

CE TECHNOLOGY BERHAD

(Incorporated in Malaysia)

Registration No.200201018747 (586410-P)

**Unaudited financial statements for the
6-month financial period from 1 August 2023 to 31 January 2024**

**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.

CE TECHNOLOGY BERHAD
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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
	31.01.2024 RM'000	31.01.2023 RM'000	31.01.2024 RM'000	31.01.2023 RM'000
Revenue	30,868	41,164	30,868	41,164
Cost of sales	(24,899)	(32,506)	(24,899)	(32,506)
Gross profit	5,969	8,658	5,969	8,658
Other income	1,167	1,823	1,167	1,823
Administrative expenses	(5,037)	(6,659)	(5,037)	(6,659)
Finance costs	(1,366)	(1,408)	(1,366)	(1,408)
Profit before tax	733	2,414	733	2,414
Income tax expense	(37)	(19)	(37)	(19)
Total comprehensive income for the period	-	-	-	-
Total comprehensive income attributable to owners of the Company	696	2,395	696	2,395
Basic / Diluted earnings per share attributable to owners of the Company (sen) ⁽²⁾ :	0.20	0.69	0.20	0.69

Notes:

- (1) The basis of preparation of the Unaudited 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 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share for the 6-month financial period ended ("FPE") 31 January 2024 is computed based on the Company's issued ordinary shares as at the end of the respective reporting period. Diluted earnings per share of the company is equivalent to basic earnings per 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
	31.01.2024 RM'000	31.01.2023 RM'000	31.01.2024 RM'000	31.01.2023 RM'000
Profit after taxation for the period	696	2,395	696	2,395
Other comprehensive expenses	-	-	-	-
- Foreign currency translation difference				
Total comprehensive income for the period	696	2,395	696	2,395

Note:

(1) The basis of preparation of the Unaudited 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 2023 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 31.01.2024 RM'000	Audited As at 31.07.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	126,676	121,138
Right-of-use assets	16,274	20,384
Intangible assets	450	89
	<u>143,400</u>	<u>141,611</u>
Current assets		
Inventories	13,474	13,075
Trade receivables	15,771	7,664
Other receivables, deposits and prepayments	3,884	4,410
Current tax assets	1,690	1,735
Cash and bank balances	4,283	17,147
	<u>39,102</u>	<u>44,031</u>
TOTAL ASSETS	<u>182,502</u>	<u>185,642</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	27,186	27,186
Retained profits	81,483	80,787
Total equity attributable to owners of the Company	<u>108,669</u>	<u>107,973</u>
Non-current liabilities		
Borrowings	20,394	20,975
Government grant	296	302
Other payables	907	2,722
Lease liabilities	12,355	14,990
Deferred tax liabilities	5,206	5,214
	<u>39,158</u>	<u>44,203</u>
Current liabilities		
Trade payables	1,629	1,180
Other payables and accruals	15,945	17,602
Borrowings	12,057	9,626
Government grant	14	14
Lease liabilities	5,030	5,044
	<u>34,675</u>	<u>33,466</u>
TOTAL LIABILITIES	<u>73,833</u>	<u>77,669</u>
TOTAL EQUITY AND LIABILITIES	<u>182,502</u>	<u>185,642</u>
Net assets per share ⁽²⁾ (RM)	0.31	0.31

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 2023 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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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 2024</u>			
Opening balance as at 01.08.2023	27,186	80,787	107,973
Profit after taxation as at 31.01.2024	-	696	696
Closing balance as at 31.01.2024	27,186	81,483	108,669
<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

Note:

(1) The basis of preparation of the Unaudited Condensed Statement of Changes in Equity is 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 2023 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 Ended 31.01.2024 RM'000	Comparative Period Ended 31.01.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	733	2,414
Adjustments for:		
Depreciation of property, plant and equipment	2,832	2,632
Depreciation of right-of-use of assets	638	919
Amortisation of government grant	(7)	(7)
Amortisation of intangible assets	22	29
Interest expense	1,366	1,399
Interest income	(186)	(394)
Unrealised (gain)/loss on foreign exchange	(324)	1,451
Fair value adjustment on non-current other payable	85	-
Gain on disposal of property, plant and equipment	(7)	-
Operating profit before working capital changes	5,152	8,443
Increase in inventories	(399)	(477)
(Increase)/ Decrease in trade and other receivables	(7,683)	8,233
Decrease in trade and other payables	(3,005)	(4,021)
Cash (used in)/generated from operations	(5,935)	12,178
Tax paid	-	(860)
Net cash (used in)/from operating activities	(5,935)	11,318
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	186	394
Purchase of property, plant and equipment	(4,909)	(9,684)
Purchase of right-of-use of assets	-	(136)
Purchase of Intangible assets	(382)	-
Proceed from disposal of property, plant and equipment	15	-
Net cash used in investing activities	(5,090)	(9,426)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(Repayments) of bankers' acceptance	930	(2,002)
Repayments of term loans	(398)	(428)
Repayments of fixed loans	(177)	(138)
Payments of lease liabilities	(3,177)	(3,322)
Dividends paid	-	(242)
Drawdown of bank overdraft	1,494	3,643
Interest paid	(837)	(796)
Net cash used in financing activities	(2,165)	(3,285)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,190)	(1,393)
Effects of exchange rate changes on cash and cash equivalents	324	(1,442)
Cash and cash equivalents at beginning of financial period	11,691	30,972
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(1,175)	28,137
Cash and cash equivalents at end of the period comprised:		
Cash and bank balances	4,283	31,780
Bank overdrafts	(5,458)	(3,643)
	(1,175)	28,137

