

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

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 NOVEMBER 2023**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---------------------------------------|---|---|---|
| | CURRENT QUARTER ENDED 30-Nov-23 | CORRESPONDING QUARTER ENDED 30-Nov-22 | CURRENT YEAR TO DATE ENDED 30-Nov-23 | CORRESPONDING YEAR TO DATE ENDED 30-Nov-22 |
| | RM | RM | RM | RM |
| Revenue | <u>93,003,338</u> | <u>79,427,599</u> | <u>186,991,657</u> | <u>99,247,211</u> |
| Operating profit | 10,622,826 | 5,390,954 | 15,483,159 | 12,708,103 |
| Finance costs | (353,054) | (181,049) | (700,153) | (185,301) |
| Depreciation and amortisation | (2,050,608) | (1,502,401) | (4,008,902) | (2,135,612) |
| Interest income | 451,065 | 102,690 | 695,162 | 314,884 |
| Profit before taxation | <u>8,670,229</u> | <u>3,810,194</u> | <u>11,469,266</u> | <u>10,702,074</u> |
| Taxation | (993,877) | (1,580,477) | (1,563,122) | (3,465,643) |
| Profit for the period | <u>7,676,352</u> | <u>2,229,717</u> | <u>9,906,144</u> | <u>7,236,431</u> |
| Other comprehensive income : | | | | |
| Foreign exchange translation difference | (166,438) | 4,527 | (3,387,065) | (3,199,768) |
| Total comprehensive income for the period | <u>7,509,914</u> | <u>2,234,244</u> | <u>6,519,079</u> | <u>4,036,663</u> |
| Profit/(Loss) Attributable to : | | | | |
| Equity holders of the parent | 7,676,352 | 2,229,717 | 9,906,144 | 7,236,431 |
| Non-Controlling Interest | - | - | - | - |
| | <u>7,676,352</u> | <u>2,229,717</u> | <u>9,906,144</u> | <u>7,236,431</u> |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the parent | 7,509,914 | 2,234,244 | 6,519,079 | 4,036,663 |
| Non-Controlling Interest | - | - | - | - |
| | <u>7,509,914</u> | <u>2,234,244</u> | <u>6,519,079</u> | <u>4,036,663</u> |
| Earnings per share (sen) | | | | |
| - Basic | <u>1.15</u> | <u>0.42</u> | <u>1.48</u> | <u>1.37</u> |
| - Diluted | <u>1.15</u> | <u>0.42</u> | <u>1.48</u> | <u>1.37</u> |

