



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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2016**

	As at 30.09.2016 RM	Audited 30.06.2016 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	53,360,783	54,086,090
Other receivables	690,000	690,000
Deferred Tax Asset	84,934	84,934
Investment properties	87,483	87,893
	54,223,200	54,948,917
<b>Current assets</b>		
Inventories	17,938,162	25,638,309
Trade and other receivables	32,509,384	32,120,144
Deposit, cash and bank balances	1,911,808	5,441,904
Current tax assets	1,329,256	1,314,867
	53,688,610	64,515,224
<b>TOTAL ASSETS</b>	<b>107,911,810</b>	<b>119,464,141</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	40,000,000	40,000,000
Treasury Shares	(157,426)	(157,426)
Other Reserves	5,583,931	5,583,931
Reserves	(18,839,005)	(19,906,629)
<b>Equity attributable to owners of the parent</b>	26,587,500	25,519,876
<b>Non-controlling interest</b>	341,109	384,907
<b>Total equity</b>	26,928,609	25,904,783
<b>Non-current liabilities</b>		
Bank borrowings	10,449,075	10,823,042
Hire purchases and lease payables	953,977	1,055,451
	11,403,052	11,878,493
<b>Current liabilities</b>		
Trade and other payables	39,288,837	47,036,050
Amount due to Associates	285,050	284,570
Bank borrowings	29,511,390	33,837,409
Hire purchases and lease payables	494,872	522,836
	69,580,149	81,680,865
<b>TOTAL LIABILITIES</b>	80,983,201	93,559,358
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>107,911,810</b>	<b>119,464,141</b>
<b>Net Asset per share attributable to owners of the parent (RM)</b>	<b>0.33</b>	<b>0.32</b>

*The Condensed Interim Consolidated Statement of Financial Position should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30<sup>th</sup> June 2016 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 FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	← Attributable to Owners of the Company →						Non- Controlling Interests	Total Equity
	← Non-distributable →			Distributable		Total		
	Share Capital	Share Premium	Treasury Shares	Retained (Loss) / Profit	Total			
RM	RM	RM	RM	RM	RM	RM		
<b>As at 1<sup>st</sup> July 2016</b>	40,000,000	5,583,931	(157,426)	(19,906,629)	25,519,876	384,907	25,904,783	
Total comprehensive income / (expense) for the period	-	-	-	1,067,624	1,067,624	(43,798)	1,023,826	
<b>As at 30<sup>th</sup> September 2016</b>	40,000,000	5,583,931	(157,426)	(18,839,005)	26,587,500	341,109	26,928,609	
<b>As at 1<sup>st</sup> January 2015</b>	40,000,000	5,583,931	(157,426)	16,258,892	61,685,397	838,506	62,523,903	
Total comprehensive expense for the period	-	-	-	(36,165,521)	(36,165,521)	(453,599)	(36,619,120)	
<b>As at 30<sup>th</sup> June 2016</b>	40,000,000	5,583,931	(157,426)	(19,906,629)	25,519,876	384,907	25,904,783	

*Due to the change in the current financial year end from 31<sup>st</sup> December 2015 to 30<sup>th</sup> June 2016, there were no comparative financial information available for the cumulative 3-month financial period ended 30<sup>th</sup> September 2016.*

*The unaudited Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30<sup>th</sup> June 2016 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 COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Current quarter <b>30.09.2016</b>	Comparative quarter <b>30.09.2015</b>	Cumulative 3 months	
			<b>30.09.2016</b>	<b>30.09.2015</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Revenue	23,201,840	33,088,219	23,201,840	N/A
Operating Profit/(Loss)	1,633,232	(6,994,484)	1,633,232	N/A
Interest Expense	(609,689)	(969,765)	(609,689)	N/A
Interest Income	763	675	763	N/A
Share of Loss of Associates	(480)	(31,934)	(480)	N/A
Profit/(Loss) before tax	<u>1,023,826</u>	<u>(7,995,508)</u>	<u>1,023,826</u>	<u>N/A</u>
Deferred taxation	-	(2,120,753)	-	N/A
Profit/(Loss) after taxation	<u>1,023,826</u>	<u>(10,116,260)</u>	<u>1,023,826</u>	<u>N/A</u>
Total Comprehensive Income/(Expense) for the period	<u>1,023,826</u>	<u>(10,116,260)</u>	<u>1,023,826</u>	<u>N/A</u>
Profit/(Loss) after taxation attributable to :				
Owners of the Company	1,067,624	(10,032,707)	1,067,624	N/A
Non-Controlling Interest	<u>(43,798)</u>	<u>(83,553)</u>	<u>(43,798)</u>	<u>N/A</u>
	<u>1,023,826</u>	<u>(10,116,260)</u>	<u>1,023,826</u>	<u>N/A</u>
Total Comprehensive Income/(Expense) attributable to :				
Owners of the Company	1,067,624	(10,032,707)	1,067,624	N/A
Non-Controlling Interest	<u>(43,798)</u>	<u>(83,553)</u>	<u>(43,798)</u>	<u>N/A</u>
	<u>1,023,826</u>	<u>(10,116,260)</u>	<u>1,023,826</u>	<u>N/A</u>
Basic Earnings/(Loss) per share (sen)	1.34	(12.59)	1.34	N/A

