



**SEREMBAN ENGINEERING BERHAD**  
(Company No. 45332X)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	As at 31.12.2017 Unaudited RM'000	As at 30.06.2017 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	51,672	51,835
<b>Current assets</b>		
Inventories	15,077	16,594
Trade and other receivables	29,159	42,364
Deposit, cash and bank balances	2,826	490
Current tax assets	1,114	1,114
	<u>48,176</u>	<u>60,562</u>
<b>TOTAL ASSETS</b>	<b><u>99,848</u></b>	<b><u>112,397</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	40,000	40,000
Treasury shares	(157)	(157)
Reserves	(7,099)	(9,801)
<b>Equity attributable to owners of the parent</b>	<u>32,744</u>	<u>30,042</u>
Non-controlling interest	-	-
<b>Total equity</b>	<u>32,744</u>	<u>30,042</u>
<b>Non-current liabilities</b>		
Bank borrowings	13,495	13,486
Hire purchases and lease payables	1,327	774
	<u>14,822</u>	<u>14,260</u>
<b>Current liabilities</b>		
Trade and other payables	20,675	32,943
Amount due to Holding	3,325	4,837
Amount due to Associate	285	285
Bank borrowings	27,799	29,640
Hire purchases and lease payables	198	390
	<u>52,282</u>	<u>68,095</u>
<b>TOTAL LIABILITIES</b>	67,104	82,355
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>99,848</u></b>	<b><u>112,397</u></b>
<b>Net Asset per share attributable to owners of the parent (RM)</b>	<b>0.41</b>	<b>0.38</b>

*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 PERIOD ENDED 31 DECEMBER 2017**

	Current Quarter Ended 31.12.2017 RM'000	Preceding Year Corresponding Quarter Ended 31.12.2016 RM'000	Current Period to-date Ended 31.12.2017 RM'000	Preceding Year Corresponding Period to-date Ended 31.12.2016 RM'000
Revenue	18,680	22,263	38,135	45,465
Operating Profit	1,084	3,961	4,053	5,593
Interest expense	(618)	(845)	(1,354)	(1,454)
Interest income	3	2	3	3
Share of Loss of Associate	-	1	-	-
Profit before taxation	<u>469</u>	<u>3,119</u>	<u>2,702</u>	<u>4,142</u>
Tax	-	-	-	-
Profit after taxation	<u>469</u>	<u>3,119</u>	<u>2,702</u>	<u>4,142</u>
Total Comprehensive Income for the period	<u>469</u>	<u>3,119</u>	<u>2,702</u>	<u>4,142</u>
Profit after taxation attributable to :				
Owners of the Company	469	1,069	2,702	2,136
Non-Controlling Interests	-	2,050	-	2,006
	<u>469</u>	<u>3,119</u>	<u>2,702</u>	<u>4,142</u>
Total Comprehensive Income attributable to :				
Owners of the Company	469	1,069	2,702	2,136
Non-Controlling Interests	-	2,050	-	2,006
	<u>469</u>	<u>3,119</u>	<u>2,702</u>	<u>4,142</u>
Basic Earnings per share (sen)	0.59	1.34	3.39	2.68

*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 PERIOD ENDED 31 DECEMBER 2017**

	← Attributable to Owners of the Company →						Non-Controlling Interests	Total Equity
	Share Capital	← Non-distributable →		Distributable Retained Profit	Total	Total Equity		
		Share Premium	Treasury Shares					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>As at 1st July 2017</b>	40,000	5,584	(157)	(15,385)	30,042	-	30,042	
Total Comprehensive Income for the period	-	-	-	2,702	2,702	-	2,702	
<b>As at 31st December 2017</b>	<b>40,000</b>	<b>5,584</b>	<b>(157)</b>	<b>(12,683)</b>	<b>32,744</b>	<b>-</b>	<b>32,744</b>	
<b>As at 1st July 2016</b>	40,000	5,584	(157)	(19,907)	25,520	385	25,905	
Total comprehensive income for the period	-	-	-	2,136	2,136	2,006	4,142	
Disposal of investment in subsidiary	-	-	-	-	-	(2,049)	(2,049)	
Dividend paid by subsidiary to non-controlling interests	-	-	-	-	-	(342)	(342)	
Total transactions with owners	-	-	-	-	-	(2,391)	(2,391)	
<b>As at 31st December 2016</b>	<b>40,000</b>	<b>5,584</b>	<b>(157)</b>	<b>(17,771)</b>	<b>27,656</b>	<b>-</b>	<b>27,656</b>	

