



SEREMBAN ENGINEERING BERHAD
(Company No. 45332X)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Unaudited as at 30.06.2017 RM'000	Audited as at 30.06.2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	51,359	54,086
Other receivables	-	690
Deferred Tax Asset	85	85
Investment properties	-	88
	51,444	54,949
Current assets		
Inventories	15,944	25,638
Trade and other receivables	41,561	32,120
Deposit, cash and bank balances	452	5,442
Current tax assets	1,114	1,315
	59,071	64,515
TOTAL ASSETS	110,515	119,464
EQUITY AND LIABILITIES		
Equity		
Share capital	40,000	40,000
Treasury Shares	(157)	(157)
Other Reserves	5,584	5,584
Reserves	(15,034)	(19,907)
Equity attributable to owners of the parent	30,393	25,520
Non-controlling interest	-	385
Total equity	30,393	25,905
Non-current liabilities		
Bank borrowings	13,533	10,823
Hire purchases and lease payables	594	1,055
	14,127	11,878
Current liabilities		
Trade and other payables	31,100	37,471
Amount due to Holding	4,660	9,565
Amount due to Associate	288	285
Bank borrowings	29,593	33,837
Hire purchases and lease payables	354	523
	65,995	81,681
TOTAL LIABILITIES	80,122	93,559
TOTAL EQUITY AND LIABILITIES	110,515	119,464
Net Asset per share attributable to owners of the parent (RM)	0.38	0.32

The Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30th June 2016 with the accompanying explanatory notes attached to the financial statements.



SEREMBAN ENGINEERING BERHAD
(Company No.45332X)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Current quarter 30.06.2017 RM'000	Comparative quarter 30.06.2016 RM'000	Cumulative 12 months	
			30.06.2017 RM'000	30.06.2016 RM'000
Revenue	25,246	11,746	91,050	N/A
Operating Profit / (Loss)	1,819	(16,411)	9,453	N/A
Interest expense	(654)	(940)	(2,644)	N/A
Interest income	1	3	72	N/A
Share of Loss of Associate	(2)	52	(4)	N/A
Profit / (Loss) before taxation	<u>1,164</u>	<u>(17,296)</u>	<u>6,878</u>	<u>N/A</u>
Tax	-	383	-	N/A
Profit / (Loss) after taxation	<u>1,164</u>	<u>(16,913)</u>	<u>6,878</u>	<u>N/A</u>
Other Comprehensive Expenses for the period	-	-	-	-
Total Comprehensive Income / (Expense) for the period	<u>1,164</u>	<u>(16,913)</u>	<u>6,878</u>	<u>N/A</u>
Profit / (Loss) after taxation attributable to :				
Owners of the Company	1,164	(16,625)	4,873	N/A
Non-Controlling Interests	-	(288)	2,005	N/A
	<u>1,164</u>	<u>(16,913)</u>	<u>6,878</u>	<u>N/A</u>
Total Comprehensive Income / (Expense) attributable to :				
Owners of the Company	1,164	(16,625)	4,873	N/A
Non-Controlling Interests	-	(288)	2,005	N/A
	<u>1,164</u>	<u>(16,913)</u>	<u>6,878</u>	<u>N/A</u>
Basic Earnings / (Loss) per share (sen)	1.46	(20.86)	6.11	N/A

Due to the change in the current financial year end from 31st December 2015 to 30th June 2016, there were no comparative financial information available for the cumulative 12 month financial period ended 30th June 2016.

The unaudited Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30th June 2016 with the accompanying explanatory notes attached to the financial statements.



SEREMBAN ENGINEERING BERHAD
(Company No.45332X)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Attributable to Owners of the Company						Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Retained Profit RM'000	Total RM'000	Non-Controlling Interests RM'000	
As at 1st July 2016	40,000	5,584	(157)	(19,907)	25,520	385	25,905
Total comprehensive income for the period	-	-	-	4,873	4,873	2,005	6,878
Disposal of investment in subsidiary	-	-	-	-	-	(2,048)	(2,048)
Dividend paid by subsidiary to non-controlling interests	-	-	-	-	-	(342)	(342)
Total transactions with owners	-	-	-	-	-	(2,390)	(2,390)
As at 30th June 2017	40,000	5,584	(157)	(15,034)	30,393	-	30,393
As at 1st January 2015	40,000	5,584	(157)	16,259	61,686	839	62,525
Total comprehensive expenses for the period	-	-	-	(36,166)	(36,166)	(454)	(36,620)
As at 30th June 2016	40,000	5,584	(157)	(19,907)	25,520	385	25,905

The unaudited Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30th June 2016 with the accompanying explanatory notes attached to the financial statements.



