

CE TECHNOLOGY BERHAD

(Incorporated in Malaysia)

Registration No.200201018747 (586410-P)

**Unaudited financial statements for the
6-month financial period from 1 August 2022 to 31 January 2023**

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY CE TECHNOLOGY BERHAD ("CET" OR THE "COMPANY"). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

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UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS⁽¹⁾

	INDIVIDUAL 6 MONTHS		CUMULATIVE PERIOD	
	Current Year 6 Months	Preceding Year Corresponding 6 Months	Current Year To-Date	Preceding Year Corresponding Period
	31.01.2023 RM'000	31.01.2022 RM'000	31.01.2023 RM'000	31.01.2022 RM'000
Revenue	41,164	54,050	41,164	54,050
Cost of sales	(32,506)	(35,662)	(32,506)	(35,662)
Gross profit	8,658	18,388	8,658	18,388
Other income	1,823	432	1,823	432
Administrative expenses	(6,659)	(4,371)	(6,659)	(4,371)
Finance costs	(1,408)	(572)	(1,408)	(572)
Profit before tax	2,414	13,877	2,414	13,877
Income tax expense	(19)	(1,368)	(19)	(1,368)
Total comprehensive income for the period	-	-	-	-
Total comprehensive income attributable to owners of the Company	2,395	12,509	2,395	12,509
Basic / Diluted earnings per share attributable to owners of the Company (sen) ⁽²⁾ :	0.69	3.61	0.69	3.61

Notes:

- (1) The basis of preparation of the Condensed Statements of Profit or Loss are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 July 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Earnings per share for the 6-month financial period ended ("FPE") 31 January 2023 is computed based on the Company's issued shares as at the end of the respective reporting period. Diluted earnings per share equals basic earnings per ordinary share as there is no dilutive potential shares outstanding during the financial period.

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CE TECHNOLOGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	INDIVIDUAL 6 MONTHS		CUMULATIVE PERIOD	
	Current Year 6 Months	Preceding Year Corresponding 6 Months	Current Year To-Date	Preceding Year Corresponding Period
	31.01.2023 RM'000	31.01.2022 RM'000	31.01.2023 RM'000	31.01.2022 RM'000
Profit after taxation for the period	2,395	12,509	2,395	12,509
Other comprehensive expenses	-	-	-	-
- Foreign currency translation difference				
Total comprehensive income for the period	2,395	12,509	2,395	12,509

Note:

- (1) The basis of preparation of the Condensed Statements of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 July 2022 and the accompanying explanatory notes attached to this interim financial report.

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CE TECHNOLOGY BERHAD
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CONDENSED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited As at 31.01.2023 RM'000	Audited As at 31.07.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	113,491	94,098
Right-of-use assets	21,299	21,339
Intangible assets	119	149
	<u>134,909</u>	<u>115,586</u>
Current assets		
Inventories	15,646	15,169
Trade receivables	9,390	17,836
Other receivables, deposits and prepayments	4,367	4,504
Current tax assets	1,224	709
Cash and bank balances	28,137	30,972
	<u>58,764</u>	<u>69,190</u>
TOTAL ASSETS	<u>193,673</u>	<u>184,776</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	27,186	27,186
Retained profits	86,068	83,915
Total equity attributable to owners of the Company	<u>113,254</u>	<u>111,101</u>
Non-current liabilities		
Borrowings	21,787	17,782
Government grant	310	317
Lease liabilities	17,050	11,574
Deferred tax liabilities	5,728	6,054
	<u>44,875</u>	<u>35,727</u>
Current liabilities		
Trade payables	2,432	3,824
Other payables and accruals	16,145	19,115
Borrowings	11,437	10,810
Government grant	14	14
Lease liabilities	5,516	4,185
	<u>35,544</u>	<u>37,948</u>
TOTAL LIABILITIES	<u>80,419</u>	<u>73,675</u>
TOTAL EQUITY AND LIABILITIES	<u>193,673</u>	<u>184,776</u>
Net assets per share ⁽²⁾ (RM)	0.33	0.32

Notes:

- (1) The basis of preparation of the Condensed Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 July 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is computed based on the Company's total number of issued shares as at the end of the respective financial reporting period.

