



SEREMBAN ENGINEERING BERHAD
[Company No: 197901001059 (45332 – X)]

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	As at 31.12.2019 Unaudited RM'000	As at 30.06.2019 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	31,870	32,786
Investment properties	16,085	16,202
	<u>47,955</u>	<u>48,988</u>
Current assets		
Inventories	6,030	6,604
Trade and other receivables	17,182	13,545
Amount due from Holding	2,194	-
Amount due from Associate	32	29
Amount due from contract customer	10,653	8,558
Deposit, cash and bank balances	1,377	1,829
	<u>37,468</u>	<u>30,565</u>
TOTAL ASSETS	<u>85,423</u>	<u>79,553</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	45,584	45,584
Treasury shares	(157)	(157)
Reserves	(25,389)	(25,454)
Equity attributable to owners of the parent	<u>20,038</u>	<u>19,973</u>
Non-controlling interest	-	-
Total equity	<u>20,038</u>	<u>19,973</u>
Non-current liabilities		
Bank borrowings	11,844	11,844
Hire purchases and lease payables	900	1,027
	<u>12,744</u>	<u>12,871</u>
Current liabilities		
Trade and other payables	22,837	14,237
Amount due to Holding	7,958	9,606
Amount due to Associate	285	285
Amount due to contract customer	-	653
Bank borrowings	21,355	21,414
Hire purchases and lease payables	190	495
Provision for Taxation	16	19
	<u>-</u>	<u>-</u>
	<u>52,641</u>	<u>46,709</u>
TOTAL LIABILITIES	65,385	59,580
TOTAL EQUITY AND LIABILITIES	<u>85,423</u>	<u>79,553</u>
Net Asset per share attributable to owners of the parent (RM)	0.25	0.25

The Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30th June 2019 with the accompanying explanatory notes attached to the financial statements.



SEREMBAN ENGINEERING BERHAD
[Company No: 197901001059 (45332 – X)]

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	Current Quarter Ended 31.12.2019	Preceding Year Corresponding Quarter Ended 31.12.2018	Current Financial Period to-date Ended 31.12.2019	Preceding Year Corresponding Financial Period to-date Ended 31.12.2018
	RM'000	RM'000	RM'000	RM'000
As at 31 December 2019				
Revenue	18,764	16,208	37,911	32,667
Operating Profit	891	495	1,243	1,338
Interest expense	(495)	(724)	(1,178)	(1,468)
Interest income	4	2	7	3
Profit / (Loss) before taxation	<u>396</u>	<u>(227)</u>	<u>65</u>	<u>(130)</u>
Tax	-	(23)	-	(23)
Profit / (Loss) after taxation	<u>396</u>	<u>(250)</u>	<u>65</u>	<u>(153)</u>
Total Comprehensive Profit / (Loss) for the period	<u><u>396</u></u>	<u><u>(250)</u></u>	<u><u>65</u></u>	<u><u>(153)</u></u>
Profit / (Loss) after taxation attributable to :				
Owners of the Company	396	(250)	65	(153)
Non-Controlling Interests	-	-	-	-
	<u>396</u>	<u>(250)</u>	<u>65</u>	<u>(153)</u>
Total Comprehensive Profit / (Loss) attributable to :				
Owners of the Company	396	(250)	65	(153)
Non-Controlling Interests	-	-	-	-
	<u>396</u>	<u>(250)</u>	<u>65</u>	<u>(153)</u>
Basic Earnings per share (sen)	0.50	(0.31)	0.08	(0.19)

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 2019 with the accompanying explanatory notes attached to the financial statements.



CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	← Attributable to Owners of the Company →						Non-Controlling Interests	Total Equity
	Share Capital	← Non-distributable →		Distributable		Total		
		Share Premium	Treasury Shares	Retained Profit				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 30 June 2018	40,000	5,584	(157)	(20,315)	25,112	-	25,112	
Adjusted loss on the adoption of MFRS 15	-	-	-	(808)	(808)	-	(808)	
As at 01 July 2018	40,000	5,584	(157)	(21,123)	24,304	-	24,304	
Total comprehensive income for the period	-	-	-	(4,331)	(4,331)	-	(4,331)	
As restated Transfer pursuant to S618(2) of CA 2016 *	5,584	(5,584)	-	-	-	-	-	
As at 30 June 2019	45,584	-	(157)	(25,454)	19,973	-	19,973	
Total Comprehensive Income for the period	-	-	-	65	65	-	65	
As at 31 December 2019	45,584	-	(157)	(25,389)	20,038	-	20,038	

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 2019 with the accompanying explanatory notes attached to the financial statements.



