



**SEREMBAN ENGINEERING BERHAD (“SEB”)
(Company No: 45332-X)**

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014**

	Unaudited as at 30.09.2014 RM	Audited as at 31.12.2013 RM
ASSETS		
Non-current assets		
Property, plant and equipment	48,722,539	46,848,836
Other receivables	705,000	885,000
Deferred Tax Asset	92,907	95,800
Investment properties	90,762	91,992
Investment in Associate & Jointly Controlled Company	8,491,877	8,481,912
	<u>58,103,085</u>	<u>56,403,540</u>
Current assets		
Inventories	27,431,662	26,496,256
Trade and other receivables	57,840,269	44,575,291
Deposit, cash and bank balances	7,566,368	10,476,443
	<u>92,838,300</u>	<u>81,547,990</u>
TOTAL ASSETS	<u>150,941,385</u>	<u>137,951,530</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	40,000,000	40,000,000
Treasury Shares	(157,426)	(155,934)
Other Reserves	5,583,931	5,583,931
Reserves	25,294,541	23,761,006
Equity attributable to owners of the parent	<u>70,721,046</u>	<u>69,189,003</u>
Non-controlling interest	772,461	753,719
Total equity	<u>71,493,507</u>	<u>69,942,722</u>
Non-current liabilities		
Bank borrowings	7,053,723	7,798,409
Hire purchases and lease payables	1,392,511	689,078
Deferred tax liabilities	2,252,690	2,527,357
	<u>10,698,923</u>	<u>11,014,844</u>
Current liabilities		
Trade and other payables	26,854,980	26,929,693
Bank borrowings	41,420,258	29,726,277
Hire purchases and lease payables	473,716	337,995
	<u>68,748,955</u>	<u>56,993,965</u>
TOTAL LIABILITIES	79,447,877	68,008,808
TOTAL EQUITY AND LIABILITIES	<u>150,941,385</u>	<u>137,951,530</u>
Net Asset per share attributable to owners of the parent (RM)	0.89	0.87

The Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 31 December 2013 with the accompanying explanatory notes attached to the financial statements.



**SEREMBAN ENGINEERING BERHAD (“SEB”)
(Company No: 45332-X)**

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**

	← Attributable to Equity Holders of the Parent →						Non- Controlling Interests	Total Equity
	Share Capital	← Non-distributable →		Distributable Retained Profit	Total			
		Share Premium	Treasury Shares					
	RM	RM	RM	RM	RM	RM	RM	
As at 1 January 2014	40,000,000	5,583,931	(155,934)	23,761,006	69,189,004	753,719	69,942,723	
Total comprehensive income for the period	-	-	-	3,367,170	3,367,170	(221,257)	3,145,913	
Increase in paid up capital from reserve in subsidiary	-	-	-	(240,000)	(240,000)	240,000	-	
Dividend Paid	-	-	-	(1,593,636)	(1,593,636)	-	(1,593,636)	
Share buy back	-	-	(1,492)	-	(1,492)	-	(1,492)	
As at 30 September 2014	40,000,000	5,583,931	(157,426)	25,294,541	70,721,046	772,462	71,493,508	
At 1 January 2013,	40,000,000	5,583,931	(144,211)	19,084,849	64,524,570	703,257	65,227,827	
Dividend paid	-	-	-	(1,594,036)	(1,594,036)	-	(1,594,036)	
Total comprehensive income for the period	-	-	-	6,270,193	6,270,193	50,462	6,320,655	
Share buy back	-	-	(11,723)	-	(11,723)	-	(11,723)	
At 31 December 2013	40,000,000	5,583,931	(155,934)	23,761,006	69,189,003	753,719	69,942,722	



