



SEREMBAN ENGINEERING BERHAD
(Company No. 45332X)

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

	As at 30.09.2017 Unaudited RM'000	As at 30.06.2017 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	51,837	51,835
Current assets		
Inventories	16,480	16,594
Trade and other receivables	38,120	42,364
Deposit, cash and bank balances	4,975	490
Current tax assets	1,114	1,114
	<u>60,689</u>	<u>60,562</u>
TOTAL ASSETS	<u>112,526</u>	<u>112,397</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	40,000	40,000
Treasury Shares	(157)	(157)
Reserves	(7,567)	(9,801)
Equity attributable to owners of the parent	<u>32,276</u>	<u>30,042</u>
Non-controlling interest	-	-
Total equity	<u>32,276</u>	<u>30,042</u>
Non-current liabilities		
Bank borrowings	12,552	13,486
Hire purchases and lease payables	938	774
	<u>13,490</u>	<u>14,260</u>
Current liabilities		
Trade and other payables	30,568	32,943
Amount due to Holding	3,888	4,837
Amount due to Associate	285	285
Bank borrowings	31,478	29,640
Hire purchases and lease payables	541	390
	<u>66,760</u>	<u>68,095</u>
TOTAL LIABILITIES	80,250	82,355
TOTAL EQUITY AND LIABILITIES	<u>112,526</u>	<u>112,397</u>
Net Asset per share attributable to owners of the parent (RM)	0.41	0.38

The Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30th June 2017 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 PERIOD 30 SEPTEMBER 2017

	Current Quarter Ended 30.09.2017	Preceding Year Corresponding Quarter Ended 30.09.2016	Current Period to-date Ended 30.09.2017	Preceding Year Corresponding Period to-date Ended 30.09.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	19,455	23,202	19,455	23,202
Operating Profit	2,969	1,633	2,969	1,633
Interest expense	(736)	(610)	(736)	(610)
Interest income	1	1	1	1
Profit before taxation	2,234	1,024	2,234	1,024
Tax	-	-	-	-
Profit after taxation	2,234	1,024	2,234	1,024
Total Comprehensive Income for the period	2,234	1,024	2,234	1,024
Profit after taxation attributable to :				
Owners of the Company	2,234	1,068	2,234	1,068
Non-Controlling Interests	-	(44)	(1)	(44)
Total Comprehensive Income attributable to :				
Owners of the Company	2,234	1,068	2,234	1,068
Non-Controlling Interests	-	(44)	(1)	(44)
Basic Earnings per share (sen)	2.80	1.34	2.80	1.34

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 2017 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 PERIOD 30 SEPTEMBER 2017

	← Attributable to Owners of the Company →						Non-Controlling Interests	Total Equity
	Share Capital	← Non-distributable →		Distributable	Total	Total Equity		
		Share Premium	Treasury Shares	Retained Profit				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1st July 2017	40,000	5,584	(157)	(15,385)	30,042	-	30,042	
Total Comprehensive Income for the period	-	-	-	2,234	2,234	-	2,234	
As at 30th September 2017	40,000	5,584	(157)	(13,151)	32,276	-	32,276	
As at 1st July 2016	40,000	5,584	(157)	(19,907)	25,520	385	25,905	
Total Comprehensive Income/(Expenses) for the period	-	-	-	1,068	1,068	(44)	1,024	
As at 30th September 2016	40,000	5,584	(157)	(18,839)	26,588	341	26,929	

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 2017 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 PERIOD 30 SEPTEMBER 2017

	Current Period to-date Ended 30.09.2017 Unaudited RM'000	Preceding Year Corresponding Period to-date Ended 30.09.2016 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	2,234	1,024
Adjustment for:-		
Depreciation on plant, property and equipment	519	580
Gain on disposal of property, plant and equipment	-	(411)
Reversal of impairment losses on trade receivables	(2,440)	(191)
Reversal of unrealised gain on foreign exchange	84	22
Interest expenses	736	610
Interest income	(1)	(1)
	<u>1,132</u>	<u>1,633</u>
Changes in working capital		
Inventories	114	7,700
Trade and other receivables, prepayment and other assets	5,104	(921)
Trade and other payables	(900)	(7,060)
Cash generated from operations	<u>5,450</u>	<u>1,352</u>
Interest paid	(736)	(610)
Interest received	1	1
Net cash generated from operating activities	<u>4,715</u>	<u>743</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	127	651
Purchase of property, plant and equipment	(233)	(95)
Net cash generated from investing activities	<u>(106)</u>	<u>556</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net advance from ultimate holding company	(928)	-
Net increase in fixed deposits pledged	(1)	(1)
Net movement in trade bills	1,818	(5,508)
Repayment of hire purchase and lease payables	(100)	(129)
Repayment of term loans and revolving credit	(532)	(374)
Net cash generated/(used) in financing activities	<u>257</u>	<u>(6,012)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,867	(4,713)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>4</u>	<u>4,605</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>4,871</u>	<u>(108)</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Short term deposit placed with licensed banks	109	4
Cash and bank balances	4,866	1,807
	<u>4,975</u>	<u>1,811</u>
Less : FD pledged with licensed bank	(104)	-
	<u>4,871</u>	<u>1,811</u>
Bank overdraft	-	(1,919)
	<u>4,871</u>	<u>(108)</u>

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 2017 with the accompanying explanatory notes attached to the financial statements.



