



CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	As at 30.06.2020 Unaudited RM'000	As at 30.06.2019 Restated RM'000	As at 01.07.2018 Restated RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	34,782	32,786	38,867
Deferred Tax Asset	1,380	-	-
Investment properties	10,610	14,794	10,816
	<u>46,772</u>	<u>47,580</u>	<u>49,683</u>
Current assets			
Inventories	3,775	6,604	13,193
Trade and other receivables	9,509	16,279	21,450
Amount due from Holding	5,578	-	-
Amount due from Associate	-	29	22
Amount due from Contract Customer	19,735	8,557	4,114
Deposit, cash and bank balances	5,995	999	339
Current tax assets	102	-	1,053
	<u>44,694</u>	<u>32,468</u>	<u>40,171</u>
TOTAL ASSETS	<u>91,466</u>	<u>80,048</u>	<u>89,854</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	45,584	45,584	40,000
Treasury shares	(157)	(157)	(157)
Reserves	(23,603)	(26,863)	(16,140)
Equity attributable to owners of the parent	21,824	18,564	23,703
Non-controlling interest	-	-	-
Total equity	21,824	18,564	23,703
Non-current liabilities			
Bank borrowings	10,252	11,844	11,794
Hire purchases payables	443	1,027	1,141
	<u>10,695</u>	<u>12,871</u>	<u>12,935</u>
Current liabilities			
Trade and other payables	14,756	14,680	17,300
Amount due to Holding	11,984	9,606	3,393
Amount due to Associate	-	285	285
Amount due to Contract Customer	1,982	653	652
Bank borrowings	29,880	22,875	31,157
Hire purchases payables	345	495	429
Provision for Taxation	-	19	-
	<u>58,947</u>	<u>48,613</u>	<u>53,216</u>
TOTAL LIABILITIES	69,642	61,484	66,151
TOTAL EQUITY AND LIABILITIES	<u>91,466</u>	<u>80,048</u>	<u>89,854</u>
Net Asset per share attributable to owners of the parent (RM)	0.27	0.23	0.30

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 30 JUNE 2020

	Current Quarter Ended 30.06.2020	Preceding Year Corresponding Quarter Ended 30.06.2019	Current Financial Year Ended 30.06.2020	Preceding Year Corresponding Financial Year Ended 30.06.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	17,175	18,496	72,600	65,922
Operating Profit / (Loss)	1,925	(1,328)	4,004	(1,583)
Interest expense	(594)	(607)	(2,142)	(2,634)
Interest income	5	2	16	9
Profit / (Loss) before taxation	<u>1,371</u>	<u>(1,949)</u>	<u>1,861</u>	<u>(4,308)</u>
Taxation	1,399	-	1,399	(23)
Profit / (Loss) after taxation	<u>2,770</u>	<u>(1,949)</u>	<u>3,260</u>	<u>(4,331)</u>
Total Comprehensive Profit / (Loss) for the period	<u><u>2,770</u></u>	<u><u>(1,949)</u></u>	<u><u>3,260</u></u>	<u><u>(4,331)</u></u>
Profit / (Loss) after taxation attributable to :				
Owners of the Company	2,770	(1,949)	3,260	(4,331)
Non-Controlling Interests	-	-	-	-
	<u>2,770</u>	<u>(1,949)</u>	<u>3,260</u>	<u>(4,331)</u>
Total Comprehensive Profit / (Loss) attributable to :				
Owners of the Company	2,770	(1,949)	3,260	(4,331)
Non-Controlling Interests	-	-	-	-
	<u>2,770</u>	<u>(1,949)</u>	<u>3,260</u>	<u>(4,331)</u>
Basic Earnings per share (sen)	3.48	(2.45)	4.09	(5.44)
Diluted Earnings per share (sen)	3.48	(2.45)	4.09	(5.44)

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
[Company No: 197901001059 (45332 – X)]

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Share Capital	Share Premium	Treasury Shares	Accumulated Losses	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Previously reported 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)
Prior year adjustments (Note B12)	-	-	-	(1,409)	(1,409)	-	(1,409)
Restated as at 01 July 2018	40,000	5,584	(157)	(22,532)	22,895	-	22,895
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)	-	-	-	-	-
Restated as at 30 June 2019	45,584	-	(157)	(26,863)	18,564	-	18,564
Total Comprehensive Income for the period	-	-	-	3,260	3,260	-	3,260
As at 30 June 2020	45,584	-	(157)	(23,603)	21,824	-	21,824