*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.*



**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

	<b>Current Period to-date Ended 31.12.2017 Unaudited RM'000</b>	<b>Preceding Year Corresponding Period to-date Ended 31.12.2016 Unaudited RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	2,702	4,142
<b>Adjustment for:-</b>		
Unrealised gain on foreign exchange	24	-
Reversal of impairment loss on trade receivables	(2,440)	(3,122)
Reversal of unrealised gain on foreign exchange	-	84
Depreciation on plant, property and equipment	1,057	998
Depreciation on investment property	-	2
Gain on disposal of property, plant and equipment	-	(407)
Loss on disposal of subsidiary	-	536
Interest expenses	1,354	1,454
Interest income	(3)	(3)
	<u>2,694</u>	<u>3,684</u>
<b>Changes in working capital</b>		
Inventories	1,518	6,565
Amount due to contract customers	7,168	-
Trade and other receivables	8,194	5,226
Trade and other payables	(11,988)	(3,247)
<b>Cash generated from operations</b>	<u>7,586</u>	<u>12,228</u>
Interest paid	(1,354)	(1,454)
Interest received	3	3
Tax refund	-	207
Tax paid	-	(4)
<b>Net cash generated from operating activities</b>	<u>6,235</u>	<u>10,980</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend paid by subsidiary to NCI	-	(342)
Net cash outflow on disposal of subsidiary	-	(3,908)
Proceeds from disposal of property, plant and equipment	127	792
Purchase of property, plant and equipment	(1,023)	(45)
<b>Net cash generated from investing activities</b>	<u>(896)</u>	<u>(3,503)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net (repayment to)/advance from immediate holding company	(1,511)	6,112
Net increase in fixed deposits pledged	(1)	(1)
Drawdown from hire purchase and lease payables	1,036	-
Net movement in short-term borrowings	(723)	(7,143)
Repayment of hire purchase and lease payables	(674)	(419)
Repayment of term loans and revolving credit	(986)	(5,191)
<b>Net cash generated/(used) in financing activities</b>	<u>(2,859)</u>	<u>(6,642)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,480	835
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	(22)	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<u>4</u>	<u>4,605</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u>2,462</u>	<u>5,440</u>
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>		
Short term deposit placed with licensed banks	110	105
Cash and bank balances	2,716	5,437
	<u>2,826</u>	<u>5,542</u>
Less : FD pledged with licensed bank	(105)	(102)
	<u>2,721</u>	<u>5,440</u>
Bank overdraft	(259)	-
Cash and cash equivalents	<u>2,462</u>	<u>5,440</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 31 DECEMBER 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 31 December 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)**

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
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 31 December 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 31 December 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 31 December 2017.

As at 31 December 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 31 December 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:-

	6 months' period ended	
	31.12.2017	31.12.2016
	<u>RM'000</u>	<u>RM'000</u>
<b>Revenue</b>		
— Domestic	32,203	14,876
— Overseas	5,932	30,589
	<u>38,135</u>	<u>45,465</u>

**A9. Capital Commitment**

There were no capital commitment approved and contacted for during the current period ended 31 December 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 RM18.68 million and profit after tax of RM0.47 million for the current financial quarter ended 31 December 2017 as compared to a revenue of RM22.26 million and profit after tax of RM3.12 million in its preceding year's corresponding quarter ended 31 December 2016. The lower profit after tax recorded in current quarter was mainly due to lower revenue recognised during the quarter. Furthermore, there was an income resulting from the reversal of impairment loss of amounting RM3.12 million in the preceding year's corresponding quarter.