SEREMBAN ENGINEERING BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOW
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019

	Financial Period Ended 31.12.2019 Unaudited RM'000	Preceding Year Financial Year Ended 30.06.2019 Audited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax As at 31 December 2019	65	(4,309)
Adjustments :		
Bad Debt Written Off	-	85
Unrealised loss/(gain) on foreign exchange	(10)	(18)
Allowance for impairment loss on trade receivables	-	395
Impairment for Inventories	23	425
Loss on revaluation property, plant and equipment	-	412
Depreciation on plant, property and equipment	861	1,884
Depreciation on investment property	118	235
Loss/(Gain) on disposal of property, plant and equipment	-	(63)
Interest paid	1,178	2,634
Interest received	(7)	(9)
Operating (loss)/profit before working capital changes	2,228	1,671
Changes in working capital		
Inventories	552	10,795
Contract assets/ (liabilities)	(2,748)	(6,628)
Trade and other receivables	(5,834)	7,401
Trade and other payables	(1,032)	(6,042)
Cash generated/(used) from operations	(6,834)	7,197
Interest paid	(1,178)	(2,634)
Interest received	7	9
Tax refund	-	1,053
Tax paid	(3)	(5)
Net cash generated/(used) from operating activities	(8,008)	5,620
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	138	141
Purchase of property, plant and equipment	(84)	(295)
Net increase in fixed deposits pledged	(458)	(3)
Net cash generated/(used) from investing activities	(404)	(157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net advance from/(repayment to) immediate holding company	7,958	6,213
Drawdown from Term Loan	-	2,000
Net movement in short-term borrowings	(2,196)	(3,598)
Repayment of hire purchase and lease payables	(433)	(506)
Drawdown/(Repayment) of term loans and revolving credit	997	(1,768)
Net cash generated/(used) in financing activities	6,326	2,341
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2,086)	7,804
EFFECT OF EXCHANGE RATE CHANGES	37	9
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	1,719	(6,094)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	(330)	1,719
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Short term deposit placed with licensed banks	568	115
Cash and bank balances	809	1,714
	1,377	1,829
Less : FD pledged with licensed bank	(568)	(110)
	809	1,719
Bank overdraft	(1,139)	-
Cash and cash equivalents	(330)	1,719

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 2019 with the accompanying explanatory notes attached to the financial statements.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING

A1. Basis of preparation

These unaudited condensed consolidated interim financial statements for the period ended 31 December 2019 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 2019.

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 2019 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 2019 except for the adoption of the following new MFRSs, amendments to MFRSs and IC interpretation that are effective for the Group’s financial year beginning on or after 1st July 2019:

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

MFRS 16 Leases
IC Interpretation 23 Uncertainty over Income Tax Treatments
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015- 2017 Cycles

The above mentioned accounting standards and interpretations (including the consequential amendments) do not have any material impact on the Group’s financial statements upon their initial application

A2 Qualification of financial statements

The preceding year’s 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 December 2019

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 2019.

A5 Changes in accounting estimates

There were no changes in accounting estimates that have a material effect on 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 financial period ended 31 December 2019.

As at 31 December 2019, the number of treasury shares held was 319,200 shares out of its 80,000,000 SEB Shares.

A7 Dividends Paid

There were no dividends paid for the financial period ended 31 December 2019.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019

A8 Segmental information

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely fabrication of process equipment and metal structures and the provision of maintenance, repair and shutdown works.

Major segments analysed by geographical location of customers are as follows:-

	6 months period ended	
	31/12/2019	31/12/2018
	<u>RM'000</u>	<u>RM'000</u>
Revenue		
Domestic	14,351	22,557
Overseas	23,560	10,110
	<u>37,911</u>	<u>32,667</u>

A9 Capital Commitment

There were no capital commitments approved nor contracted for the quarter ended 31 December 2019.

