



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

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH SEPTEMBER 2015

	Unaudited as at 30.09.2015 RM	Audited as at 31.12.2014 RM
ASSETS		
Non-current assets		
Property, plant and equipment	56,026,277	51,933,378
Other receivables	660,000	765,000
Deferred Tax Asset	82,664	90,700
Investment properties	89,123	90,352
Investment in Associate & Jointly Controlled Company	8,998,093	9,069,419
	<u>65,856,157</u>	<u>61,948,849</u>
Current assets		
Inventories	18,875,034	31,423,484
Trade and other receivables	57,258,061	47,457,568
Deposit, cash and bank balances	605,628	14,628,489
	<u>76,738,723</u>	<u>93,509,541</u>
TOTAL ASSETS	<u>142,594,880</u>	<u>155,458,390</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	40,000,000	40,000,000
Treasury Shares	(157,426)	(157,426)
Other Reserves	5,583,931	5,583,931
Reserves	260,073	16,258,892
Equity attributable to owners of the parent	<u>45,686,578</u>	<u>61,685,397</u>
Non-controlling interest	651,442	838,506
Total equity	<u>46,338,020</u>	<u>62,523,903</u>
Non-current liabilities		
Bank borrowings	12,357,027	6,786,220
Hire purchases and lease payables	1,123,022	1,357,955
Deferred tax liabilities	353,002	353,002
	<u>13,833,051</u>	<u>8,497,177</u>
Current liabilities		
Trade and other payables	48,247,946	33,500,273
Bank borrowings	33,603,354	50,424,796
Hire purchases and lease payables	572,509	512,241
	<u>82,423,809</u>	<u>84,437,310</u>
TOTAL LIABILITIES	96,256,860	92,934,487
TOTAL EQUITY AND LIABILITIES	<u>142,594,880</u>	<u>155,458,390</u>
Net Asset per share attributable to owners of the parent (RM)	0.57	0.77

The Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 31 December 2014 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 30TH SEPTEMBER 2015

	← Attributable to Owners of the Company →						Non-Controlling Interests	Total Equity	
	← Non-distributable →			Distributable		RM			RM
	Share Capital	Share Premium	Treasury Shares	Retained Profit	Total				
RM	RM	RM	RM	RM	RM	RM			
As at 1st January 2015	40,000,000	5,583,931	(157,426)	16,258,892	61,685,397	838,506	62,523,903		
Total comprehensive income / (expense) for the period	-	-	-	(15,998,820)	(15,998,820)	(187,064)	(16,185,884)		
As at 30th September 2015	40,000,000	5,583,931	(157,426)	260,073	45,686,578	651,442	46,338,020		
As at 1st January 2014	40,000,000	5,583,931	(155,934)	23,761,006	69,189,003	753,719	69,942,722		
Dividend paid	-	-	-	(1,593,636)	(1,593,636)	-	(1,593,636)		
Total comprehensive income for the period	-	-	-	3,367,170	3,367,170	(221,257)	3,145,912		
Share buy back	-	-	(1,492)	-	(1,492)	-	(1,492)		
As at 30th September 2014	40,000,000	5,583,931	(157,426)	25,534,540	70,961,046	532,461	71,493,507		



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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30th SEPTEMBER 2015