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
[Company No: 197901001059 (45332 – X)]

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOW
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Financial Period	Preceding Year
	Ended	Financial Year
	30.06.2020	30.06.2019
	Unaudited	Restated
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	1,861	(4,308)
As at 30 June 2020		
Adjustments :		
Bad Debt Written Off	18	85
Unrealised gain on foreign exchange	-	(18)
Allowance for impairment loss on trade receivables	663	395
Impairment for Inventories	81	425
Waiver of debt	(689)	-
Impairment for property, plant and equipment	469	412
Depreciation on plant, property and equipment	1,744	1,884
Depreciation on investment property	159	235
Gain on disposal of property, plant and equipment	(32)	(63)
Interest expenses	2,142	2,634
Interest income	(16)	(9)
Operating profit before working capital changes	6,400	1,672
Changes in working capital		
Inventories	2,749	10,795
Contract assets/ (liabilities)	(9,848)	(6,628)
Trade and other receivables	540	4,666
Trade and other payables	(9,486)	(5,599)
Cash (used in) /generated from operations	(9,645)	4,906
Interest paid	(1,944)	(2,634)
Interest received	16	9
Tax refund	-	1,053
Tax paid	(101)	(5)
Net cash (used in)/generated from operating activities	(11,674)	3,329
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	170	141
Purchase of property, plant and equipment	(162)	(295)
Net increase in fixed deposits pledged	(3)	(3)
Net cash used in investing activities	5	(157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net advance from immediate holding company	11,984	6,213
Drawdown from Term Loan	-	2,000
Net movement in short-term borrowings	8,444	(3,598)
Repayment of hire purchase and lease payables	(734)	(506)
Repayment of term loan	(1,570)	(1,768)
Net cash generated in financing activities	18,124	2,341
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,455	5,513
EFFECT OF EXCHANGE RATE CHANGES	-	9
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(572)	(6,094)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	5,883	(572)
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Short term deposit placed with licensed banks	112	115
Cash and bank balances	5,883	884
	5,995	999
Less : FD pledged with licensed bank	(112)	(110)
	5,883	889
Bank overdraft	-	(1,461)
Cash and cash equivalents	5,883	(572)

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 FOURTH QUARTER ENDED 30 JUNE 2020

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 30 June 2020 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 30 June 2020

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 2020.

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 30 June 2020.

As at 30 June 2020, 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 30 June 2020.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2020****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:-

	12 months year ended	
	30/06/2020	30/06/2019
	<u>RM'000</u>	<u>RM'000</u>
Revenue		
Domestic	36,522	31,918
Overseas	36,078	34,004
	<u>72,600</u>	<u>65,922</u>

A9 Capital Commitment

There were no capital commitments approved nor contracted for the quarter ended 30 June 2020.

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

Save as disclosed below, there were no material changes in the composition of the Group during the financial year ended 30 June 2020.

Seremban Engineering Berhad's joint venture company, namely Groupage SEB Sdn Bhd had been officially dissolved and it was gazetted by the Registrar of Companies Malaysia.

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

Related party transactions had been entered into in the ordinary course of business on normal commercial terms. The followings are significant related party transactions:

	Individual Period		Cumulative Period	
	3 months ended		12 months year ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>MIE Industrial Sdn Bhd</u>				
Revenue	8,540	-	14,856	-



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2020

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

B1 Review of performance

The Group recorded revenue of RM 17.18 million and profit after tax of RM 2.77 million for the 3 month period ended 30 June 2020 ("Current Quarter") as compared to the revenue of RM 18.50 million and loss after tax of RM 1.95 million in the preceding year's corresponding quarter ended 30 June 2019. The revenue showed a 7.14% decrease of RM1.32 million mainly due to restriction to operate during Movement Control Order (MCO) imposed by Malaysia Government starting from 18 March 2020 and resumed full operation in May 2020. However, the profit after tax showed improvement of RM 4.72 million mainly due to completion of projects delivery and progress with better profit margin. A deferred tax asset of RM 1.38 million was recognized as management had ascertained that it is probable that future taxable profit will be available to utilize the unabsorbed tax losses.

On a year to year basis, the Group recorded its revenue and profit after tax of RM 72.60 million and RM 3.26 million respectively for the financial year ended 30 June 2020 as compared to the revenue of RM 65.92 million and loss after tax of RM 4.33 million for the preceding financial year. The improved results was mainly due to completion of project delivery and progress with better cost control and profit margin, reduction in total operating expenses and finance cost. A deferred tax asset of RM1.38 million was recognized as explained above which the Group has utilized some unabsorbed tax losses during the current financial year.