On year to date basis, the Group recorded its revenue and profit after tax of approximately RM38.13 million and RM2.70 million respectively for the 6 month period ended 31 December 2017 as compared with revenue of RM45.46 million and profit after tax of RM4.14 million for the corresponding period of last financial year. The lower profit after tax in the current financial period was mainly due to profit attributable to non-controlling interest registered in the last financial year corresponding period.

**B2. Comparison with immediate preceding quarter's results**

The Group revenue was recorded slightly lower at RM18.68 million in the current quarter as compared to RM19.45 million in the immediate preceding quarter.

Despite better gross profit margin captured in the current quarter, the profit after tax in the current was lower by RM1.77 million as compared to the immediate preceding quarter. The variance was mainly due to income resulting from the reversal of impairment loss on trade receivables in the immediate preceding quarter.

**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 current financial year.

**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**

	<b>Individual Period 3 months ended 31.12.2017 RM'000</b>	<b>Individual Period 3 months ended 31.12.2016 RM'000</b>	<b>Cumulative Period 6 months ended 31.12.2017 RM'000</b>	<b>Cumulative Period 6 months ended 31.12.2016 RM'000</b>
Interest income	(3)	(2)	(3)	(3)
Interest expense	618	845	1,354	1,454
Depreciation	538	505	1,057	1,015
(Gain)/Loss on foreign exchange	55	(187)	(5)	191
Gain on disposal of PPE	-	(2)	-	(407)
Reversal of impairment losses on trade receivable	-	(3,122)	(2,440)	(3,122)
Other income	(439)	(180)	(735)	(581)

**B7. Group Borrowings**

The Group's borrowings as at 31 December 2017 were as follows:-

	<b>Current Secured RM'000</b>	<b>Non-Current Secured RM'000</b>	<b>Total RM'000</b>
Term loan	997	13,495	14,492
Hire Purchase	198	1,327	1,525
Bank overdraft	259	-	259
Trade bills and other short term borrowings	26,543	-	26,543
<b>Total</b>	<b>27,997</b>	<b>14,822</b>	<b>42,819</b>

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 January 2018, the High Court had dismissed with cost of RM3,000.00 on the Defendant’s Notice of Application dated 8 August 2017 for summary judgement in respect of their counterclaim of RM128,819.00. The High Court also directed that the next case management to be fixed on 25 January 2018 for parties to file Common Bundle of Documents.

On 25 January 2018, SEB has filed the Common Bundle of Documents and the High Court has directed that the trial date are fixed on 17 April 2018, 26 April 2018 and 27 April 2018. Both parties are to file witness statement 2 weeks before the trial.

On 23 February 2018, the High Court has rescheduled the trial dates from 17 April 2018, 26 April 2018 and 27 April 2018 to 21 till 23 May 2018.



**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:-

	<b>Individual Period 3 months ended 31.12.2017</b>	<b>Individual Period 3 months ended 31.12.2016</b>	<b>Cumulative Period 6 months ended 31.12.17</b>	<b>Cumulative Period 6 months ended 31.12.16</b>
Net profit attributable to the owners of the Company (RM'000)	469	1,069	2,702	2,136
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	0.59	1.34	3.39	2.68

**(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.

	<b>As at 31.12.2017</b>	<b>As at 30.06.2017 (Audited)</b>
	<b>RM’000</b>	<b>RM’000</b>
Total accumulated losses of the Group:-		
— Realised	(8,765)	(11,408)
— Unrealised	(24)	(83)
	<hr/>	<hr/>
	(8,789)	(11,491)
Share of accumulated losses from associate and jointly controlled entities:-		
— Realised	(285)	(285)
	<hr/>	<hr/>
	(9,074)	(11,776)
Less: Consolidation adjustments	(3,609)	(3,609)
	<hr/>	<hr/>
Total Group accumulated losses as per Statement of Financial Position	(12,683)	(15,385)
	<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 28 February 2018.

By Order of the Board

Wong Wai Hung  
Executive Director