug-21
	RM	RM	RM	RM
Revenue	<u>19,819,612</u>	<u>25,473,414</u>	<u>19,819,612</u>	<u>25,473,414</u>
Operating profit	7,317,149	10,851,780	7,317,149	10,851,780
Finance costs	(4,252)	(4,435)	(4,252)	(4,435)
Depreciation and amortisation	(633,211)	(627,659)	(633,211)	(627,659)
Interest income	212,194	188,576	212,194	188,576
Profit before taxation	<u>6,891,880</u>	<u>10,408,262</u>	<u>6,891,880</u>	<u>10,408,262</u>
Taxation	(1,885,166)	(966,380)	(1,885,166)	(966,380)
Profit for the period	<u>5,006,714</u>	<u>9,441,882</u>	<u>5,006,714</u>	<u>9,441,882</u>
Other comprehensive income :				
Foreign exchange translation difference	(3,204,295)	(621,034)	(3,204,295)	(621,034)
Total comprehensive income for the period	<u>1,802,419</u>	<u>8,820,848</u>	<u>1,802,419</u>	<u>8,820,848</u>
Profit/(Loss) Attributable to :				
Equity holders of the parent	5,006,714	9,441,882	5,006,714	9,441,882
Non-Controlling Interest	-	-	-	-
	<u>5,006,714</u>	<u>9,441,882</u>	<u>5,006,714</u>	<u>9,441,882</u>
Total comprehensive income attributable to:				
Equity holders of the parent	1,802,419	8,820,848	1,802,419	8,820,848
Non-Controlling Interest	-	-	-	-
	<u>1,802,419</u>	<u>8,820,848</u>	<u>1,802,419</u>	<u>8,820,848</u>
Earnings per share (sen)				
- Basic	<u>0.99</u>	<u>1.87</u>	<u>0.99</u>	<u>1.87</u>
- Diluted	<u>0.99</u>	<u>1.87</u>	<u>0.99</u>	<u>1.87</u>

(The condensed consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2022)

ES CERAMICS TECHNOLOGY BHD
Registration No: 200301024697 (627117-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2022

	AS AT 31-Aug-22 (UNAUDITED)	AS AT 31-May-22 (AUDITED)
	RM	RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	42,289,276	37,155,133
Right-Of-Use Assets	10,358,851	10,481,929
Intangible Assets	177,656	206,696
	<u>52,825,783</u>	<u>47,843,758</u>
Current Assets		
Inventories	6,351,882	9,373,917
Trade & Other Receivables	30,107,951	33,267,362
Current Tax Asset	1,718,089	1,730,393
Cash and Cash Equivalents	56,389,690	60,936,628
	94,567,612	105,308,300
TOTAL ASSETS	<u><u>147,393,395</u></u>	<u><u>153,152,058</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	46,468,874	46,110,874
Share Option Reserve	1,356,144	1,356,144
Capital Reserve	715,680	715,680
Exchange Reserve	2,466,207	5,670,502
Retained Profit	83,298,114	78,291,400
	134,305,019	132,144,600
Non-controlling interest	-	-
TOTAL EQUITY	<u><u>134,305,019</u></u>	<u><u>132,144,600</u></u>
LIABILITIES		
Non-Current Liabilities		
Lease Liabilities	176,798	176,798
Employee Benefit Obligation	30,680	32,751
Term Loan	192,772	195,495
Deferred Taxation	1,633,000	1,633,000
	2,033,250	2,038,044
Current Liabilities		
Trade and Other Payables	9,550,406	10,361,729
Contract Liabilities	1,361,502	8,438,177
Lease Liabilities	124,985	151,275
Term Loan	13,477	13,477
Current Tax Payable	4,756	4,756
	11,055,126	18,969,414
TOTAL LIABILITIES	<u><u>13,088,376</u></u>	<u><u>21,007,458</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>147,393,395</u></u>	<u><u>153,152,058</u></u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u><u>27</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 2022)

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 2022	46,110,874	1,356,144	715,680	5,670,502	78,291,400	132,144,600
Share-based payment transactions		-				-
Warrant converted	358,000					358,000
ESOS exercised						-
Total comprehensive income for the period			-	(3,204,295)	5,006,714	1,802,419
Dividends paid						-
Balance at 31 August 2022	46,468,874	1,356,144	715,680	2,466,207	83,298,114	134,305,019

For the Corresponding Quarter Ended 31 August 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 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

(The condensed consolidated Statement of changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2022)

ES CERAMICS TECHNOLOGY BHD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2022**

	CURRENT QUARTER ENDED 31-Aug-22	PRECEDING YEAR QUARTER ENDED 31-Aug-21
	RM	RM
Cash flows from operating activities		
Profit before taxation	6,891,880	10,408,262
Adjustments for :-		
Depreciation, amortisation and impairment losses	633,211	627,659
Interest income and expenses	(207,942)	(184,141)
Other non-cash items	2,071	-
Operating profit before changes in working capital	<u>7,319,220</u>	<u>10,851,780</u>
Changes in working capital:		
Net change in contract liabilities	(7,076,675)	(12,681,800)
Net change in inventories	3,022,035	(1,201,605)
Net change in receivables	(3,159,411)	1,515,896
Net change in payables	<u>(1,422,509)</u>	<u>(77,111)</u>
Cash flow from operations	<u>(1,317,340)</u>	<u>(1,592,840)</u>
Finance costs	(4,252)	(4,435)
Income tax refunded/(paid)	<u>(1,885,166)</u>	<u>(2,067,530)</u>
Net cash flows from operating activities	<u>(3,206,758)</u>	<u>(3,664,805)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(559,724)	(2,891,795)
Interest income	212,194	188,576
Proceeds from disposal of property, plant and equipment	-	-
Net cash used in investing activities	<u>(347,530)</u>	<u>(2,703,219)</u>
Cash flows from financing activities		
Drawdown / (Repayment) of term loan	(2,723)	(2,661)
Issuance of ordinary shares pursuant to conversion of warrant	358,000	149,200
Drawdown / (Repayment) of lease liabilities	<u>(26,290)</u>	<u>(17,307)</u>
Net cash flows from financing activities	<u>328,987</u>	<u>129,232</u>
Net increase / (decrease) in cash and cash equivalents	(3,225,301)	(6,238,792)
Cash and cash equivalents at beginning of the year	60,936,628	75,461,570
Effect of changes in foreign exchange rates	(1,321,637)	(653,889)
Cash and cash equivalents at end of period	<u><u>56,389,690</u></u>	<u><u>68,568,889</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 2022)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 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 2022.

