



SEREMBAN ENGINEERING BERHAD
(Company No. 45332X)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	As at 31.03.2018 Unaudited RM'000	As at 30.06.2017 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	51,302	51,835
Current assets		
Inventories	13,526	16,594
Trade and other receivables	19,626	30,236
Amount due from contract customer	5,155	12,128
Deposit, cash and bank balances	1,433	490
Current tax assets	1,111	1,114
	40,851	60,562
TOTAL ASSETS	92,153	112,397
EQUITY AND LIABILITIES		
Equity		
Share capital	40,000	40,000
Treasury shares	(157)	(157)
Reserves	(8,758)	(9,801)
Equity attributable to owners of the parent	31,085	30,042
Non-controlling interest	-	-
Total equity	31,085	30,042
Non-current liabilities		
Bank borrowings	13,421	13,486
Hire purchases and lease payables	1,562	774
	14,983	14,260
Current liabilities		
Trade and other payables	14,770	32,943
Amount due to Holding	3,362	4,837
Amount due to Associate	285	285
Bank borrowings	27,548	29,640
Hire purchases and lease payables	120	390
	46,085	68,095
TOTAL LIABILITIES	61,068	82,355
TOTAL EQUITY AND LIABILITIES	92,153	112,397
Net Asset per share attributable to owners of the parent (RM)	0.39	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 PERIOD ENDED 31 MARCH 2018

	Current Quarter Ended 31.03.2018 RM'000	Preceding Year Corresponding Quarter Ended 31.03.2017 RM'000	Current Period to-date Ended 31.03.2018 RM'000	Preceding Year Corresponding Period to-date Ended 31.03.2017 RM'000
Revenue	19,265	20,339	57,400	65,805
Operating Profit	(1,036)	2,040	3,018	7,635
Interest expense	(609)	(536)	(1,963)	(1,991)
Interest income	2	69	4	71
Share of Loss of Associate	-	(2)	-	(2)
Profit before taxation	<u>(1,643)</u>	<u>1,571</u>	<u>1,059</u>	<u>5,713</u>
Tax	(16)	-	(16)	-
Profit after taxation	<u>(1,659)</u>	<u>1,571</u>	<u>1,043</u>	<u>5,713</u>
Total Comprehensive Income for the period	<u>(1,659)</u>	<u>1,571</u>	<u>1,043</u>	<u>5,713</u>
Profit after taxation attributable to :				
Owners of the Company	(1,659)	1,571	1,043	3,708
Non-Controlling Interests	-	-	-	2,005
	<u>(1,659)</u>	<u>1,571</u>	<u>1,043</u>	<u>5,713</u>
Total Comprehensive Income attributable to :				
Owners of the Company	(1,659)	1,571	1,043	3,708
Non-Controlling Interests	-	-	-	2,005
	<u>(1,659)</u>	<u>1,571</u>	<u>1,043</u>	<u>5,713</u>
Basic Earnings per share (sen)	(2.08)	1.97	1.31	4.65

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 MARCH 2018

	← Attributable to Owners of the Company →						Non-Controlling Interests	Total Equity
	Share Capital	← Non-distributable →		Distributable Retained Profit	Total			
		Share Premium	Treasury Shares					
	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	-	-	-	1,043	1,043	-	1,043	
As at 31st March 2018	40,000	5,584	(157)	(14,342)	31,085	-	31,085	
As at 1st July 2016	40,000	5,584	(157)	(19,907)	25,520	385	25,905	
Total comprehensive income for the period	-	-	-	3,708	3,708	2,005	5,713	
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 31st March 2017	40,000	5,584	(157)	(16,199)	29,228	-	29,228	

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 MARCH 2018

	Current Period to-date Ended 31.03.2018 Unaudited RM'000	Preceding Year Corresponding Period to-date Ended 31.03.2017 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,043	5,713
Adjustment for:-		
Unrealised gain on foreign exchange	43	84
Reversal of impairment loss on trade receivables	(2,440)	(4,354)
Depreciation on plant, property and equipment	1,588	1,491
Depreciation on investment property	-	2
Gain on disposal of property, plant and equipment	-	(407)
Loss on disposal of subsidiary	-	536
Property, plant and equipment written off	-	11
Share of results in associates	-	2
Interest expenses	1,963	1,991
Interest income	(4)	(71)
	2,193	4,998
Changes in working capital		
Inventories	3,068	2,993
Amount due to contract customers	6,690	-
Trade and other receivables	13,050	(973)
Trade and other payables	(17,891)	2,591
Cash generated from operations	7,110	9,609
Interest paid	(1,963)	(1,991)
Interest received	4	71
Tax refund	-	207
Tax paid	3	(4)
Net cash generated from operating activities	5,154	7,892
CASH FLOWS FROM INVESTING ACTIVITIES		
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	(709)	(737)
Net cash generated from investing activities	(582)	(4,195)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (repayment to)/advance from immediate holding company	(1,475)	1,411
Net increase in fixed deposits pledged	(2)	(2)
Drawdown from hire purchase and lease payables	825	-
Drawdown from Term Loan	-	6,840
Net movement in short-term borrowings	(5,043)	(4,478)
Repayment of hire purchase and lease payables	(780)	(538)
Repayment of term loans and revolving credit	(1,488)	(6,311)
Net cash generated/(used) in financing activities	(7,963)	(3,078)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,391)	619
EFFECT OF EXCHANGE RATE CHANGES	(42)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	4	4,605
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(3,429)	5,224
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Short term deposit placed with licensed banks	110	108
Cash and bank balances	1,323	5,219
	1,433	5,327
Less : FD pledged with licensed bank	(105)	(103)
	1,328	5,224
Bank overdraft	(4,757)	-
Cash and cash equivalents	(3,429)	5,224