SEREMBAN ENGINEERING BERHAD
(Company No. 45332X)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

12 months
30.06.2017
RM'000

CASH FLOWS FROM OPERATING ACTIVITIES	
Profit / (Loss) before tax	6,878
Adjustment for:-	
Depreciation on plant, property and equipment	2,003
Depreciation on investment property	3
Impairment loss of property, plant and equipment	519
Gain on disposal of property, plant and equipment	(500)
Loss on disposal of subsidiary	536
Property, plant and equipment written off	11
Share of results in associates	4
Reversal of impairment losses on trade receivables	(5,353)
Reversal of unrealised gain on foreign exchange	84
Interest expenses	2,644
Interest income	(72)
	<hr/>
	6,757
Changes in working capital	
Inventories	8,667
Trade and other receivables, prepayment and other assets	(8,792)
Trade and other payables	3,129
	<hr/>
Cash generated from operations	9,761
Interest paid	(2,644)
Interest received	72
Tax refund	207
Tax paid	2
	<hr/>
Net cash generated from operating activities	<hr/> <hr/> 7,398
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from disposal of property, plant and equipment	972
Purchase of property, plant and equipment	(2,211)
	<hr/>
Net cash generated from investing activities	<hr/> <hr/> (1,239)
 CASH FLOWS FROM FINANCING ACTIVITIES	
Dividend paid by subsidiary to NCI	(342)
Drawdown from Term Loan	6,840
Net advance from ultimate holding company	(4,734)
Net cash outflow on disposal of subsidiary	(3,908)
Net increase in fixed deposits pledged	(3)
Net movement in trade bills	(1,297)
Repayment of hire purchase and lease payables	(630)
Repayment of term loans and revolving credit	(6,723)
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Net cash used in financing activities	<hr/> <hr/> (10,797)



SEREMBAN ENGINEERING BERHAD
(Company No. 45332X)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	12 months 30.06.2017 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	(4,638)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>4,605</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u><u>(33)</u></u>
CASH AND CASH EQUIVALENTS COMPRISE OF:	
Short term deposit placed with licensed banks	108
Cash and bank balances	<u>344</u>
	452
Less : FD pledged with licensed bank	<u>(103)</u>
	349
Bank overdraft	<u>(382)</u>
	<u><u>(33)</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 12 month financial period ended 30 June 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 30th June 2016 with the accompanying explanatory notes attached to the financial statements.



**NOTE TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FORTH QUARTER
ENDED 30 JUNE 2017**

**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 2017, 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 financial year ended 30 June 2016.

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 year, 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.

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:-



A1. Basis of preparation (cont'd)

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 as 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
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	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
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
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
- Amendments to MFRS 12: Clarification of the Scope of the Standard	1 January 2017
Annual Improvements to MFRS Standards 2014- 2016 Cycles:	
- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

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.

A2. Qualification of financial statements

The preceding year annual audited financial statements were not subject to any qualification.

A3. Seasonal and cyclical factors

The Group’s business operation results were not materially affected by any major seasonal or cyclical factors during the financial year ended 30 June 2017. However, the process equipment’s business operation result is depend on the status of work in progress and timing of completion of each project.



A4. 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 June 2017.

A5. Changes in accounting estimates

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

A6. Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale or repayments of debt and equity securities during the quarter ended 30 June 2017.

As at 30 June 2017, the number of treasury shares held was 319,200 SEB Shares as treasury shares out of its 80,000,000 SEB Shares.

A7. Dividend Paid

There were no dividends paid for the financial period ended 30 June 2017.

A8. 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:-

	12 months' period ended	
	30.06.2017	30.06.2016
	<u>RM'000</u>	<u>RM'000</u>
Revenue		
— Domestic	39,897	N/A
— Overseas	51,153	N/A
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	91,050	N/A
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A9. Capital Commitment

There were no capital commitment approved and contacted for during the current period ended 30 June 2017.

A10. Material events subsequent to the end of the interim

There were no material events subsequent to the end of the quarter under review.



A11. Changes in the composition of the Group

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

A12. Changes in contingent liabilities and contingent assets

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.

A13. Significant related party transactions

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



**PART B : OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD
MAIN MARKET LISTING REQUIREMENTS**

B1. Review of performance

The Group recorded its revenue of RM25.25 million and profit after tax of RM1.16 million for the current financial quarter ended 30 June 2017 as compared to a revenue of RM11.75 million and loss after tax of RM16.91 million in its preceding year's corresponding quarter ended 30 June 2016. The higher revenue and better profit after tax during the current quarter was mainly due to better project management and partial recovery of its impaired debts.