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 2022, 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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	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 2022

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 2022 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.

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 FIRST QUARTER ENDED 31 AUGUST 2022**

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 2022

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 (RM)
	31-Aug-22 (RM)	31-Aug-21 (RM)		31-Aug-22 (RM)	31-Aug-21 (RM)	
Revenue	19,819,612	25,473,414	(22.19%)	19,819,612	25,473,414	(22.19%)
Operating Profit	7,317,149	10,851,780	(32.57%)	7,317,149	10,851,780	(32.57%)
Profit Before Interest and Tax	6,896,132	10,412,697	(33.77%)	6,896,132	10,412,697	(33.77%)
Profit Before Tax	6,891,880	10,408,262	(33.78%)	6,891,880	10,408,262	(33.78%)
Profit After Tax	5,006,714	9,441,882	(46.97%)	5,006,714	9,441,882	(46.97%)
Profit Attributable to Ordinary Equity Holders of the Parent	5,006,714	9,441,882	(46.97%)	5,006,714	9,441,882	(46.97%)

For the current quarter ended 31 August 2022, the Group recorded revenue of RM19.82 million, represents a decrease of 22.19% as compared to revenue of RM25.47 million for the corresponding quarter of the preceding year.

The Group achieved a profit before taxation of approximately RM6.89 million for the current quarter. This represents a decrease of 33.78% from the profit before taxation of approximately RM10.41 million registered in the corresponding quarter of the preceding year. This was in tandem with the decrease in revenue and lower average selling price.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 31.08.2022 RM	Immediate preceding Quarter 31.05.2022 RM	Changes %
Revenue	19,819,612	27,148,346	(27.00)
Operating Profit	7,317,149	16,056,914	(54.43)
Profit/(Loss) Before Interest and Tax	6,896,132	15,554,541	(55.66)
Profit/(Loss) Before Tax	6,891,880	15,551,497	(55.68)
Profit/(Loss) After Tax	5,006,714	13,077,017	(61.71)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	5,006,714	13,077,017	(61.71)

Revenue registered in the current quarter of RM19.82 million represents a decrease of 27.00% as compared to the revenue of RM27.15 million recorded in the immediate preceding quarter.

The Group's current quarter profit before taxation of approximately RM6.89 million has decreased by 55.68% as compared in the immediate preceding quarter. In addition to the reduction in revenue and average selling price, it was also affected by higher energy and labour costs due to the increase in natural gas tariffs and minimum wage implementation.

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.

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The Management is also mindful of competition and operational risks such as foreign exchange fluctuations, material, labour costs and softening of the demand for gloves 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 31.08.2022	Current year to date 31.08.2022
	RM	RM
Current year	1,885,166	1,885,166
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

Save as disclosed below, there was no other corporate proposal announced but not completed as at the date of this report.

We refer to the announcement made on 5 May 2022 in relation to the Proposals as below:-

- Proposed acquisition of the entire equity interest in Evermix Concrete Sdn Bhd by Es Ceramics (70%) and its wholly-owned subsidiary Euroceramic Technologies Co. Ltd (30%) for a total purchase consideration of RM83,000,000 to be satisfied by a combination of cash and new ordinary shares in ES CERAMICS; and
- proposed diversification of the existing business of Es Ceramics Technology Berhad and its subsidiaries ("group") to include manufacturing and trading of construction materials

Application for additional listing application in relation to the Proposed Acquisition was submitted to Bursa Securities on 11 May 2022 and Bursa Securities had, vide its letter dated 28 June 2022, approved the listing and quotation of up to 56,250,000 Consideration Shares to be issued pursuant to the Proposed Acquisition.

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The Proposed Acquisition has been approved at an Extraordinary General Meeting held on 29 July 2022 and completed in accordance with the terms and conditions of the SPA on 30 August 2022.

B7. Borrowings and Debt Securities

The Group's borrowings as at 31 August 2022 are as follows:

	At end of current quarter 31 August 2022 (RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
Secured:			
Lease Liability	124,985	176,798	301,783
Term Loan	13,477	192,772	206,249
	<u>138,462</u>	<u>369,570</u>	<u>508,032</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 10.01.2023.

B10. Dividend

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

B11. Earnings Per Share

	Current Quarter Ended 31.08.22	Current Year To Date 31.08.22
Net profit/(loss) attributable to owner of the Company (RM'000)	5,007	5,007
Weighted average number of ordinary shares in issue (RM'000)	507,328	507,328
Basic earnings per share (sen)	0.99	0.99

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 FIRST QUARTER ENDED 31 AUGUST 2022

B12. Profit Before Taxation

	Current Quarter 31.08.22 RM'000	Current Year To Date 31.08.22 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(212)	(212)
Other income including investment income	-	-
Interest expense	4	4
Depreciation and amortization	633	633
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)	181	181
Gain/(loss) on derivatives	-	-
Exceptional items	-	-