

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 AUGUST 2023**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED 31-Aug-23	CORRESPONDING QUARTER ENDED 31-Aug-22	CURRENT YEAR TO DATE ENDED 31-Aug-23	CORRESPONDING YEAR TO DATE ENDED 31-Aug-22
	RM	RM	RM	RM
Revenue	<u>93,988,319</u>	<u>19,819,612</u>	<u>93,988,319</u>	<u>19,819,612</u>
Operating profit	4,860,333	7,317,149	4,860,333	7,317,149
Finance costs	(347,099)	(4,252)	(347,099)	(4,252)
Depreciation and amortisation	(1,958,294)	(633,211)	(1,958,294)	(633,211)
Interest income	244,097	212,194	244,097	212,194
Profit before taxation	<u>2,799,037</u>	<u>6,891,880</u>	<u>2,799,037</u>	<u>6,891,880</u>
Taxation	(569,245)	(1,885,166)	(569,245)	(1,885,166)
Profit for the period	<u>2,229,792</u>	<u>5,006,714</u>	<u>2,229,792</u>	<u>5,006,714</u>
Other comprehensive income :				
Foreign exchange translation difference	(3,220,627)	(3,204,295)	(3,220,627)	(3,204,295)
Total comprehensive income for the period	<u>(990,835)</u>	<u>1,802,419</u>	<u>(990,835)</u>	<u>1,802,419</u>
Profit/(Loss) Attributable to :				
Equity holders of the parent	2,229,792	5,006,714	2,229,792	5,006,714
Non-Controlling Interest	-	-	-	-
	<u>2,229,792</u>	<u>5,006,714</u>	<u>2,229,792</u>	<u>5,006,714</u>
Total comprehensive income attributable to:				
Equity holders of the parent	(990,835)	1,802,419	(990,835)	1,802,419
Non-Controlling Interest	-	-	-	-
	<u>(990,835)</u>	<u>1,802,419</u>	<u>(990,835)</u>	<u>1,802,419</u>
Earnings per share (sen)				
- Basic	<u>0.41</u>	<u>0.99</u>	<u>0.41</u>	<u>0.99</u>
- Diluted	<u>0.41</u>	<u>0.99</u>	<u>0.41</u>	<u>0.99</u>

(The condensed consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2023)

ES CERAMICS TECHNOLOGY BHD
Registration No: 200301024697 (627117-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2023

	AS AT 31-Aug-23 (UNAUDITED)	AS AT 31-May-23 (AUDITED)
	RM	RM
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	69,642,993	71,232,565
Right-Of-Use Assets	33,731,686	34,393,914
Investment Properties	8,499,408	8,529,679
Goodwill	11,673,895	11,673,895
Intangible Assets	366,771	366,771
Intangible Assets (Trademark)	114,297	144,271
	124,029,050	126,341,095
Current Assets		
Inventories	8,488,076	9,743,726
Trade & Other Receivables	109,831,921	107,132,165
Current Tax Asset	3,785,758	4,921,718
Cash and Cash Equivalents	56,916,138	50,945,567
	179,021,893	172,743,176
TOTAL ASSETS	303,050,943	299,084,271
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Parent		
Share Capital	55,408,734	51,718,874
Share Option Reserve	1,270,807	1,270,807
Capital Reserve	715,680	715,680
Exchange Reserve	3,024,848	6,245,475
Retained Profit	103,335,377	101,105,585
	163,755,446	161,056,421
Non-controlling interest	-	-
TOTAL EQUITY	163,755,446	161,056,421
LIABILITIES		
Non-Current Liabilities		
Lease Liabilities	1,187,589	1,481,229
Employee Benefit Obligation	26,974	29,874
Bank Borrowings	1,949,542	1,621,259
Term Loan	21,171,443	21,030,841
Provision for restoration cost	164,505	162,951
Deferred Taxation	6,080,958	6,080,958
	30,581,011	30,407,112
Current Liabilities		
Trade and Other Payables	99,434,841	96,184,488
Contract Liabilities	3,819,195	5,500,590
Lease Liabilities	1,367,061	1,356,200
Term Loan	2,025,014	2,025,013
Bank Borrowings	1,001,889	1,422,536
Provision for restoration cost	29,849	29,849
Current Tax Payable	1,036,637	1,102,062
	108,714,486	107,620,738
TOTAL LIABILITIES	139,295,497	138,027,850
TOTAL EQUITY AND LIABILITIES	303,050,943	299,084,271
Net assets per share attributable to ordinary equity holders of the parent (sen)	31	32