	3 rd Quarter Ended		Financial Period Ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	RM	RM	RM	RM
Revenue	33,088,219	32,196,626	92,404,625	95,711,343
Operating (Loss) / Profit	(6,994,484)	1,808,613	(14,064,322)	5,422,717
Interest Expense	(969,765)	(535,400)	(2,064,809)	(1,321,071)
Interest Income	675	18,335	22,609	38,730
Share of Profit / (loss) of Associates	(31,934)	3,879	(71,326)	9,966
(Loss) / Profit before tax	<u>(7,995,508)</u>	<u>1,295,427</u>	<u>(16,177,848)</u>	<u>4,150,342</u>
Tax Credit / (Expense)	(2,120,753)	(334,589)	(8,036)	(1,004,430)
(Loss) / Profit after taxation	<u>(10,116,260)</u>	<u>960,838</u>	<u>(16,185,884)</u>	<u>3,145,912</u>
Total Comprehensive (Expense) / Income for the period	<u>(10,116,260)</u>	<u>960,838</u>	<u>(16,185,884)</u>	<u>3,145,912</u>
(Loss) / Profit after taxation attributable to :				
Owners of the Company	(10,032,707)	1,097,311	(15,998,820)	3,367,170
Non-Controlling Interest	<u>(83,554)</u>	<u>(136,473)</u>	<u>(187,064)</u>	<u>(221,257)</u>
	<u>(10,116,260)</u>	<u>960,838</u>	<u>(16,185,884)</u>	<u>3,145,912</u>
Total Comprehensive (Expense) / Income attributable to :				
Owners of the Company	(10,032,707)	1,097,311	(15,998,820)	3,367,170
Non-Controlling Interest	<u>(83,554)</u>	<u>(136,473)</u>	<u>(187,064)</u>	<u>(221,257)</u>
	<u>(10,116,260)</u>	<u>960,838</u>	<u>(16,185,884)</u>	<u>3,145,912</u>
Basic (Loss) / Earnings per share (sen)	(12.59)	1.38	(20.08)	4.23

The Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 31st December 2014 with the accompanying explanatory notes attached to the financial statements.



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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THIRD QUARTER ENDED 30th SEPTEMBER 2015

	3rd Quarter Ended	
	30.09.2015	30.09.2014
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(16,177,848)	4,150,342
Adjustment for:-		
Depreciation on plant, property and equipment	1,988,744	1,768,248
Depreciation on investment property	1,230	1,230
Property, Plant & Equipment Written Off	-	16,547
Share of results in associates	71,325	(9,966)
Interest expenses	2,064,785	1,321,071
Interest income	(22,609)	(38,730)
	<hr/>	<hr/>
	(12,074,373)	7,208,742
Changes in working capital		
Inventories	12,548,450	(935,406)
Amount due to ultimate holding company	10,788,346	-
Amount due from contract customers	880,606	(25,300,804)
Trade and other receivables, prepayment and other assets	(9,383,939)	13,462,035
Trade and other payables	4,124,858	(1,162,678)
	<hr/>	<hr/>
Cash generated from / (used in) operations	6,883,948	(6,728,112)
Interest paid	(2,064,785)	(1,321,071)
Interest received	22,609	38,729
Tax refund	-	-
Tax paid	(1,357,689)	(1,434,444)
	<hr/>	<hr/>
Net cash used in operating activities	3,484,083	(9,444,898)
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,081,643)	(3,658,497)
	<hr/>	<hr/>
Net cash used in investing activities	(6,081,643)	(3,658,497)

The Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 31st December 2014 with the accompanying explanatory notes attached to the financial statements.



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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THIRD QUARTER ENDED 30th SEPTEMBER 2015 – continued

	3rd Quarter Ended	
	30.09.2015	30.09.2014
	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from Term Loan	5,549,686	-
Drawdown from hire purchase and lease payables	-	839,154
Drawdown from Revolving Credit	-	9,000,000
Dividend paid	-	(1,593,636)
Repayment of Revolving Credit	(5,000,000)	-
Net movement in trade bills	(13,232,233)	1,065,500
Repayment of hire purchase and lease payables	(174,665)	-
Repayment of term loans	-	(722,348)
Purchase of treasury shares	-	(1,492)
Net cash from financing activities	<u>(12,857,212)</u>	<u>8,587,177</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,454,772)	(4,516,218)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>13,604,111</u>	<u>10,028,505</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u>(1,850,661)</u>	<u>5,512,287</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Short term deposit placed with licensed banks	49,461	332,687
Cash and bank balances	<u>556,167</u>	<u>7,233,681</u>
	605,628	7,566,368
Bank overdraft	<u>(2,456,289)</u>	<u>(2,054,082)</u>
	<u>(1,850,661)</u>	<u>5,512,287</u>

The Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 31st December 2014 with the accompanying explanatory notes attached to the financial statements.