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CE TECHNOLOGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	Non-distributable Share Capital	Distributable Retained Profits	Total Equity
	RM'000	RM'000	RM'000
<u>6-month period ended 31 January 2023</u>			
Opening balance as at 01.08.2022	27,186	83,915	111,101
Profit after taxation as at 31.01.2023	-	2,395	2,395
Dividend paid as at 31.01.2023	-	(242)	(242)
Closing balance as at 31.01.2023	27,186	86,068	113,254
<u>6-month period ended 31 January 2022</u>			
Opening balance as at 01.08.2021	27,186	61,647	88,833
Profit after taxation as at 31.01.2022	-	12,509	12,509
Dividend paid as at 31.01.2022	-	(1,384)	(1,384)
Closing balance as at 31.01.2022	27,186	72,772	99,958

Note:

- (1) The basis of preparation of the Condensed Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 July 2022 and the accompanying explanatory notes attached to this interim financial report.

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CE TECHNOLOGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS⁽¹⁾

	CUMULATIVE PERIOD	
	Current Period	Comparative
	Ended	Period Ended
	31.01.2023	31.01.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,414	13,877
Adjustments for:		
Depreciation of property, plant and equipment	2,632	2,004
Depreciation of right-of-use of assets	919	557
Amortisation of government grant	(7)	(7)
Amortisation of intangible assets	29	29
Interest expense	1,399	572
Interest income	(394)	(55)
Unrealised loss/(gain) on foreign exchange	1,451	(217)
Gain on modification of leases	-	(1)
Operating profit before working capital changes	8,443	16,759
(Increase)/Decrease in inventories	(477)	1,064
Decrease/(Increase) in trade and other receivables	8,233	(6,449)
(Decrease)/Increase in trade and other payables	(4,021)	1,596
Cash generated from operations	12,178	12,970
Tax paid	(860)	(1,920)
Net cash from operating activities	11,318	11,050
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	394	55
Purchase of property, plant and equipment	(9,684)	(18,043)
Purchase of right-of-use of assets	(136)	(2,306)
Net cash used in investing activities	(9,426)	(20,294)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of bankers' acceptance	(2,002)	(3,185)
Repayments of term loans	(428)	(397)
Repayments of fixed loans	(138)	(29)
Payments of lease liabilities	(3,322)	(999)
Dividends paid	(242)	(1,038)
Drawdown of bank overdraft	3,643	4,973
Interest paid	(796)	(471)
Net cash used in financing activities	(3,285)	(1,146)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,393)	(10,390)
Effects of exchange rate changes on cash and cash equivalents	(1,442)	245
Cash and cash equivalents at beginning of financial period	30,972	34,007
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	28,137	23,862
Cash and cash equivalents at end of the period comprised:		
Cash and bank balances	31,780	28,835
Bank overdrafts	(3,643)	(4,973)
	28,137	23,862

Note:

- (1) The basis of preparation of the Condensed Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2022 and the accompanying explanatory notes attached to this interim financial report.

PART A – EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 6-MONTH FPE 31 JANUARY 2023

A1 Basis of Preparation

The interim condensed financial statements of CE Technology Berhad (“CET” or the “Company”) are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting as issued by the Malaysian Accounting Standards Board (“MASB”).

The interim financial report should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 July 2022.

A2 Adoption of New MFRSs and Amendments to MFRSs

New MFRSs adopted during the financial year

The Company adopted the following Standards of the MFRS Framework that were issued by the MASB during the financial year:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

The adoption of the above Standards did not have any material effect on the financial performance or position of the Company.

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PART A – EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 6-MONTH FPE 31 JANUARY 2023 (CONTINUED)

A2 Adoption of New MFRSs and Amendments to MFRSs (CONTINUED)

New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

Title	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> (Amendments to MFRS 17 <i>Insurance Contract</i>)	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
<i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income Taxes</i>)	1 January 2023
<i>Lease liability in a sale and leaseback</i> (Amendments to MFRS 16 <i>Leases</i>)	1 January 2024
<i>Classification of Liabilities as Current or Non-current</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024
<i>Non-current Liabilities with Covenants</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Company is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

A3 Auditors' Report

There was no qualification on the audited financial statements of the Company for the financial year ended 31 July 2022.