(The condensed consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2023)

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 2023	51,718,874	1,270,807	715,680	6,245,475	101,105,585	161,056,421
Share-based payment transactions						-
Warrant converted	3,689,860					3,689,860
ESOS exercised						-
Total comprehensive income for the period			-	(3,220,627)	2,229,792	(990,835)
Dividends paid						-
Balance at 31 August 2023	55,408,734	1,270,807	715,680	3,024,848	103,335,377	163,755,446

For the Corresponding Quarter Ended 31 August 2022

	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			-	(3,204,295)	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

(The condensed consolidated Statement of changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2023)

ES CERAMICS TECHNOLOGY BHD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2023

	CURRENT QUARTER ENDED 31-Aug-23	PRECEDING YEAR QUARTER ENDED 31-Aug-22
	RM	RM
Cash flows from operating activities		
Profit before taxation	2,799,037	6,891,880
Adjustments for :-		
Depreciation, amortisation and impairment losses	1,958,294	633,211
Interest income and expenses	103,002	(207,942)
Other non-cash items	1,554	2,071
Operating profit before changes in working capital	4,861,887	7,319,220
Changes in working capital:		
Net change in contract liabilities	(1,681,395)	(7,076,675)
Net change in inventories	1,255,650	3,022,035
Net change in receivables	4,071,189	(3,159,411)
Net change in payables	3,559,249	(1,422,509)
Cash flow from operations	12,066,580	(1,317,340)
Finance costs	(347,099)	(4,252)
Income tax refunded/(paid)	(569,245)	(1,885,166)
Net cash flows from operating activities	11,150,236	(3,206,758)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,311,074)	(559,724)
Interest income	244,097	212,194
Proceeds from disposal of property, plant and equipment	50,000	-
Net cash used in investing activities	(1,016,977)	(347,530)
Cash flows from financing activities		-
Drawdown / (Repayment) of bank borrowings	(92,364)	-
Drawdown / (Repayment) of term loan	140,603	(2,723)
Issuance of ordinary shares pursuant to conversion of warrant	3,689,860	358,000
Drawdown / (Repayment) of lease liabilities	(282,779)	(26,290)
Net cash flows from financing activities	3,455,320	328,987
Net increase / (decrease) in cash and cash equivalents	13,588,579	(3,225,301)
Cash and cash equivalents at beginning of the year	40,620,351	60,936,628
Effect of changes in foreign exchange rates	1,570,432	(1,321,637)
Cash and cash equivalents at end of period	55,779,362	56,389,690
	<i>Cash and cash equivalents</i>	56,916,138
	<i>Term Deposit</i>	(1,136,776)
	55,779,362	

(The condensed consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 May 2023)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2023

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 2023.

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 2023, 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 2023
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 16: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 17: <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17: <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7: <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112: <i>International Tax Reform - Pillar Two Model Rules</i>	1 January 2023

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 2023

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 2023 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		Building Materials		Total	
	31.08.2023	31.08.2022	31.08.2023	31.08.2022	31.08.2023	31.08.2022
Revenue	7,929,127	19,819,612	86,059,192	-	93,988,319	19,819,612
Profit/(Loss) Before Tax	464,493	6,891,880	2,334,544	-	2,799,037	6,891,880

RESULTS FOR THE YEAR-TO-DATE ENDED

	Manufacturing		Building Materials		Total	
	31.08.2023	31.08.2022	31.08.2023	31.08.2022	31.08.2023	31.08.2022
Revenue	7,929,127	19,819,612	86,059,192	-	93,988,319	19,819,612
Profit/(Loss) Before Tax	464,493	6,891,880	2,334,544	-	2,799,037	6,891,880

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 FIRST QUARTER ENDED 31 AUGUST 2023**

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.

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 2023

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-23 (RM)	31-Aug-22 (RM)		31-Aug-23 (RM)	31-Aug-22 (RM)	
Revenue	93,988,319	19,819,612	374.22%	93,988,319	19,819,612	374.22%
Operating Profit	4,860,333	7,317,149	-33.58%	4,860,333	7,317,149	-33.58%
Profit Before Interest and Tax	3,146,136	6,896,132	-54.38%	3,146,136	6,896,132	-54.38%
Profit Before Tax	2,799,037	6,891,880	-59.39%	2,799,037	6,891,880	-59.39%
Profit After Tax	2,229,792	5,006,714	-55.46%	2,229,792	5,006,714	-55.46%
Profit Attributable to Ordinary Equity Holders of the Parent	2,229,792	5,006,714	-55.46%	2,229,792	5,006,714	-55.46%