*Due to the change in the current financial year end from 31<sup>st</sup> December 2015 to 30<sup>th</sup> June 2016, there were no comparative financial information available for the cumulative 3-month financial period ended 30<sup>th</sup> September 2016.*

*The unaudited Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30<sup>th</sup> June 2016 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 CASH FLOW  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	<b>Quarter ended 30.09.2016 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>Profit / (Loss) before tax</b>	1,023,826
<b>Adjustment for:-</b>	
Depreciation on property, plant and equipment	580,351
Depreciation on investment property	410
Gain on disposal of property, plant and equipment	(410,773)
Interest expenses	609,689
Interest income	(763)
Reversal of impairment losses on trade receivables	(191,348)
Reversal of unrealised gain on foreign exchange	21,863
Share of results in associates	480
	<hr/> 1,633,735
<b>Changes in working capital</b>	
Inventories	7,700,147
Trade and other receivables, prepayment and other assets	(921,440)
Trade and other payables	(7,059,917)
	<hr/> 1,352,525
<b>Cash generated from operations</b>	1,352,525
Interest paid	(609,689)
Interest received	763
	<hr/> 743,599
<b>Net cash generated from operating activities</b>	<hr/> <hr/> 743,599
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>	
Proceeds from disposal of property, plant and equipment	650,943
Purchase of property, plant and equipment	(95,214)
	<hr/> 555,729
<b>Net cash from investing activities</b>	<hr/> <hr/> 555,729

*In view of the change in the financial year end from 31 December to 30 June 2016, there were no comparative financial information available for the cumulative 3 month financial period ended 30 September 2016.*

*The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30<sup>th</sup> June 2016 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 CASH FLOW  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	<b>Quarter ended 30.09.2016 RM</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net increase in fixed deposits pledged	(738)
Net movement in trade bills	(5,508,334)
Repayment of hire purchase and lease payables	(129,439)
Repayment of term loans	(374,151)
<b>Net cash used in financing activities</b>	<u>(6,012,662)</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(4,713,334)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<u>4,604,763</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u><u>(108,571)</u></u>
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>	
Short term deposit placed with licensed banks	3,864
Cash and bank balances	<u>1,806,936</u>
	1,810,800
Bank overdraft	<u>(1,919,371)</u>
	<u><u>(108,571)</u></u>

*In view of the change in the financial year end from 31 December to 30 June 2016, there were no comparative financial information available for the cumulative 3 month financial period ended 30 September 2016.*

*The unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30<sup>th</sup> June 2016 with the accompanying explanatory notes attached to the financial statements.*



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

**Notes to the quarterly report – 30 September 2016**

**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<sup>th</sup> September 2016, 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 30<sup>th</sup> June 2016.

**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 30 June 2016 under the Malaysian Financial Reporting Standards (MFRS) framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 30 June 2016 except as described below.

During the financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

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

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities –  
Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint  
Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods  
of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.



**SEREMBAN ENGINEERING BERHAD (“SEB”)  
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**Notes to the quarterly report – 30 September 2016**

**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:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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
MFRS 16 Leases	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

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 30<sup>th</sup> June 2016 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 30<sup>th</sup> September 2016. 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<sup>th</sup> September 2016.

**A6. Changes in accounting estimates**

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



**SEREMBAN ENGINEERING BERHAD (“SEB”)  
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**Notes to the quarterly report – 30 September 2016**

**A7. Debt and Equity Securities**

There were no issuance, cancellations, repurchases, resale or repayments of debt and equity securities during the quarter ended 30<sup>th</sup> September 2016.

As at 30<sup>th</sup> September 2016, 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 30<sup>th</sup> September 2016.

**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:-

	3 months’ period ended	
	30.09.2016	30.09.2015
	<u>RM</u>	<u>RM</u>
<b>Revenue</b>		
— Domestic	3,730,936	32,093,012
— Overseas	19,470,904	995,207
	<u>23,201,840</u>	<u>33,088,219</u>

**A10. Capital Commitment**

There were no capital commitment approved and contracted for during the current period ended 30<sup>th</sup> September 2016.

**A11. Material events subsequent to the end of the interim**

There were no material events subsequent to the end of the interim reporting period other than the corporate exercise as disclosed in Note B8.

**A12. Changes in the composition of the Group**

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





**SEREMBAN ENGINEERING BERHAD (“SEB”)  
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**Notes to the quarterly report – 30 September 2016**

**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 RM23.20 million and a net profit after taxation after non-controlling interest of RM1.07 million as compared to a revenue of RM33.09 million and loss after tax after non-controlling interest of RM10.03 million in the corresponding quarter in the previous financial year.