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2023

| | AS AT 30-Nov-23 (UNAUDITED) | AS AT 31-May-23 (AUDITED) |
|---|-----------------------------------|---------------------------------|
| | RM | RM |
| ASSETS | | |
| Non-Current Assets | | |
| Property, Plant and Equipment | 69,257,408 | 71,232,565 |
| Right-Of-Use Assets | 31,597,210 | 34,393,914 |
| Investment Properties | 8,385,534 | 8,529,679 |
| Goodwill | 11,673,895 | 11,673,895 |
| Intangible Assets | 366,771 | 366,771 |
| Intangible Assets (Trademark) | 98,501 | 144,271 |
| | <u>121,379,319</u> | <u>126,341,095</u> |
| Current Assets | | |
| Inventories | 9,930,486 | 9,743,726 |
| Trade & Other Receivables | 102,406,240 | 107,132,165 |
| Current Tax Asset | 3,896,850 | 4,921,718 |
| Cash and Cash Equivalents | 89,127,899 | 50,945,567 |
| | <u>205,361,475</u> | <u>172,743,176</u> |
| TOTAL ASSETS | <u><u>326,740,794</u></u> | <u><u>299,084,271</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Equity Holders of the Parent | | |
| Share Capital | 80,156,259 | 51,718,874 |
| Share Option Reserve | 1,270,807 | 1,270,807 |
| Capital Reserve | 715,680 | 715,680 |
| Exchange Reserve | 2,858,410 | 6,245,475 |
| Retained Profit | 111,011,729 | 101,105,585 |
| | <u>196,012,885</u> | <u>161,056,421</u> |
| Non-controlling interest | - | - |
| TOTAL EQUITY | <u>196,012,885</u> | <u>161,056,421</u> |
| LIABILITIES | | |
| Non-Current Liabilities | | |
| Lease Liabilities | 654,138 | 1,481,229 |
| Employee Benefit Obligation | 26,974 | 29,874 |
| Bank Borrowings | 1,579,980 | 1,621,259 |
| Term Loan | 20,206,892 | 21,030,841 |
| Provision for restoration cost | 166,070 | 162,951 |
| Deferred Taxation | 6,080,958 | 6,080,958 |
| | <u>28,715,012</u> | <u>30,407,112</u> |
| Current Liabilities | | |
| Trade and Other Payables | 91,333,019 | 96,184,488 |
| Contract Liabilities | 3,823,529 | 5,500,590 |
| Lease Liabilities | 1,553,830 | 1,356,200 |
| Term Loan | 2,501,093 | 2,025,013 |
| Bank Borrowings | 1,542,520 | 1,422,536 |
| Provision for restoration cost | 29,849 | 29,849 |
| Current Tax Payable | 1,229,057 | 1,102,062 |
| | <u>102,012,897</u> | <u>107,620,738</u> |
| TOTAL LIABILITIES | <u>130,727,909</u> | <u>138,027,850</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>326,740,794</u></u> | <u><u>299,084,271</u></u> |
| Net assets per share attributable to ordinary equity holders of the parent (sen) | <u>29</u> | <u>32</u> |

(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 | 28,437,385 | | | | | 28,437,385 |
| ESOS exercised | | | | | | - |
| Total comprehensive income for the period | | | - | (3,387,065) | 9,906,144 | 6,519,079 |
| Dividends paid | | | | | | - |
| Balance at 30 November 2023 | 80,156,259 | 1,270,807 | 715,680 | 2,858,410 | 111,011,729 | 196,012,885 |

For the Corresponding Quarter Ended 30 November 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 | | | - | (3,199,768) | 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 |

(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 30 NOVEMBER 2023**

| | CURRENT QUARTER ENDED 30-Nov-23 | PRECEDING YEAR QUARTER ENDED 30-Nov-22 |
|---|--|---|
| | RM | RM |
| Cash flows from operating activities | | |
| Profit before taxation | 11,469,266 | 10,702,074 |
| Adjustments for :- | | |
| Depreciation, amortisation and impairment losses | 4,008,902 | 2,135,612 |
| Interest income and expenses | 4,991 | (129,583) |
| Other non-cash items | (3,888,499) | (2,676) |
| Operating profit before changes in working capital | <u>11,594,660</u> | <u>12,705,427</u> |
| Changes in working capital: | | |
| Net change in contract liabilities | (1,677,061) | (1,117,077) |
| Net change in inventories | 186,760 | 4,669,239 |
| Net change in receivables | 7,052,333 | 12,417,094 |
| Net change in payables | <u>(5,136,746)</u> | <u>2,665,354</u> |
| Cash flow from operations | <u>12,019,946</u> | <u>31,340,037</u> |
| Finance costs | (700,153) | (185,301) |
| Income tax refunded/(paid) | <u>(125,643)</u> | <u>(3,465,643)</u> |
| Net cash flows from operating activities | <u>11,194,150</u> | <u>27,689,093</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (2,502,058) | (619,412) |
| Interest income | 695,162 | 314,884 |
| Acquisition of a subsidiary | - | (49,532,159) |
| Proceeds from disposal of property, plant and equipment | <u>8,181,723</u> | <u>-</u> |
| Net cash used in investing activities | <u>6,374,827</u> | <u>(49,836,687)</u> |
| Cash flows from financing activities | | |
| Drawdown / (Repayment) of bank borrowings | (92,364) | - |
| Drawdown / (Repayment) of term loan | 140,603 | 9,406,904 |
| Issuance of ordinary shares pursuant to conversion of warrant | 28,437,385 | 358,000 |
| Drawdown / (Repayment) of lease liabilities | <u>(282,779)</u> | <u>308,130</u> |
| Net cash flows from financing activities | <u>28,202,845</u> | <u>10,073,034</u> |
| Net increase / (decrease) in cash and cash equivalents | 45,771,822 | (12,074,560) |
| 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 | <u>87,962,605</u> | <u>47,540,431</u> |
| | | |
| | <i>Cash and cash equivalents</i> | 89,127,899 |
| | <i>Term Deposit</i> | <u>(1,165,294)</u> |
| | | <u>87,962,605</u> |