A4 Seasonal and Cyclical Factors

The business operations of the Company are not materially affected by any seasonal or cyclical factors.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Company during the financial period under review.

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PART A – EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 6-MONTH FPE 31 JANUARY 2023 (CONTINUED)

A6 Changes in Estimates

There were no material changes in estimates that have a material effect on the financial period under review.

A7 Debt and Equity Securities

There were no changes in the debt and equity securities for the 6-month FPE 31 January 2023.

A8 Dividend Paid

During the financial period under review, on 28 November 2022, the Board of Directors recommended a single tier final dividend of RM0.0007 per share in respect of the financial year ended 31 July 2022. The said final dividend amounting to RM242,278 was paid on 16 January 2023 upon shareholders' approval obtained in the Annual General Meeting of CET held on 21 December 2022.

A9 Segmental Reporting

The Company is principally involved in the manufacture and sale of cleanroom gloves. As such, the revenue of the Company for the current financial period under review and the financial period to date is derived entirely from its sale of cleanroom gloves.

The Company is licensed by the Ministry of International Trade and Industry for the manufacture and sale of cleanroom products / critical environment products such as cleanroom gloves, cleanroom face masks, cleanroom wipers and cleanroom coveralls.

The Company currently produces various categories of cleanroom gloves which are used by the semiconductor and niche life sciences industries which require additional protection from micro contamination and electro-static discharge during their operational activities.

The Company's revenue as segmented by countries that it shipped its products to are set out below:

Country/Region	Unaudited			
	Current year 6-month period ended 31 January 2023		Preceding year corresponding 6-month period ended 31 January 2022	
	RM'000	%	RM'000	%
Malaysia	4,350	10.57	2,711	5.02
ASEAN ⁽¹⁾	2,592	6.30	8,640	15.98
USA	17,962	43.63	20,344	37.64
China	2,810	6.834	4,296	7.95
Europe	5,172	12.56	12,883	23.83
Japan	2,409	5.85	3,063	5.67
Others ⁽²⁾	5,869	14.26	2,113	3.91
	41,164	100.00	54,050	100.00

Notes:

(1) ASEAN comprises Singapore, Thailand and Vietnam.

(2) Others include Hong Kong, South Korea, South Africa, Taiwan and India.

PART A – EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 6-MONTH FPE 31 JANUARY 2023 (CONTINUED)

A10 Profit before taxation

Profit before taxation for the 6-month FPE 31 January 2023 is arrived at after charging/(crediting):-

	Unaudited	
	Current year 6-month period ended 31 January 2023 RM'000	Preceding year corresponding 6- month period ended 31 January 2022 RM'000
Auditors' remuneration	48	43
Directors' remuneration	338	332
(Gain)/loss on foreign exchange		
-realised	(348)	594
-unrealised	1,451	(217)
Interest income	(394)	(55)

A11 Valuation of property, plant and equipment

There was no valuation on property, plant and equipment during the 6-month FPE 31 January 2023.

A12 Material Events after the End of the Reporting Period

There were no other material events subsequent to the end of the current financial period.

A13 Contingent Liabilities and Contingent Assets

The Company has the following contingent liability as at 31 January 2023:

	RM'000
Secured:	
Bank guarantees given by a financial institution for:	
- Utility deposit	1,000

The bank guarantees are secured by first party first legal charges over the long-term leasehold land and certain buildings of the Company.

There were no contingent assets as at the date of this interim report.

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PART A – EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 6-MONTH FPE 31 JANUARY 2023 (CONTINUED)

A14	Capital Commitments	RM'000
	Capital expenditure in respect of construction of buildings and equipment-in-progress	
	- Contracted but not provided for	10,053

A15 Significant related party transactions

There were no significant related party transactions in the financial period under review.

A16 Financial Liabilities

The Company has not entered into any derivatives and do not have any financial liabilities.

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PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1 Review of Performance

Current 6-month period vs. preceding year corresponding 6-month period

The Company recorded revenue of RM41.16 million for the current 6-month ended 31 January 2023, representing a decrease of RM12.89 million or 23.8% as compared to RM54.05 million of revenue achieved during the preceding corresponding financial period. The decrease in revenue is mainly attributable to:

- (i) the decrease in the utilisation of the Company's production capacity in both the front-end and back-end operations due to global economy slowdown in particular the semiconductor industries; and
- (ii) the reduction of the selling price to the customers as a result of lower raw material cost which is the main component of the product cost.