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

Notes to the quarterly report – 30th September 2015

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 30th September 2015, 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 31st December 2014.

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 2014 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 2014 except as described below.

As of 1 January 2015, the Group has adopted the following amendments to MFRSs and IC Interpretation which are effective for annual periods beginning on or after 1 January 2015.

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

- Amendments to MFRS 2 “Share-based Payment”
- Amendment to MFRS 3 “Business Combinations”
- Amendment to MFRS 8 “Operating Segments”
- Amendment to MFRS 13 “Fair Value Measurement”
- Amendment to MFRS 116 “Property, Plant and Equipment”
- Amendment to MFRS 124 “Related Party Disclosures”

Annual Improvements to MFRSs 2011 – 2013 Cycle

- Amendments to MFRS 3
- Amendments to MFRS 13
- Amendment to MFRS 140 “Investment Property”

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



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

Notes to the quarterly report – 30th September 2015

A2. Significant Accounting Policies (cont)

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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The above mentioned accounting standards and interpretations (including the consequential amendments) do not have any financial impact on the Group’s financial statements upon their initial application.

A3. Qualification of Annual Financial Statements

The latest audited consolidated financial statements of SEB for the financial year ended 31 December 2014 were not qualified.

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 30th September 2015. 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 30th September 2015.



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

Notes to the quarterly report – 30th September 2015

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 or repayments of debt and equity securities during the quarter ended 30th September 2015.

As at 30th September 2015, the number of treasury shares held was 319,200 SEB Shares as treasury shares out of its 80,000,000 SEB Shares.

A8. Dividend Paid

There were no dividends paid for the financial period ended 30th September 2015.

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	
	30.09.2015	30.09.2014
	<u>RM</u>	<u>RM</u>
Revenue		
— Domestic	77,538,744	76,723,239
— Overseas	14,865,881	18,988,104
	<u>92,404,625</u>	<u>95,711,343</u>

A10. Capital Commitment

There were no capital commitment approved and contracted for during the current period ended 30th September 2015.



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

Notes to the quarterly report – 30th September 2015

A11. Material events subsequent to the end of the interim

The Group has, on 22nd July 2015, entered into a conditional Share Sale Agreement with Grand River Marketing Sdn Bhd (1140512-P) (“Purchaser”) for, inter alia, the proposed disposal of the entire 40% equity interest held by SEB in Selektta Spektra Sdn Bhd (942891-H) (“SELEKTA”) comprising 2,370,000 ordinary shares of RM1.00 each (“Sale Shares”) to the Purchaser at approximately RM4.22 per Sale Share for a cash consideration of RM10,000,000 (Ringgit Malaysia Ten Million) only upon the terms and subject to the conditions as stipulated in the Agreement (“Proposed Disposal”). The details of the arrangement was announced on 22nd July 2015 at the Company Announcement section of Bursa Malaysia.

Further to the company announcement made on 22nd July 2015, we have received RM2,000,000 (Ringgit Malaysia Two Million) being the deposit pursuant to Clause 1.3(a) of the Share Sale Agreement.

A12. Changes in the composition of the Group

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

A13. 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 Group revenue of RM 33.09 million and a net loss after taxation after non-controlling interest of RM 10.03 million as compared to a revenue of RM 32.20 million and profit after tax after non-controlling interest of RM 1.10 million in the corresponding quarter in the previous financial year.

The results for the quarter were mainly due to cost overrun on finalization of cost for Sabah Ammonia Urea (SAMUR) project during the quarter.

Meanwhile, the current year results also showed Group revenue of RM 92.40 million and a net loss after taxation after non-controlling interest of RM 16.00 million as compared to a revenue of RM 95.71 million and profit after tax after non-controlling interest of RM 3.37 million in the corresponding quarter in the previous financial year.

The results were mainly due to cost overrun on finalization of cost for SAMUR project recognised during the year which was partly offset by positive contribution from other projects.



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

Notes to the quarterly report – 30th September 2015

B2. Variation of results against preceding quarter

The Group recorded loss before taxation of RM 8.00 million for the current quarter as compared to preceding quarter’s profit before tax of RM 0.79 million mainly due to cost overrun suffered in SAMUR project upon finalization of project cost.