For the current quarter ended 31 August 2023, the Group recorded revenue of RM93.99 million, represents an increase of 374.22% as compared to revenue of RM19.82 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 RM2.80 million for the current quarter. This represents a decrease of 59.39% from the profit before taxation of approximately RM6.89 million registered in the corresponding quarter of the preceding year. This was mainly due to the reduction in sales quantity of formers and lower average selling price.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 31.08.2023 RM	Immediate preceding Quarter 31.05.2023 RM	Changes %
Revenue	93,988,319	90,445,592	3.92
Operating Profit	4,860,333	13,530,151	(64.08)
Profit/(Loss) Before Interest and Tax	3,146,136	10,039,450	(68.66)
Profit/(Loss) Before Tax	2,799,037	9,479,319	(70.47)
Profit/(Loss) After Tax	2,229,792	11,978,980	(81.39)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	2,229,792	11,978,980	(81.39)

	Quarter Ended		Variance %	Quarter Ended		Variance (RM)
	31-Aug-23 (RM)	31-May-23 (RM)		31-Aug-23 (RM)	31-May-23 (RM)	
Manufacturing Building Materials	Revenue			Profit Before Tax		
	7,929,127	11,751,669	-32.53%	464,493	7,638,547	-93.92%
	86,059,192	78,693,923	9.36%	2,334,544	1,840,772	26.82%
	93,988,319	90,445,592	3.92%	2,799,037	9,479,319	-70.47%

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2023

Revenue registered in the current quarter of RM93.99 million represents an increase of 3.92% as compared to the revenue of RM90.45 million recorded in the immediate preceding quarter.

The Group's current quarter profit before taxation of approximately RM2.80 million has decreased by 70.47% as compared in the immediate preceding quarter. The decrease was in tandem with the decrease in revenue as well as lower profit margin in the manufacturing segment.

Building Materials segment current quarter profit before taxation of approximately RM2.33 million has increased by 26.82% as compared in the immediate preceding quarter. The increase was mainly due to higher sales and no impairment loss is recognised for the receivables during the current quarter.

B3. Commentary on Prospect for the Current Financial Year

Moving forward in the near term, the Group is of the opinion that the economic challenge due to inflation is expected to continue in 2023, the anticipated increase in raw material prices coupled with the increase in the gas and electricity unit prices will be the key concerns of the cost of production to the group. It is challenging to predict the full extent and duration of these impact on the global economy.

The glove industry is continued in oversupply and overcapacity position as a result of aggressive capacity expansion during the pandemic period which led to the current market supply-demand imbalance. This situation will persist to affect the demand and also the pricing of the Group's products. The Group remains cautiously optimistic about the long term prospect of the sector.

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.

The building materials segment will see better prospect in the coming financial year in tandem with the objective of the new unity government which focus on creating a bigger economic pie via the various investment initiatives to draw in both foreign and domestic investors. However, we are approaching this optimism with cautions, being mindful of the upward raw material cost challenge from the supply chain.

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, strengthening product portfolios, enhancement of supply chain good practices, focusing on taking out redundancy, improving efficiency, automation across our operations and to implement cost control measures to maintain competitiveness post-pandemic and during this challenging time.

B4. Variance of Actual and Forecast Profit

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

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 AUGUST 2023

B5. Taxation

	Current quarter 31.08.2023	Current year to date 31.08.2023
	RM	RM
Current year	569,245	569,245
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 31 August 2023 are as follows:

	At end of current quarter 31 August 2023 (RM)		
	Short term Borrowings	Long term borrowings	Total Borrowings
Secured:			
Lease Liability	1,367,061	1,187,589	2,554,650
Bank Borrowing	1,001,889	1,949,542	2,951,431
Term Loan	2,025,014	21,171,443	23,196,457
	<u>4,393,964</u>	<u>24,308,574</u>	<u>28,702,538</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 30.11.2023.

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 AUGUST 2023****B10. Dividend**

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

B11. Earnings Per Share

	Current Quarter Ended 31.08.23	Current Year To Date 31.08.23
Net profit/(loss) attributable to owner of the Company (RM'000)	2,230	2,230
Weighted average number of ordinary shares in issue (RM'000)	547,652	547,652
Basic earnings per share (sen)	0.41	0.41

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 31.08.23 RM'000	Current Year To Date 31.08.23 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Interest income	(244)	(244)
Other income including investment income	-	-
Interest expense	347	347
Depreciation and amortization	1,958	1,958
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	4
Gain/(loss) on derivatives	-	-
Exceptional items	-	-