

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 NOVEMBER 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 30-Nov-22	CORRESPONDING QUARTER ENDED 30-Nov-21	CURRENT YEAR TO DATE ENDED 30-Nov-22	CORRESPONDING YEAR TO DATE ENDED 30-Nov-21
	RM	RM	RM	RM
Revenue	<u>79,427,599</u>	<u>33,848,787</u>	<u>99,247,211</u>	<u>59,322,201</u>
Operating profit	5,390,954	15,690,778	12,708,103	26,542,558
Finance costs	(181,049)	(4,166)	(185,301)	(8,601)
Depreciation and amortisation	(1,502,401)	(596,074)	(2,135,612)	(1,223,733)
Interest income	102,690	178,720	314,884	367,296
Profit before taxation	<u>3,810,194</u>	<u>15,269,258</u>	<u>10,702,074</u>	<u>25,677,520</u>
Taxation	(1,580,477)	(1,134,186)	(3,465,643)	(2,100,566)
Profit for the period	<u>2,229,717</u>	<u>14,135,072</u>	<u>7,236,431</u>	<u>23,576,954</u>
Other comprehensive income :				
Foreign exchange translation difference	4,527	(425,655)	(3,199,768)	(1,046,689)
Total comprehensive income for the period	<u>2,234,244</u>	<u>13,709,417</u>	<u>4,036,663</u>	<u>22,530,265</u>
Profit/(Loss) Attributable to :				
Equity holders of the parent	2,229,717	14,135,072	7,236,431	23,576,954
Non-Controlling Interest	-	-	-	-
	<u>2,229,717</u>	<u>14,135,072</u>	<u>7,236,431</u>	<u>23,576,954</u>
Total comprehensive income attributable to:				
Equity holders of the parent	2,234,244	13,709,417	4,036,663	22,530,265
Non-Controlling Interest	-	-	-	-
	<u>2,234,244</u>	<u>13,709,417</u>	<u>4,036,663</u>	<u>22,530,265</u>
Earnings per share (sen)				
- Basic	<u>0.42</u>	<u>2.80</u>	<u>1.37</u>	<u>4.67</u>
- Diluted	<u>0.42</u>	<u>2.80</u>	<u>1.37</u>	<u>4.67</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
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2022

	AS AT 30-Nov-22 (UNAUDITED)	AS AT 31-May-22 (AUDITED)
	RM	RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	85,926,628	37,155,133
Right-Of-Use Assets	11,462,229	10,481,929
Intangible Assets	9,415,350	206,696
	106,804,207	47,843,758
Current Assets		
Inventories	6,977,989	9,373,917
Trade & Other Receivables	94,184,026	33,267,362
Current Tax Asset	1,718,089	1,730,393
Cash and Cash Equivalents	47,540,431	60,936,628
	150,420,535	105,308,300
TOTAL ASSETS	257,224,742	153,152,058
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	2,470,734	5,670,502
Retained Profit	85,527,831	78,291,400
	136,539,263	132,144,600
Non-controlling interest	-	-
TOTAL EQUITY	136,539,263	132,144,600
LIABILITIES		
Non-Current Liabilities		
Lease Liabilities	2,041,173	176,798
Employee Benefit Obligation	30,680	32,751
Term Loan	20,509,933	195,495
Deferred Taxation	2,008,436	1,633,000
	24,590,222	2,038,044
Current Liabilities		
Trade and Other Payables	83,910,497	10,361,729
Contract Liabilities	7,321,100	8,438,177
Lease Liabilities	1,227,865	151,275
Term Loan	2,757,808	13,477
Current Tax Payable	877,987	4,756
	96,095,257	18,969,414
TOTAL LIABILITIES	120,685,479	21,007,458
TOTAL EQUITY AND LIABILITIES	257,224,742	153,152,058
Net assets per share attributable to ordinary equity holders of the parent (sen)	26	26

(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

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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 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			-	(3,199,768)	7,236,431	4,036,663
Dividends paid						-
Balance at 30 November 2022	46,468,874	1,356,144	715,680	2,470,734	85,527,831	136,539,263

For the Corresponding Quarter Ended 30 November 2021

	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	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