**SEREMBAN ENGINEERING BERHAD (“SEB”)
(Company No: 45332-X)**

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**

	3 rd quarter ended		9 months / Financial period ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM	RM	RM	RM
Revenue	32,196,626	26,464,805	95,711,343	75,743,997
Operating Profit	1,808,613	2,400,592	5,422,717	8,188,055
Interest expense	(535,400)	(386,834)	(1,321,071)	(1,133,089)
Interest income	18,335	2,363	38,730	11,592
Share of profit / (loss) of Associate Companies	3,879	(142,746)	9,966	(215,738)
Profit before tax	<u>1,295,427</u>	<u>1,873,376</u>	<u>4,150,342</u>	<u>6,850,820</u>
Income tax expense	(334,589)	(498,585)	(1,004,430)	(1,707,719)
Net Profit for the period	<u>960,838</u>	<u>1,374,791</u>	<u>3,145,912</u>	<u>5,143,101</u>
Net Profit attributable to :				
Owners of the parent	1,097,311	1,464,409	3,367,170	5,229,507
Non-Controlling Interest	<u>(136,473)</u>	<u>(89,618)</u>	<u>(221,257)</u>	<u>(86,406)</u>
	<u>960,838</u>	<u>1,374,791</u>	<u>3,145,912</u>	<u>5,143,101</u>
Basic earnings per share (sen)	1.38	1.84	4.23	6.56

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**SEREMBAN ENGINEERING BERHAD (“SEB”)
(Company No: 45332-X)**

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**

	9 months ended 30.09.2014 RM	9 months ended 30.09.2013 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,150,342	6,850,820
Adjustment for:-		
Depreciation PPE	1,768,248	1,694,285
Depreciation of investment property	1,230	4,897
(Gain)/ Loss on disposal of property, plant and equipment	-	94,950
Property, Plant & Equipment Written Off	16,547	9,209
Share of results in associates	(9,966)	215,738
Interest expenses	1,321,071	1,133,089
Interest income	(38,730)	(11,592)
	<hr/>	<hr/>
	7,208,742	9,991,395
Changes in working capital		
Inventories	(935,406)	632,793
Amount due from contract customers	(25,300,804)	(2,261,456)
Trade and other receivables, prepayment and other assets	13,462,035	(15,187,431)
Trade and other payables	(1,162,678)	1,235,630
	<hr/>	<hr/>
Cash generated from / (used in) operations	(6,728,112)	(5,589,069)
Interest paid	(1,321,071)	(1,133,089)
Interest received	38,729	11,592
Tax refund	-	993,079
Tax paid	(1,434,444)	(1,682,884)
	<hr/>	<hr/>
Net cash used in operating activities	(9,444,898)	(7,400,370)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	(94,950)
Purchase of property, plant and equipment	(3,658,497)	(2,460,005)
	<hr/>	<hr/>
Net cash used in investing activities	(3,658,497)	(2,554,955)

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**SEREMBAN ENGINEERING BERHAD (“SEB”)
(Company No: 45332-X)**

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 - continued**

	9 months ended 30.09.2014 RM	9 months ended 30.09.2013 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from hire purchase and lease payables	839,154	194,000
Drawdown from Revolving Credit	9,000,000	5,500,000
Dividend paid	(1,593,636)	(1,594,036)
Released of fixed deposit pledged	-	1,211,760
Net movement in trade bills	1,065,500	268,400
Repayment of hire purchase and lease payables	-	(240,200)
Repayment of term loans	(722,348)	(825,028)
Purchase of treasury shares	(1,492)	(1,383)
Net cash generated from financing activities	8,587,177	4,513,513
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,516,218)	(5,441,812)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	10,028,505	13,049,108
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	5,512,287	7,607,296
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Repo deposits	332,687	2,622,306
Cash and bank balances	7,233,681	4,984,990
	7,566,368	7,607,296
Bank overdraft - secured	(2,054,082)	-
	5,512,287	7,607,296

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**SEREMBAN ENGINEERING BERHAD (“SEB”)
(Company No: 45332-X)**

Notes to the quarterly report – 30 September 2014

**PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134
INTERIM FINANCIAL REPORTING**

A1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 June 2014, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s Audited Financial Statements for the year ended 31 December 2013. These condensed interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

A2. Significant Accounting Policies

The financial information presented herein has been prepared in accordance with the accounting policies used in preparing the annual consolidated financial statements for 31 December 2013 under the Malaysian Financial Reporting Standards (MFRS) framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2013 except as described below.

As of 1 January 2014, the Group has adopted the following amendments to MFRSs and IC Interpretation which are effective for annual periods beginning on or after 1 January 2014.

Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
Amendments to MFRS 127, *Consolidated and Separate Financial Statements: Investment Entities*
Amendments to MFRS 132: *Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 136, *Recoverable Amount Disclosures for Non-financial Assets*
Amendments to MFRS 139, *Novation of Derivatives and Continuation of Hedge Accounting*
IC Interpretation 21, *Levies*

The adoption of the above amendments to MFRSs and IC Interpretation do not have material impact to the financial statements of the Group.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014

A3. Qualification of Annual Financial Statements

The latest audited consolidated financial statements of SEB for the financial year ended 31 December 2013 were not qualified.



**SEREMBAN ENGINEERING BERHAD (“SEB”)
(Company No: 45332-X)**

Notes to the quarterly report – 30 September 2014

A4. Seasonal and cyclical factors

The Group’s business operation results were not materially affected by any major seasonal or cyclical factors during the financial period ended 30 September 2014. However, the process equipment’s business operation result is very much dependent on the timing of completion of each project.

A5. Unusual nature and amounts of items affecting assets, liabilities, equity, net income or cash flows

There were no items of unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 2014.

A6. Changes in accounting estimates

There were no changes in accounting estimates that have a material effect in the current quarter results.

A7. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter ended 30 September 2014.

A8. Dividend Paid

During the financial period for nine months ended 30 September 2014, an interim single-tier dividend of 4% amounting to RM1,593,636 in respect of financial year ending 31 December 2014 was paid on 5 June 2014.

A9. Segmental information

The Group is principally engaged in the fabrication of process equipment and metal structure and the provision of maintenance, repair and shutdown works. Therefore, business segmental information has not been prepared as the Group’s revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and non-cash expenses are confined to one business segment and located in Malaysia.

Major segments analysed by geographical location of customers are as follows:-

	9 months period ended	
	30.09.2014	30.9.2013
	<u>RM</u>	<u>RM</u>
Revenue		
— Domestic	76,723,239	37,518,506
— Overseas	18,988,104	38,225,491
	<u>95,711,343</u>	<u>75,743,997</u>

A10. Carrying Amount of Revalued Assets

The Group did not revalue any of its property, plant and equipment for the current quarter under review and the valuation of property, plant and equipment have been brought forward without amendment from the audited consolidated financial statements of SEB for the financial year ended 31 December 2013.



**SEREMBAN ENGINEERING BERHAD (“SEB”)
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Notes to the quarterly report – 30 September 2014

A11. Capital Commitment

The amount of capital commitment is as follows:

Approved and contracted for:	<u>RM</u>
Purchase of Property, Plant & Equipment	4,900,000

A12. Material events subsequent to the end of the interim

There was no material event subsequent to the end of the current quarter under review.

A13. Changes in the composition of the Group

There was no change in the composition of the Group during the current quarter under review.

A14. Changes in contingent liabilities and contingent assets

As at the date of this announcement, there were no material contingent liabilities and contingent assets incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

**PART B : ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS
OF BURSA SECURITIES**

B1. Review of performance

The current quarter results showed higher Group revenue of RM 32.19 million and lower net profit after taxation (PAT) after non-controlling interest of RM 1.09 million as compared to a revenue of RM 26.46 million and PAT after Non-controlling interest of RM 1.46 million in the corresponding quarter in the previous financial year.

Meanwhile, the current year results also showed improved Group revenue of RM 92.71 million and lower net profit after taxation (PAT) after non-controlling interest of RM 3.37 million as compared to a revenue of RM 75.74 million and PAT after non-controlling interest of RM 5.23 million in the corresponding quarter in the previous financial year.

The results were mainly due to lower gross profit margin.

B2. Variation of results against preceding quarter

The Group recorded a lower profit before taxation (“PBT”) of RM 1.29 million for the current quarter as compared to preceding quarter of RM 1.36 million mainly due to interest incurred from increased bank borrowings.

B3. Prospects (open for Board’s members comment and discussion)

The Group expects the market outlook in the palm oil and oil and gas industries to remain competitive.

The Board anticipates the outlook for the year to be challenging.