B3. Prospects

Malaysia’s economic outlook remain challenging due to decline in oil prices and depreciating currency.

Nevertheless, the company still remain focus on its core business in fabrication of pressure vessels and equipment for oil and fats industries, chemical, downstream petrochemical, water treatment and power plants.

However, despite the company’s core business continue to contribute positive results, it expects to record losses for the year due to cost overrun in SAMUR project.

B4. Profit forecast or profit guarantee

The Group did not disclose or announce any profit forecast or projection in a public document in the current quarter or prior financial period.

B5. Tax credit / (expense)

	3 months ended		Year to date ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
	<u>RM’000</u>	<u>RM’000</u>	<u>RM’000</u>	<u>RM’000</u>
Income Tax	-	492	-	1,282
Deferred Tax	2,121	(157)	8	(277)
Total	<u>2,121</u>	<u>335</u>	<u>8</u>	<u>1,004</u>

Since the company suffered losses, there is no effective tax rate for the current quarter and current year to date.



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

Notes to the quarterly report – 30th September 2015

B6. Notes to the Statements of Comprehensive Income

	3 months ended		Year to date ended	
	30.09.2015 RM'000	30.09.2014 RM'000	30.09.2015 RM'000	30.09.2014 RM'000
Interest income	(1)	(18)	(22)	(39)
Interest expense	970	535	2,065	1,321
Depreciation	496	575	1,989	1,770

B7. Group Borrowings

The Group's borrowings as at 30th September 2015 were as follows:-

<u>Current</u>		RM'000
Secured	— Trade bills and other short term borrowings	30,150
	— Bank Overdraft	2,456
	— Term Loan	997
	— Hire Purchase	573
		<u>34,176</u>
 <u>Non-current</u>		
Secured	— Term Loan	12,357
	— Hire Purchase	1,123
		<u>13,480</u>
		<u><u>47,656</u></u>

B8. Status of Corporate Proposals

There were no corporate proposals announced by the Company as at the date of the issue of this quarterly report.

B8. 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, save as disclosed below.

The Group was served with a notice pursuant to Section 218 of the Companies Act 1965 (“218 Notice”) by a vendor to demand repayment of a purported debt. In response, the Group has filed an Originating Summons together with a Notice of Application seeking an injunction to restrain the said vendor from taking any further action in relation to the 218 Notice and an ad interim injunction has been obtained for the same, pending the hearing of the injunction proper in the Kuala Lumpur High Court scheduled for 14.12.2015.



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

Notes to the quarterly report – 30th September 2015

B9. Dividends

The Board does not recommend any dividend in respect of current quarter under review.

B10. Loss per ordinary share (sen)

(a) Basic

The basic loss per ordinary share amounts are calculated by dividing loss for the period attributable to ordinary equity owners of the parent by the weighted average number of ordinary shares in issue during the financial period ended 30th September 2015, computed as follow:-

<u>Basic loss per share</u>	Current quarter <u>RM</u>	Current year to date <u>RM</u>
Net Profit / (Net loss) attributable to the owners of the company	(10,032,707)	(15,998,820)
Weighted average number of ordinary shares in issue	79,680,800	79,680,800
Basic earnings / (loss) per share (sen)	(12.59)	(20.08)

(b) Diluted

The diluted loss 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 – 30th September 2015

B11. 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:

	<u>As at 30.09.2015</u>	<u>As at 30.06.2015</u>
Retained profits / (losses) of the Company and its subsidiaries:-		
— Realised	1,504,259	9,437,536
— Unrealised	(270,338)	1,848,778
	<u>1,233,921</u>	<u>11,286,314</u>
Share of accumulated profits / (losses) from associate and jointly controlled entities:-		
— Realised	(401,907)	(369,974)
	<u>832,015</u>	<u>10,916,340</u>
Less: Consolidation adjustments	(571,942)	(623,560)
Total Group retained profits as per Statement of Financial Position	<u>260,073</u>	<u>10,292,780</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 Wai Hung
Executive Director