(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 30 NOVEMBER 2022

	CURRENT QUARTER ENDED 30-Nov-22	PRECEDING YEAR QUARTER ENDED 30-Nov-21
	RM	RM
Cash flows from operating activities		
Profit before taxation	10,702,074	25,677,520
Adjustments for :-		
Depreciation, amortisation and impairment losses	2,135,612	1,223,733
Interest income and expenses	(129,583)	(358,695)
Other non-cash items	(2,676)	9,000
Operating profit before changes in working capital	<u>12,705,427</u>	<u>26,551,558</u>
Changes in working capital:		
Net change in contract liabilities	(1,117,077)	(22,861,942)
Net change in inventories	4,669,239	1,637,373
Net change in receivables	12,417,094	902,058
Net change in payables	<u>2,665,354</u>	<u>2,128,862</u>
Cash flow from operations	<u>31,340,037</u>	<u>8,357,909</u>
Finance costs	(185,301)	(8,601)
Income tax refunded/(paid)	<u>(3,465,643)</u>	<u>(3,201,716)</u>
Net cash flows from operating activities	<u>27,689,093</u>	<u>5,147,592</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(619,412)	(9,104,793)
Interest income	314,884	367,296
Repayment from associate	-	2,120,000
Acquisition of a subsidiary	<u>(49,532,159)</u>	<u>-</u>
Net cash used in investing activities	<u>(49,836,687)</u>	<u>(6,617,497)</u>
Cash flows from financing activities		
Drawdown / (Repayment) of term loan	9,406,904	(5,322)
Issuance of ordinary shares pursuant to conversion of warrant	358,000	275,900
Drawdown / (Repayment) of lease liabilities	<u>308,130</u>	<u>(34,343)</u>
Net cash flows from financing activities	<u>10,073,034</u>	<u>236,235</u>
Net increase / (decrease) in cash and cash equivalents	(12,074,560)	(1,233,670)
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)	(1,046,222)
Cash and cash equivalents at end of period	<u>47,540,431</u>	<u>73,181,678</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 SECOND QUARTER ENDED 30 NOVEMBER 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 SECOND QUARTER ENDED 30 NOVEMBER 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 Reporting

RESULTS FOR THE QUARTER ENDED

	Manufacturing		Buiding Materials		Total	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021	30.11.2022	30.11.2021
Revenue	8,783,656	33,848,787	70,643,943	-	79,427,599	33,848,787
Profit/(Loss) Before Tax	1,198,976	15,269,258	2,611,218	-	3,810,194	15,269,258

RESULTS FOR THE YEAR-TO-DATE ENDED

	Manufacturing		Buiding Materials		Total	
	30.11.2022	30.11.2021	30.11.2022	30.11.2021	30.11.2022	30.11.2021
Revenue	28,603,268	59,322,201	70,643,943	-	99,247,211	59,322,201
Profit/(Loss) Before Tax	8,090,856	25,677,520	2,611,218	-	10,702,074	25,677,520

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.

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2022**

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 except for below:

On 5 May 2022, the Company had entered into a Share Sale and Purchase Agreement (“SSPA”) with the sellers to acquire entire equity interest in Evermix Concrete Sdn Bhd (“ECSB”) 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. Upon completion of the Conditions Precedents as stated in the SSPA on 30th August 2022, ECSB became a 70% owned subsidiary and 30% indirect subsidiary of ES Ceramics.

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 SECOND QUARTER ENDED 30 NOVEMBER 2022

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

B1. Review of Performance

	2nd Quarter		Variance %	Year-To-Date Ended		Variance (RM)
	30-Nov-22 (RM)	30-Nov-21 (RM)		30-Nov-22 (RM)	30-Nov-21 (RM)	
Revenue	79,427,599	33,848,787	134.65%	99,247,211	59,322,201	67.30%
Operating Profit	5,390,954	15,690,778	(65.64%)	12,708,103	26,542,558	(52.12%)
Profit Before Interest and Tax	3,991,243	15,273,424	(73.87%)	10,887,375	25,686,121	(57.61%)
Profit Before Tax	3,810,194	15,269,258	(75.05%)	10,702,074	25,677,520	(58.32%)
Profit After Tax	2,229,717	14,135,072	(84.23%)	7,236,431	23,576,954	(69.31%)
Profit Attributable to Ordinary Equity Holders of the Parent	2,229,717	14,135,072	(84.23%)	7,236,431	23,576,954	(69.31%)

For the current quarter ended 30 November 2022, the Group recorded revenue of RM79.43 million, represents an increase of 134.65% as compared to revenue of RM33.85 million for the corresponding quarter of the preceding year. The increased of revenue for the current quarter as compared to the previous year's corresponding quarter was due to new revenue stream under the segment of building materials upon the completion of an acquisition of Evermix Concrete Sdn Bhd on 30th August 2022.