**NOTE TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 30 SEPTEMBER 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 September 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 2017.

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 2017 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 2017 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.

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 140 – Transfers of Investment Property	1 January 2018
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 period 30 September 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 September 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 September 2017.

As at 30 September 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 September 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:-

	3 months’ period ended	
	30.09.2017	30.09.2016
	<u>RM’000</u>	<u>RM’000</u>
Revenue		
— Domestic	6,992	3,731
— Overseas	12,463	19,471
	<u>19,455</u>	<u>23,202</u>

A9. Capital Commitment

There were no capital commitment approved and contacted for during the current period ended 30 September 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 RM19.46 million and profit after tax of RM2.23 million for the current financial quarter ended 30 September 2017 as compared to a revenue of RM23.2 million and profit after tax of RM1.02 million in its preceding year's corresponding quarter ended 30 September 2016. The higher profit after tax in current quarter was mainly due to the reversal of impairment loss on trade receivables.

B2. Comparison with immediate preceding quarter's results

The Group revenue of RM19.46 million in the current quarters was lower as compared to RM25.25 million in the immediate preceding quarter. However, better gross profit margin was registered in the current quarter.

Profit after tax of RM2.23 million was recorded higher in the current quarter as compared to RM1.16 million in the immediate preceding quarter mainly due to the reversal of impairment loss on trade receivables.

B3. Prospects

While the prospects of steel fabrication industry remain challenging, the Company is continuing its efforts to focus on its core business and intensively broadening its products and customer base locally and overseas. The Company will focus to improve project management efficiency and cost control.

The Board is confident that the Group will generate positive results 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

	3 months Period Ended	
	30.09.2017	30.09.2016
	RM'000	RM'000
Interest income	(1)	(1)
Interest expense	736	610
Depreciation	519	580
Gain on foreign exchange	(60)	(63)
Gain on disposal of PPE		(411)
Reversal of impairment losses on trade receivable	(2,440)	(191)
Other income	(296)	(145)



B7. Group Borrowings

The Group’s borrowings as at 30 September 2017 were as follows:-

	Current Secured RM’000	Non-Current Secured RM’000	Total RM’000
Term loan	2,395	12,552	14,947
Hire Purchase	541	938	1,479
Bank overdraft	-	-	-
Trade bills and other short term borrowings	29,084	-	29,084
Total	32,019	13,490	45,509

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.

Seremban High Court Suit No: NA-22NCVC-31-05/2017

Seremban Engineering Berhad (“Plaintiff” or “SEB”) vs. Aarykin Special Steel Sdn Bhd (“Defendant”)

On 11 September 2017, the High Court had directed the Defendant to file their affidavit and reply on or before 25 September 2017 in respect of their application for summary judgement.

On 11 October 2017, the High Court directed that the next case management to be fixed on 15 November 2017 pending the inspection of the steel pipes by the Defendant at SEB’s premises towards possibility of settlement.

On 15 November 2017, the High Court fixed the hearing of the Defendant’s application for summary judgement in respect of their counter claim of RM128,819 to be on 11 January 2018. The next case management to be fixed on 5 January 2018 pending filing of documents for SEB’s claim.

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 September 2017, computed as follow:-

	Individual Period 3 months ended 30.09.2017	Individual Period 3 months ended 30.09.2016	Cumulative Period 3 months ended 30.09.17	Cumulative Period 3 months ended 30.09.16
Net profit attributable to the owners of the Company (RM'000)	2,234	1,068	2,234	1,068
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	2.80	1.34	2.80	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 period.



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 30.9.2017	As at 30.06.2017 (Audited)
	RM’000	RM’000
Total accumulated losses of the Group:-		
— Realised	(9,257)	(11,408)
— Unrealised	-	(83)
	<hr/>	<hr/>
	(9,257)	(11,491)
Share of accumulated losses from associate and jointly controlled entities:-		
— Realised	(285)	(285)
	<hr/>	<hr/>
	(9,542)	(11,776)
Less: Consolidation adjustments	(3,609)	(3,609)
	<hr/>	<hr/>
Total Group accumulated losses as per Statement of Financial Position	(13,151)	(15,385)
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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 29 November 2017.

By Order of the Board

Wong Wai Hung
Executive Director