A10 Material events subsequent to the end of the quarter

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 changes in the composition of the Group during the current quarter under review.

A12 Changes in contingent liabilities and contingent assets

There were no provision for material contingent liabilities and contingent assets to be 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.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019****PART B: OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS****B1 Review of performance**

The Group posted revenue of RM 18.76 million and profit after tax of RM 0.40 million for the 6 month period ended 31 December 2019 ("Current Quarter" or "2QFY2020") as compared to the revenue of RM 16.21 million and loss after tax of RM 0.25 million in the preceding year's corresponding quarter ended 31 December 2018 ("2QFY2019"). This represents an increase in revenue and profit of approximately RM2.55 million or 15.73% and RM 0.65 million or 260% respectively. The improvement of profit after tax was mainly due to completion of project delivery and progress with better profit margin.

On a year on year basis, the Group posted its revenue and profit after tax at RM 37.91 million and RM 0.06 million respectively for the financial period ended 31 December 2019 as compared with the revenue of RM 32.67 million and loss after tax of RM 0.15 million for the preceding financial year. The Group managed to turn a small profit of RM 0.06 million on the back of revenue of RM 37.91 million this year compared to the same period last year, where the Group recorded a net loss after tax of RM 0.15 million, an improvement of RM 0.21 million or 140%. The increase profit was mainly due to completion of project with better profit margin and reduction in admin expenses and finance cost.

B2 Comparison with immediate preceding quarter's results

The Group registered revenue and profit after tax for the Current Quarter at RM 18.76 million and RM 0.40 million respectively as compared with the immediate preceding quarter ended 30 September 2019 ("1QFY2020") of revenue and loss after tax of RM19.15 million and RM0.33 million respectively. Although there was a slight drop in revenue of 2.04%, the Group showed positive results due to improved project profit margins and reduction in production cost.

B3 Prospects

The prospects for the coming quarters will continue to be challenging. Nevertheless, the Group continues to work on incoming orders from regular clients especially in the palm oil refinery industry. The Group will also target new clients in other related industries. The Board anticipates that with improved and efficient project management and stringent on-going cost control measures, the Group will remain resilient in the increasingly challenging business environment and target for improved results as compared to the last financial year.

B4 Profit forecast or profit guarantee

This is not applicable to the Group.

B5 Tax expense

	3 months ended 31/12/2019 RM'000	3 months ended 31/12/2018 RM'000	6 months ended 31/12/2019 RM'000	6 months ended 31/12/2018 RM'000
Income tax	-	23	-	23

The above income tax provision during the quarter were related to non-business income from the Group.

B6 Notes to the Statements of Comprehensive Income

	Individual Period 31/12/2019 RM'000	Individual Period 31/12/2018 RM'000	Cumulative 6 months ended 31/12/2019 RM'000	Cumulative 6 months ended 31/12/2018 RM'000
Interest income	(4)	(2)	(7)	(3)
Interest expense	495	724	1,178	1,468
Depreciation	476	538	979	1,075
(Gain)/Loss on foreign exchange	(3)	(13)	10	(93)
Gain/(Loss) on disposal of PPE	-	-	0	(24)
Other income	(132)	(310)	(318)	(605)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019****B7 Group Borrowings**

The Group's borrowings as at 31 December 2019 were as follows:-

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loan	928	11,844	12,772
Hire Purchase	190	900	1,090
Trade bills and other short term borrowings	20,427	-	20,427
Total	<u>21,545</u>	<u>12,744</u>	<u>34,289</u>

All 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

There was no pending material litigation since the last audited consolidated financial statements for the year ended 30 June 2019

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 net 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 as computed as follow:-

	Individual Period 3 months ended		Cumulative Period 6 months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Net profit / (loss) attributable to the owners of the Company (RM'000)	<u>396</u>	<u>(250)</u>	<u>65</u>	<u>(153)</u>
Weighted average number of ordinary shares in issue ('000)	<u>79,681</u>	<u>79,681</u>	<u>79,681</u>	<u>79,681</u>
Basic earnings per share (Sen)	<u>0.50</u>	<u>(0.31)</u>	<u>0.08</u>	<u>(0.19)</u>

(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 25 February 2020.