The improvement in the current quarter is mainly due to profit contribution from both existing and new customers from palm oil refinery, waste management and chemical industry.

**B2. Variation of results against preceding quarter**

The Group recorded profit before taxation of RM1.02 million for the current quarter as compared to preceding quarter's loss before tax of RM17.29 million, mainly due to increase in revenue and profit contribution from both existing and new customers from palm oil refinery, waste management and chemical industry.

**B3. Prospects**

Whilst the economic outlook still remain challenging, the company is continuing its effort to focus on its core business in fabrication of pressure vessels and process equipment for oil and fats industries, chemical, downstream petrochemical, water treatment and power plants.

With the Company marketing strategy in broadening the customer base and products especially in steel structure and piping works coupled with encouraging order books obtained thus far, the Board aims to further streamline the operations including costs cutting measures so as to generate positive results for the Company in this financial year end.

**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.



**SEREMBAN ENGINEERING BERHAD (“SEB”)**  
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**Notes to the quarterly report – 30 September 2016**

**B5. Tax expense**

	Quarter ended	
	30.09.2016 RM'000	30.09.2015 RM'000
Income Tax	-	-
Deferred Tax	-	2,121
<b>Total</b>	<b>-</b>	<b>2,121</b>

No provision of tax is required as the company has sufficient unabsorbed tax losses brought forward.

**B6. Notes to the Statements of Comprehensive Income**

	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Interest income	1	1	1	N/A
Interest expense	610	970	610	N/A
Depreciation	582	496	582	N/A

**B7. Group Borrowings**

The Group's borrowings were as follows:-

		30.09.2016 RM'000
<u>Current</u>		
Secured	— Trade bills and other short term borrowings	26,055
	— Bank Overdraft	1,919
	— Term Loan	1,537
	— Hire Purchase	495
		<u>30,006</u>
<u>Non-current</u>		
Secured	— Term Loan	10,449
	— Hire Purchase	954
		11,403
		<u>41,409</u>



**SEREMBAN ENGINEERING BERHAD (“SEB”)  
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**Notes to the quarterly report – 30 September 2016**

**B8. Status of Corporate Proposals**

The Group had on 5 August 2016, announced that it had entered into a Sale and Purchase Agreement with Sepen Engineering Sdn Bhd ( 831242-H) (“SEPEN”) for the acquisition of a piece of land measuring in area approximately 73,205 square feet held under the Title Geran 85454, Lot 19731, Bandar Kundang, Daerah Gombak, Selangor Darul Ehsan, together with a single storey factory erected thereon bearing postal address No. 17, Jalan KPK 4/5, Kawasan Perindustrian Kundang, Kundang Jaya, 48020 Rawang, Selangor Darul Ehsan by SEB from SEPEN, a 60%-owned subsidiary of SEB for a cash consideration of RM8,550,000.

The proposed acquisition is expected to be completed by end of the year 2016.

The Group had on 12 August 2016, announced that it had entered into a Share Sale Agreement with Wong Kah Poh and Wong Kee Pen for the disposal of 600,000 ordinary shares of RM1.00 each in SEPEN, representing 60% equity interest of SEPEN for a cash consideration of RM2,537,000 (Ringgit Malaysia Two Million Five Hundred Thirty Seven Thousand).

The proposed disposal is expected to be completed by end of the year 2016.

**B9. 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.

**B10. Dividends**

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

**B11. Earnings per ordinary share**

**(a) Basic**

The 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 financial period ended 30<sup>th</sup> September 2016, computed as follow:-

<u>Basic earnings per share</u>	Current quarter <u>RM</u>	Current year to date <u>RM</u>
Net profit attributable to the owners of the company	1,067,625	1,067,625
Weighted average number of ordinary shares in issue	79,680,800	79,680,800
Basic earnings per share (sen)	1.34	1.34

**(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”)  
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**Notes to the quarterly report – 30 September 2016**

**B12. Realised and unrealised profit / (losses) disclosure**

The breakdown of the 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 30.09.2016</u>	<u>As at 30.06.2016</u>
Accumulated losses of the Company and its subsidiaries:-		
— Realised	(19,805,136)	(20,850,201)
— Unrealised	84,934	106,797
	<u>(19,720,202)</u>	<u>(20,743,404)</u>
Share of accumulated losses from associate and jointly controlled entities:-		
— Realised	(284,090)	(284,570)
	<u>(20,004,292)</u>	<u>(21,027,974)</u>
Less: Consolidation adjustments	1,165,287	1,121,345
Total Group accumulated losses as per Statement of Financial Position	<u>(18,839,005)</u>	<u>(19,906,629)</u>

The disclosure of realised and unrealised (losses)/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