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 THIRD QUARTER ENDED 31 MARCH 2018

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 March 2018, 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 ended 31 March 2018. 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 March 2018.

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 March 2018.

As at 31 March 2018, 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 March 2018.

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:-

	9 months' period ended	
	31.03.2018	31.03.2017
	<u>RM'000</u>	<u>RM'000</u>
Revenue		
— Domestic	20,074	30,093
— Overseas	37,326	35,712
	<u>57,400</u>	<u>65,805</u>

A9. Capital Commitment

There were no capital commitment approved and contracted for during the current period ended 31 March 2018.

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 RM19.26 million and loss after tax of RM1.66 million for the current financial quarter ended 31 March 2018 as compared to a revenue of RM20.34 million and profit after tax of RM1.57 million in its preceding year's corresponding quarter ended 31 March 2017. The lower revenue was due to lower work completion of work progress during the quarter. As for the losses incurred during the quarter, beside lower revenue, it was mainly due to recognition of certain low profit margin projects and coupled with lower other income as compared to its preceding year's corresponding quarter ended 31 March 2017.

On year to date basis, the Group recorded its revenue and profit after tax of approximately RM57.40 million and RM1.04 million respectively for the 9 months period ended 31 March 2018 as compared with the revenue of RM65.80 million and profit after tax of RM5.71 million for the corresponding period of last financial year.

The revenue in the current financial period was lower by 12.8% as compared to the last corresponding financial period as it was due to lower revenue recognition. Profit after tax for the current financial period also declined by RM4.67 million as compared to the last financial year corresponding period. Apart from lower revenue, it was mainly due to higher other income resulted from the reversal of impairment loss on trade receivable and the profit attributable to non-controlling interest registered in the last financial corresponding period ended 31 March 2017.

B2. Comparison with immediate preceding quarter's results

The Group revenue was recorded at RM19.26 million in the current quarter as compared to RM18.68 million in the immediate preceding quarter. Meanwhile, loss after tax of RM1.66 million was recorded in the current quarter as compared with a profit after tax of RM0.47 million in the immediate preceding quarter ended 31 Dec 2017. The losses incurred during the quarter was mainly due to lower profit margin contribution from certain projects as compare to the immediate preceding quarter ended 31 Dec 2017.

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. Moving forward, the Board is confident that the result of the Group will continue to improve.

B4. Profit forecast or profit guarantee

This is not applicable to the Group.

B5. Tax expense

	3 months ended 31.03.2018 RM'000	3 months ended 31.03.2017 RM'000	9 months ended 31.03.2018 RM'000	9 months ended 31.03.2017 RM'000
Income tax	(16)	-	(16)	-

There were no provision of tax is required as the company has sufficient unabsorbed tax losses brought forward. The income tax expenses incurred during the quarter were related to non-business income from the Group.



B6. Notes to the Statements of Comprehensive Income

	Individual Period 3 months ended 31.03.2018 RM'000	Individual Period 3 months ended 31.03.2017 RM'000	Cumulative Period 9 months ended 31.03.2018 RM'000	Cumulative Period 9 months ended 31.03.2017 RM'000
Interest income	(2)	(69)	(4)	(71)
Interest expense	609	536	1,963	1,991
Depreciation	531	493	1,588	1,493
(Gain)/Loss on foreign exchange	97	(85)	92	(293)
Gain on disposal of PPE	-	-	-	(413)
Reversal of impairment losses on trade receivable	-	(1,040)	(2,440)	(4,354)
Other income	(263)	(303)	(1,000)	(668)

B7. Group Borrowings

The Group's borrowings as at 31 March 2018 were as follows:-

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loan	569	13,421	13,990
Hire Purchase	120	1,562	1,682
Bank overdraft	4,757	-	4,757
Trade bills and other short term borrowings	22,223	-	22,223
Total	27,669	14,983	42,652

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”)

The trial on the above suit has proceeded part heard on 21 May 2018 and will be continued on 9 July 2018 & 10 July 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 31 March 2018, computed as follow:-

	Individual Period 3 months ended 31.03.2018	Individual Period 3 months ended 31.03.2017	Cumulative Period 9 months ended 31.03.18	Cumulative Period 9 months ended 31.03.17
Net profit attributable to the owners of the Company (RM'000)	(1,659)	1,571	1,043	3,708
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	(2.08)	1.97	1.31	4.65

(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.

This interim financial report is dated 28 May 2018.

By Order of the Board

Wong Wai Hung
Executive Director