**SEREMBAN ENGINEERING BERHAD (“SEB”)
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Notes on the quarterly report – 30 September 2014

B4. Profit forecast or profit guarantee

Not applicable as there was no profit forecast or profit guarantee issued by the Group.

B5. Tax expense

	Quarter Ended 30.09.2014 RM'000	9 Months Ended 30.9.2014 RM'000
Income Tax	492	1,282
Deferred Tax	(157)	(277)
Total	335	1,004

The effective tax rate for the current quarter under review approximates that of the statutory tax rate of 25%.

B6. Notes to the Statements of Comprehensive Income

	3 months ended		Year to date ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Interest income	(18)	(2)	(39)	(11)
Interest expense	535	387	1,321	1,133
Depreciation	575	612	1,770	1,699
(Gain) / Loss on disposal of property, plant and equipment	-	-	-	(95)
Total	1,092	997	3,052	2,726

B7. Unquoted investments and/or properties

The Group has not disposed of any unquoted investments and/or properties during the current quarter under review.

B8. Quoted Securities

There was no purchase or disposal of quoted securities during the financial year under review.



**SEREMBAN ENGINEERING BERHAD (“SEB”)
(Company No: 45332-X)**

Notes to the quarterly report – 30 September 2014

B9. Group Borrowings

The Group’s borrowings as at 30th September 2014 were as follows:-

<u>Current</u>		RM’000
Secured	— Trade bills and other short term borrowings	38,373
	— Bank Overdraft	2,054
	— Term Loan	993
	— Hire Purchase	474
		<hr/> 41,894
 <u>Non-current</u>		
Secured	— Term Loan	7,054
	— Hire Purchase	1,393
		8,447
		<hr/> 50,341

B10. Financial instruments

The Group does not have any financial instruments with off balance sheet risk, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

B11. Changes in material litigation

The Group is not engaged in any material litigation and arbitration, either as plaintiff or defendant, which has material effect on the financial position of the Group, and the Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Group.

B12. Dividends

Saved as disclosed in Note A8, the Board does not recommend any dividend in respect of current quarter under review.



**SEREMBAN ENGINEERING BERHAD (“SEB”)
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Notes to the quarterly report – 30 September 2014

B13. Earnings per ordinary share (sen)

(a) Basic

Basic earnings per ordinary share amounts are calculated by dividing profit for the period attributable to ordinary equity owners of the parent by the weighted average number of ordinary shares in issue during the finance quarter ended 30th September 2014 are computed as follow:-

Basic earnings per share	Current quarter <u>RM</u>	Current year to date <u>RM</u>
Net profit attributable to the owners of the parent	1,097,311	3,367,170
Weighted average number of ordinary shares in issue	79,681,624	79,681,624
Basic earnings per share (sen)	1.38	4.23

(b) Diluted

The diluted earnings per share of the Group were not presented as there were no dilutive potential ordinary shares during the financial year.



**SEREMBAN ENGINEERING BERHAD (“SEB”)
(Company No: 45332-X)**

Notes to the quarterly report – 30 September 2014

B14. Realised and unrealised profit / (losses) disclosure

The breakdown of the retained profits / (accumulated losses) of the Group into realised and unrealised profit / (losses) are presented pursuant to the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance of Special Matter No 1 “*Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*”, issued by the Malaysian Institute of Accountants (Bursa Securities), as follows:

	As at end of current quarter <u>30.09.2014</u>	As at end of preceding quarter <u>30.06.2014</u> <u>(Restated)</u>
Retained profits / (losses) of the Company and its subsidiaries:-		
— Realised	28,361,624	27,566,054
— Unrealised	<u>(2,159,783)</u>	<u>(2,317,294)</u>
	26,201,841	25,248,760
Share of accumulated profits / (losses) from associate and jointly controlled entities:-		
— Realised	<u>(308,123)</u>	<u>(312,002)</u>
	25,893,718	24,936,758
Less: Consolidation adjustments	<u>(599,177)</u>	<u>(739,529)</u>
Total Group retained profits as per Statement of Financial Position	<u>25,294,541</u>	<u>24,197,229</u>

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

By Order of the Board

Wong Chee Kian
Managing Director