The Group achieved a profit before taxation of approximately RM3.81 million for the current quarter. This represents a decrease of 75.05% from the profit before taxation of approximately RM15.27 million registered in the corresponding quarter of the preceding year. This was mainly due to the lower contribution from the manufacturing segment.

	2nd Quarter		Variance %	Year-To-Date Ended		Variance (RM)
	30-Nov-22 (RM)	30-Nov-21 (RM)		30-Nov-22 (RM)	30-Nov-21 (RM)	
Revenue						
Manufacturing	8,783,656	33,848,787	-74.05%	28,603,268	59,322,201	-51.78%
Buiding Materials	70,643,943	-	N/A	70,643,943	-	N/A
	79,427,599	33,848,787	134.65%	99,247,211	59,322,201	67.30%
Profit Before Tax						
Manufacturing	1,198,976	15,269,258	-92.15%	8,090,856	25,677,520	-68.49%
Buiding Materials	2,611,218	-	N/A	2,611,218	-	N/A
	3,810,194	15,269,258	-75.05%	10,702,074	25,677,520	-58.32%

For the six (6) months ended 30 November 2022, the Group generated total revenue of approximately RM99.25 million which represents an increase of approximately 67.30% as compared to RM59.32 million achieved in the corresponding period of the preceding year. For the same period, the Group achieved a profit before tax of approximately RM10.70 million which represents a decrease of 58.32% as compared to a profit before tax of approximately RM25.68 million registered in the corresponding period of the preceding year. The decrease in profit before tax was mainly contributed by the reduction in sales quantity of formers.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2022

B2. Comparison with Preceding Quarter's Results

	Current Quarter 30.11.2022 RM	Immediate preceding Quarter 31.08.2022 RM	Changes %
Revenue	79,427,599	19,819,612	300.75
Operating Profit	5,390,954	7,317,149	(26.32)
Profit/(Loss) Before Interest and Tax	3,991,243	6,896,132	(42.12)
Profit/(Loss) Before Tax	3,810,194	6,891,880	(44.71)
Profit/(Loss) After Tax	2,229,717	5,006,714	(55.47)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,229,717	5,006,714	(55.47)

	Quarter Ended		Variance %	Quarter Ended		Variance (RM)
	30-Nov-22 (RM)	31-Aug-22 (RM)		30-Nov-22 (RM)	31-Aug-22 (RM)	
-	Revenue			Profit Before Tax		
Manufacturing	8,783,656	19,819,612	-55.68%	1,198,976	6,891,880	-82.60%
Buiding Materials	70,643,943	-	N/A	2,611,218	-	N/A
	79,427,599	19,819,612	300.75%	3,810,194	6,891,880	-44.71%

Revenue registered in the current quarter of RM79.43 million represents an increase of 300.75% as compared to the revenue of RM19.82 million recorded in the immediate preceding quarter. This was mainly due to new revenue stream contributed by the buiding materials segment.

The Group's current quarter profit before taxation of approximately RM3.81 million has decreased by 44.71% as compared in the immediate preceding quarter due to the reduction in revenue in the manufacturing segment.

B3. Commentary on Prospect for the Current Financial Year

Global economic uncertainties is expected to continue throughout 2023 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, 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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2022

The Group has not provided any profit forecast and therefore no variance information is available for presentation.

B5. Taxation

	Current quarter 30.11.2022	Current year to date 30.11.2022
	RM	RM
Current year	1,580,477	3,465,643
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 other corporate proposal announced but not completed as at the date of this report.

B7. Borrowings and Debt Securities

The Group's borrowings as at 30 November 2022 are as follows:

	At end of current quarter 30 November 2022 (RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
Secured:			
Lease Liability	1,227,865	2,041,173	3,269,038
Term Loan	2,757,808	20,509,933	23,267,741
	<u>3,985,673</u>	<u>22,551,106</u>	<u>26,536,779</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

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26.07.2021. In this regard, the further case management for the appeal is now fixed on 10.04.2023.

B10. Dividend

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

B11. Earnings Per Share

	Current Quarter Ended 30.11.22	Current Year To Date 30.11.22
Net profit/(loss) attributable to owner of the Company (RM'000)	2,230	7,236
Weighted average number of ordinary shares in issue (RM'000)	529,203	529,203
Basic earnings per share (sen)	0.42	1.37

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.

B12. Profit Before Taxation

	Current Quarter 30.11.22 RM'000	Current Year To Date 30.11.22 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(103)	(315)
Other income including investment income	-	-
Interest expense	181	185
Depreciation and amortization	1,502	2,136
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)	(4)	177
Gain/(loss) on derivatives	-	-
Exceptional items	-	-