(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 SECOND QUARTER ENDED 30 NOVEMBER 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 SECOND QUARTER ENDED 30 NOVEMBER 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

Save as disclosed below, 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.

During the current financial year, 142,186,925 warrants were exercised up to 19 Oct 2023, the expiry date of the warrants which resulted in 142,186,925 new ordinary shares at the issue price of RM0.20 each being issued and thereafter listed on the Ace Market of Bursa Securities. Accordingly, the issued and paid-up share capital of the Company increased to RM80,156,259 comprising 671,389,489 ordinary shares.

As at the Expiry Date, 32,339,802 warrants which remained unexercised and accordingly, the Unexercised Warrants became null and void and ceased to be exercisable. The Unexercised Warrants were removed from the official list of Bursa Securities with effect from 20 Oct 2023.

A7. Dividend paid

There were no dividends paid for the current quarter under review.

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**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2023****A8. Segmental Reporting****RESULTS FOR THE QUARTER ENDED**

| | Manufacturing | | Building Materials | | Total | |
|-----------------------------|---------------|------------|--------------------|------------|------------|------------|
| | 30.11.2023 | 30.11.2022 | 30.11.2023 | 30.11.2022 | 30.11.2023 | 30.11.2022 |
| Revenue | 7,080,729 | 8,783,656 | 85,922,609 | 70,643,943 | 93,003,338 | 79,427,599 |
| Profit/(Loss) Before Tax | 260,734 | 1,198,976 | 8,409,495 | 2,611,218 | 8,670,229 | 3,810,194 |

RESULTS FOR THE YEAR-TO-DATE ENDED

| | Manufacturing | | Building Materials | | Total | |
|-----------------------------|---------------|------------|--------------------|------------|-------------|------------|
| | 30.11.2023 | 30.11.2022 | 30.11.2023 | 30.11.2022 | 30.11.2023 | 30.11.2022 |
| Revenue | 15,009,856 | 28,603,268 | 171,981,801 | 70,643,943 | 186,991,657 | 99,247,211 |
| Profit/(Loss) Before Tax | 725,227 | 8,090,856 | 10,744,039 | 2,611,218 | 11,469,266 | 10,702,074 |

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.

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 2023

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 % |
|--|----------------|----------------|------------|--------------------|----------------|------------|
| | 30-Nov-23 (RM) | 30-Nov-22 (RM) | | 30-Nov-23 (RM) | 30-Nov-22 (RM) | |
| Revenue | 93,003,338 | 79,427,599 | 17.09% | 186,991,657 | 99,247,211 | 88.41% |
| Operating Profit | 10,622,826 | 5,390,954 | 97.05% | 15,483,159 | 12,708,103 | 21.84% |
| Profit Before Interest and Tax | 9,023,283 | 3,991,243 | 126.08% | 12,169,419 | 10,887,375 | 11.78% |
| Profit Before Tax | 8,670,229 | 3,810,194 | 127.55% | 11,469,266 | 10,702,074 | 7.17% |
| Profit After Tax | 7,676,352 | 2,229,717 | 244.27% | 9,906,144 | 7,236,431 | 36.89% |
| Profit Attributable to Ordinary Equity Holders of the Parent | 7,676,352 | 2,229,717 | 244.27% | 9,906,144 | 7,236,431 | 36.89% |

For the current quarter ended 30 November 2023, the Group recorded revenue of RM93.00 million, represents an increase of 17.09% as compared to revenue of RM79.43 million for the corresponding quarter of the preceding year.