The Company's gross profit ("GP") reduced by approximately RM9.73 million from RM18.39million (GP margin: 34.0%) in the preceding corresponding period to RM8.66million (GP margin: 21.0%) in the current financial period. The decrease in GP were mainly due to the following:

- (i) lower revenue recorded in the current financial period as explained above;
- (ii) higher fixed overhead cost per unit of goods produced due to lower production utilization in both the front-end and back-end operations; and
- (iii) increase in labour cost.

The Company's profit before tax ("PBT") reduced by approximately RM11.47 million from RM13.88million (PBT margin: 25.7%) in the preceding corresponding period to RM2.41 million (PBT margin: 5.9%) in the current financial period.

The decrease in profit before tax in current financial period was mainly attributable due to:-

- (i) lower revenue recorded as explained above;
- (ii) lower gross profit recorded as explained above;
- (iii) loss in foreign exchange; and
- (iv) higher finance costs on interest incurred from borrowings for the expansion plans.

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B2 Commentary on Prospects

The Company's current capacity for high-end cleanroom gloves is 43 million pieces per month. Going forward, the Company plans to carry out the following business plan / strategies:

- (i) to leverage on the Company's in-house R&D capability and state-of-the-art facilities to produce more stringent and high-end varieties of cleanroom gloves in particular the Sterile Class 10 & 100 cleanroom gloves for use in the life sciences industries to meet new and future requirements in particular Aseptic applications;
- (ii) to launch a new range of electro-static discharge (ESD) Class 100 cleanroom gloves which are in demand by amongst others, the wafer fabrication, nano technology and aerospace industries;
- (iii) to continue increasing the Company's manufacturing capacities for both the front-end and back-end operations via the setting-up of additional raw nitrile gloves manufacturing and cleanroom post-processing capacity at its own land near the Company's existing manufacturing facilities.

As at the date of this announcement, the additional front end manufacturing capacity has been partially completed with the commissioning of the first additional higher capacity line. In view of the current challenging environment, the second higher capacity line is only expected to be commissioned by August 2023 while the third higher capacity line is to be deferred commissioning to February 2024. The reason for the deferment is due to the current market uncertainties and slower global market demand.

The new cleanroom processing buildings have been completed as to-date while the new cleanroom processing facilities are still under installation. The delay is mainly due to obtaining the relevant approval from the authorities for the supply of utilities. The new cleanroom processing facilities are expected to be commissioned by July 2023.

The total estimated investment of around RM108 million on the capacity expansion is being financed through a combination of internally generated funds and borrowings from financial institutions. The increase in investment cost is mainly due to significant increase in the cost of building and engineering materials besides much higher labour costs.

Upon full completion of the above expansion plans, the Company's cleanroom post-processing capacity is expected to increase from 43 million pieces a month to approximately 83 million pieces a month. This represents an approximate four-fold increase in capacity as compared to prior to the Company's listing on the LEAP Market of Bursa Securities of 20 million pieces a month; and

- (iv) to explore opportunities of diversifying into the manufacturing and sales of other cleanroom products / critical environment products which we are licensed to manufacture and are synergistic to our existing business such as cleanroom face masks, cleanroom wipers and cleanroom coveralls. This intended expansion in the Company's product line-up is part of the Company's plan to become a one-stop center of providing critical environment solutions and supplying a wide range of cleanroom products to the critical environment industries in response to the needs and enquiries for such products from existing customers.

Barring any unforeseen circumstances, the Board of Directors of the Company is of the opinion that the prospects of the Company's financial performance will remain favourable.

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PART C – OTHER INFORMATION

C1 Status of Corporate Proposals

There was no corporate proposal announced but pending completion as at the date of this report.

C2 Material Litigation

The Company was not engaged in any material litigation as at the date of this report.

C3 Dividend

The Board of Directors recommended a single tier first interim dividend of RM0.001 per Share amounting to approximately RM346,112 in respect of the 6-month financial period from 1 August 2022 to 31 January 2023.

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