Note:

(1) The basis of preparation of the Unaudited Condensed Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Audited Financial Statements for the financial year ended 31 July 2023 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 2024

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 2023.

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 Malaysian Accounting Standards Board (“MASB”) during the financial year:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments 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 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>	Refer paragraph 98M of MFRS 112

Adoption of the above Amendments 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 2024 (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 2024

Title	Effective Date
Amendments to MFRS 16 <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
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 121 <i>Lack of Exchangeability</i>	1 January 2025
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 2023

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 2024 (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 2024.

A8 Dividend Paid

There was no dividend paid during the financial period.

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 2024		Preceding year corresponding 6-month period ended 31 January 2023	
	RM'000	%	RM'000	%
Malaysia ⁽³⁾	5,055	16.37	4,350	10.57
ASEAN ⁽¹⁾	4,399	14.25	2,592	6.30
USA	10,257	33.23	17,962	43.63
China	675	2.19	2,810	6.834
Europe	7,188	23.29	5,172	12.56
Japan	1,606	5.20	2,409	5.85
Others ⁽²⁾	1,688	5.47	5,869	14.26
	30,868	100.00	41,164	100.00

Notes:

- (1) ASEAN comprises Singapore, Thailand and Vietnam.
- (2) Others include Hong Kong, South Korea, South Africa, Taiwan and India.
- (3) The majority of the sales in Malaysia amounting to 16.37% are actually to two key foreign owned customers who have a procurement centre in Malaysia and they will re-export the goods in consolidation with other products to their customers mainly in USA and Europe.

PART A – EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE 6-MONTH FPE 31 JANUARY 2024 (CONTINUED)

A10 Profit before taxation

Profit before taxation for the 6-month FPE 31 January 2024 is arrived at after charging/(crediting):-

	Unaudited	
	Current year 6-month period ended 31 January 2024 RM'000	Preceding year corresponding 6- month period ended 31 January 2023 RM'000
Auditors' remuneration	92	48
Directors' remuneration	358	338
(Gain)/loss on foreign exchange		
-realised	(9)	(348)
-unrealised	(324)	1,451
Interest income	(186)	(394)

A11 Valuation of property, plant and equipment

There was no valuation on property, plant and equipment during the 6-month FPE 31 January 2024.

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 2024:

	RM'000
Secured:	
Bank guarantees given by a financial institution for:	
- Utility deposit	2,944

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 2024 (CONTINUED)

A14	Capital Commitments	RM'000
	Capital expenditure in respect of construction of buildings and equipment-in-progress	10,259
	- Contracted but not provided for	
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 RM30.87 million for the current 6-month ended 31 January 2024, representing a decrease of RM10.29 million or 25.0% as compared to RM41.16 million of revenue achieved during the preceding corresponding financial period. The decrease in revenue is mainly attributable to:

- (i) the continued slowdown in the semiconductor industries since last financial year; 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") decreased by approximately RM2.69 million from RM8.66 million (GP margin: 21.0%) in the preceding corresponding period to RM5.97 million (GP margin: 19.3%) 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; and
- (ii) higher fixed overhead cost per unit of goods produced due to the inability to achieve the economies of scale with reduced production output in both the front-end and back-end operations.

The Company's profit before tax ("PBT") reduced by approximately RM1.68 million from RM2.41 million (PBT margin: 5.9%) in the preceding corresponding period to RM0.73 million (PBT margin: 2.4%) 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; and
- (ii) lower gross profit recorded as explained above.

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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 a new and state of the art 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 September 2024 while the third higher capacity line will be commissioning at a later date.. The reason for the deferment is due to the current market uncertainties and slower global market demand.

The market news is indicating that the slowdown in the semiconductor industries is bottoming out which is also reflective in the Company revenue for the Q2 FYE 2024 which is around 40% higher than Q1 FYE 2024 with the expected sales performance of the subsequent quarters to be better.

The total estimated investment of around RM115 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.

The Company's new state-of-the-art cleanroom post processing facilities (Plant D) is also equipped with an in-house microbiological testing laboratory which has the capability to carry out a full range of very detailed and specific tests for its sterile cleanroom gloves required by end users in the high-end Life Sciences industries such as biotech, pharmaceutical, labtech, nutraceutical, foodtech, etc.

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- (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 RM0.0005 per Share amounting to approximately RM173,056 in respect of the 6-month financial period from 1 August 2023 to 31 January 2024.

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