The Group achieved a profit before taxation of approximately RM8.67 million for the current quarter. This represents an increase of 127.55% from the profit before taxation of approximately RM3.81 million registered in the corresponding quarter of the preceding year. This was mainly due to the substantial gain arising from the disposal of a piece of industrial land formerly used for concrete batching plant operation.

| | 2nd Quarter | | Variance % | Year-To-Date Ended | | Variance (RM) |
|--------------------------|----------------|----------------|------------|--------------------|----------------|---------------|
| | 30-Nov-23 (RM) | 30-Nov-22 (RM) | | 30-Nov-23 (RM) | 30-Nov-22 (RM) | |
| Revenue | | | | | | |
| Manufacturing | 7,080,729 | 8,783,656 | -19.39% | 15,009,856 | 28,603,268 | -47.52% |
| Building Materials | 85,922,609 | 70,643,943 | 21.63% | 171,981,801 | 70,643,943 | 143.45% |
| | 93,003,338 | 79,427,599 | 17.09% | 186,991,657 | 99,247,211 | 88.41% |
| Profit Before Tax | | | | | | |
| Manufacturing | 260,734 | 1,198,976 | -78.25% | 725,227 | 8,090,856 | -91.04% |
| Building Materials | 8,409,495 | 2,611,218 | 222.05% | 10,744,039 | 2,611,218 | 311.46% |
| | 8,670,229 | 3,810,194 | 127.55% | 11,469,266 | 10,702,074 | 7.17% |

For the six (6) months ended 30 November 2023, the Group generated total revenue of approximately RM186.99 million which represents an increase of approximately 88.41% as compared to RM99.25 million achieved in the corresponding period of the preceding year which only accounted for 3 months results of the building material segment. For the same period, the Group achieved a profit before tax of approximately RM11.47 million which represents an increase of 7.17% as compared to a profit before tax of approximately RM10.70 million registered in the corresponding period of the preceding year. The increase in profit before tax was mainly attributed to the disposal gain of industrial land, increase in the ready-mix concrete selling price and higher sales volume achieved amidst recovery in the construction

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2023

activities while the manufacturing segment suffers reduction in sales volume and higher operating expenses.

B2. Comparison with Preceding Quarter's Results

| | Current Quarter 30.11.2023 RM | Immediate preceding Quarter 31.08.2023 RM | Changes % |
|---|-------------------------------------|---|--------------|
| Revenue | 93,003,338 | 93,988,319 | (1.05) |
| Operating Profit | 10,622,826 | 4,860,333 | 118.56 |
| Profit/(Loss) Before Interest and Tax | 9,023,283 | 3,146,136 | 186.81 |
| Profit/(Loss) Before Tax | 8,670,229 | 2,799,037 | 209.76 |
| Profit/(Loss) After Tax | 7,676,352 | 2,229,792 | 244.26 |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent | 7,676,352 | 2,229,792 | 244.26 |

| | Quarter Ended | | Variance % | Quarter Ended | | Variance (RM) |
|--------------------|-------------------|-------------------|---------------|--------------------------|-------------------|------------------|
| | 30-Nov-23 (RM) | 31-Aug-23 (RM) | | 30-Nov-23 (RM) | 31-Aug-23 (RM) | |
| | Revenue | | | Profit Before Tax | | |
| Manufacturing | 7,080,729 | 7,929,127 | -10.70% | 260,734 | 464,493 | -43.87% |
| Building Materials | 85,922,609 | 86,059,192 | -0.16% | 8,409,495 | 2,334,544 | 260.22% |
| | 93,003,338 | 93,988,319 | -1.05% | 8,670,229 | 2,799,037 | 209.76% |

Revenue registered in the current quarter of RM93.00 million represents a slightly decrease of 1.05% as compared to the revenue of RM93.99 million recorded in the immediate preceding quarter.