As on the year to date basis, the Group recorded its revenue and profit after tax of RM91.05 million and RM6.88 million respectively. There were no comparative information for the 12 months period ended 30 June 2016 due to change of financial year end.

B2. Comparison with immediate preceding quarter's results

The Group's profit after tax of RM1.16 million in the current financial quarter ended 30 June 2017 was slightly lower as compared to the immediate preceding quarter profit after tax of RM1.57 million. It was mainly due to lower profit margin registered in certain projects.

B3. Prospects

Despite challenging economic outlook, the Company is continuing its efforts to focus on its core business and intensively broadening its customer base and products especially in steel structure and piping works coupled with strengthening project management and cost control.

The Board is confident that the Group will generate positive result in year ahead.

B4. Profit forecast or profit guarantee

This is not applicable to the Group.

B5. Tax expense

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

B6. Notes to the Statements of Comprehensive Income

	Individual Period 3 months ended 30.06.2017 RM'000	Individual Period 3 months ended 30.06.2016 RM'000	Cumulative Period 12 months ended 30.06.2017 RM'000	Cumulative Period 12 months ended 30.06.2016 RM'000
Interest income	(1)	(3)	(72)	N/A
Interest expense	654	940	2,644	N/A
Depreciation	513	414	2,006	N/A
Gain on foreign exchange	(16)	(22)	(309)	N/A
Gain on disposal of PPE	(88)	(451)	(500)	N/A
Reversal of impairment losses on trade receivable	(1,000)	(136)	(5,353)	N/A
Other income	(167)	(1,239)	(836)	N/A
Provision for impairment of PPE	519	345	519	N/A



B7. Group Borrowings

The Group's borrowings as at 30 June 2017 were as follows:-

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loan	1,945	13,533	15,478
Hire Purchase	354	594	948
Bank overdraft	382	-	382
Trade bills and other short term borrowings	27,266	-	27,266
Total	29,947	14,127	44,074

All the borrowings are denominated in Ringgit Malaysia (RM)

B8. Status of Corporate Proposals

There are no corporate proposals pending during the quarter under review.

B9. Material litigation updates

Save as disclosed below, there were no material litigation pending or changes to the status of material litigations since the last annual balance sheet date up to the date of this report.

The Company had on 3 May 2017 filed a Writ of Summons and Statement of Claim in the High Court of Malaya at Seremban against Aarykin Special Steel Sdn Bhd ("ASS"). The claim is for a sum of RM1,312,104.12 for breach of contract.

The court had on 3 May 2017 fixed the matter on case management on 19 June 2017.

On 19 June 2017, The High Court of Malaya at Seremban ("High Court") had directed the Defendant to file their defence on or before 22 June 2017 and SEB to file their reply (if required) by 10 July 2017.

The Defendant had on 22 June 2017 filed their defence and counterclaim to the High Court. The counterclaim is for a sum of RM128,819.00.

On 10 July 2017, The High Court had directed the parties to attend a mediation on 8 August 2017 at the High Court. The next case management to be fixed on 9 August 2017.

On 9 August 2017, the High Court had fixed the mediation on 11 September 2017.

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 year ended 30 June 2017, computed as follow:-

	Individual Period 3 months ended 30.06.2017	Individual Period 3 months ended 30.06.2016	Cumulative Period 12 months ended 30.06.17	Cumulative Period 12 months ended 30.06.16
Net profit attributable to the owners of the Company (RM'000)	1,164	(16,625)	4,873	N/A
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	N/A
Basic earnings per share (Sen)	1.46	(20.86)	6.12	N/A

Note: Due to the change in financial year end from 31 December 2015 to 30 June 2016, there were no comparative financial information available for the cumulative 12 months financial period ended 30 June 2016.

(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.



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.

	As at 30.06.2017 (unaudited) RM'000	As at 30.06.2016 (Audited) RM'000
Total accumulated losses of the Group:-		
— Realised	(10,971)	(20,850)
— Unrealised	85	106
	<hr/>	<hr/>
	(10,886)	(20,744)
Share of accumulated losses from associate and jointly controlled entities:-		
— Realised	(281)	(284)
	<hr/>	<hr/>
	(11,167)	(21,028)
Less: Consolidation adjustments	(3,867)	1,121
	<hr/>	<hr/>
Total Group accumulated losses as per Statement of Financial Position	(15,034)	(19,907)
	<hr/>	<hr/>

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.

This interim financial report is dated 30 August 2017.

By Order of the Board

Wong Wai Hung
Executive Director