The Group's current quarter profit before taxation of approximately RM8.67 million has increased by 209.76% as compared to the immediate preceding quarter. The increase was mainly due to gains on disposal of industrial land and recovery of bad debts from building material segment.

Manufacturing segment current quarter profit before taxation of approximately RM0.26 million has decreased by 43.87% as compared to the immediate preceding quarter. The decrease in profit before taxation was in tandem with the decrease in revenue as well as higher operating expenses in the manufacturing segment.

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 2024, 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 remains a challenge to predict the full extent and duration of these impacts on the global economy.

The glove industry will continue to be in oversupply and overcapacity position as a result of aggressive capacity expansion during the pandemic period which has led to the current market supply-demand imbalance. This situation will persist to affect the demand and also the pricing

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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 security, focusing on reducing redundancy, improving efficiency, automation across our operations and to implement cost control measures to maintain our 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.

B5. Taxation

| | Current quarter 30.11.2023 | Current year to date 30.11.2023 |
|-------------------|---------------------------------------|--|
| | RM | RM |
| Current year | 492,600 | 1,061,845 |
| Deferred taxation | - | - |
| RPGT | 501,277 | 501,277 |

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.

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2023

B7. Borrowings and Debt Securities

The Group's borrowings as at 30 November 2023 are as follows:

| | At end of current quarter 30 November 2023 (RM) | | |
|-----------------|--|-------------------------|-------------------|
| | Short term Borrowings | Long term borrowings | Total Borrowings |
| Secured: | | | |
| Lease Liability | 1,553,830 | 654,138 | 2,207,968 |
| Bank Borrowing | 1,542,520 | 1,579,980 | 3,122,500 |
| Term Loan | 2,501,093 | 20,206,892 | 22,707,985 |
| | <u>5,597,443</u> | <u>22,441,010</u> | <u>28,038,453</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 1 Dec 2023, the Company informed that the Appeal filed by the Appellant against its wholly-owned subsidiary, Easy Sun Sdn. Bhd. is now fixed for Hearing before the Court of Appeal on 21.06.2024, by way of Zoom. The Court of Appeal has also given directions for both parties to file their respective written submissions and reply submissions, prior to the Hearing date.

B10. Dividend

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

B11. Earnings Per Share

| | Current Quarter Ended 30.11.23 | Current Year To Date 30.11.23 |
|---|-----------------------------------|----------------------------------|
| Net profit/(loss) attributable to owner of the Company (RM'000) | 7,676 | 9,906 |
| Weighted average number of ordinary shares in issue (RM'000) | 669,861 | 669,861 |
| Basic earnings per share (sen) | 1.15 | 1.48 |

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.

ES CERAMICS TECHNOLOGY BHD

Registration No: 200301024697 (627117-P)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 NOVEMBER 2023

B12. Profit Before Taxation

| | Current Quarter 30.11.23 RM'000 | Current Year To Date 30.11.23 RM'000 |
|---|---------------------------------------|--|
| Profit before taxation is arrived at after charging/(crediting): | | |
| Interest income | (451) | (695) |
| Other income including investment income | - | - |
| Interest expense | 353 | 700 |
| Depreciation and amortization | 2,051 | 4,009 |
| 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 | 4,909 | 4,909 |
| Impairment of assets | - | - |
| Foreign exchange gain/(loss) | 7 | 11 |
| Gain/(loss) on derivatives | - | - |
| Exceptional items | - | - |