B2 Comparison with immediate preceding quarter's results

The Group registered revenue and profit before tax for the Current Quarter at RM 17.18 million and RM 1.37 million respectively as compared to the immediate preceding quarter ended 31 March 2020 revenue and profit before tax of RM17.51 million and RM0.43 million respectively. While restriction to operate during MCO had affected the operation and caused a decrease in revenue, the Group still manage to record improvement in results mainly due to completion of project with better profit margin and recognition of deferred tax assets of RM 1.38 million as explained above.

B3 Prospects

With the uncertain macroeconomic outlook and global economic downturn as a result of the Covid-19 global pandemic, the Group anticipates prospects continue to be challenging. Nevertheless, the Group is formulating various mitigating strategies and measures to counter the adverse financial impact. Intensified marketing approaches are being carried out to work on regular and new customers with quality products and services. The Group is also stepping up its marketing penetration strategies into Oil and Gas, Petrochemical and Food industries with wider product range and services. Moving forward, the Group shall continue to enforce stringent production and project management control with upgrading fabrication facilities to improve productivity and efficiency in order to stay resilient through the increasingly challenging business environment and strive for improved performance in the next financial year.

B4 Profit forecast or profit guarantee

This is not applicable to the Group.

B5 Taxation

	3 months ended 30/06/2020 RM'000	3 months ended 30/06/2019 RM'000	12 months year ended 30/06/2020 RM'000	12 months year ended 30/06/2019 RM'000
Provision of current year	(4)	-	(4)	(23)
Overprovision of prior year tax	23	-	23	-
Deferred tax assets	1,380	-	1,380	-
Taxation	<u>1,399</u>	<u>-</u>	<u>1,399</u>	<u>(23)</u>

Taxation during the quarter were mainly to recognition of deferred tax asset from the unabsorbed tax losses.

B6 Notes to the Statements of Comprehensive Income

	Individual Period 30/06/2020 RM'000	Individual Period 30/06/2019 RM'000	Cumulative 12 months year ended 30/06/2020 RM'000	Cumulative 12 months year ended 30/06/2019 RM'000
Interest income	(5)	(2)	(16)	(9)
Interest expense	594	607	2,142	2,634
Depreciation	461	515	1,903	2,119
(Gain)/Loss on foreign exchange	13	(30)	(6)	91
Gain/(Loss) on disposal of PPE	0	(39)	32	(63)
Other income	(469)	(225)	(1,388)	(1,285)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2020****B7 Group Borrowings**

The Group's borrowings as at 30 June 2020 were as follows:-

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loan	1,881	10,252	12,133
Hire Purchase	345	443	788
Trade bills and other short term borrowings	27,999	-	27,999
Total	30,225	10,695	40,920

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 12 months year ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Net profit / (loss) attributable to the owners of the Company (RM'000)	2,770	(1,949)	3,260	(4,331)
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	3.48	(2.45)	4.09	(5.44)

(b) Diluted

The diluted earnings per share for the financial period ended has been calculated by dividing the Group's net profit for the period by the weighted average number of shares that would have been issued upon full exercise of the remaining warrants, adjusted for the number of such shares that would have been issued at fair value, calculated as below:-

	Individual Period 3 months ended		Cumulative Period 12 months year ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Net profit / (loss) attributable to the owners of the Company (RM'000)	2,770	(1,949)	3,260	(4,331)
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	3.48	(2.45)	4.09	(5.44)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2020****B12 Prior year adjustments**

(I) The Group restated the carrying amount of the investment properties as at 1 July 2018 to reflect the impairment loss of RM1,408,677 attributable to the building. This impairment loss was previously set-off against the valuation surplus arising from the land. The impairment loss was incurred prior to the previous financial year ended 30 June 2019.

(II) The Group restated the cash and bank balances as at 30 June 2019 as a result of a classification of unrepresented cheques and uncredited lodgements that were still outstanding. These were subsequently cleared after the year end.

The impact to the condensed statements of financial position for the prior financial years are as follow :

	As previously reported 01 July 2018	Prior year adjustments	Restated 01 July 2018
Condensed Consolidated Statement of Financial Position			
Non current assets			
Investment properties (see Note i)	12,225	(1,409)	10,816
Equity			
Reserves (see Note i)	(14,731)	(1,409)	(16,140)

	As previously reported 30 June 2019	Prior year adjustments	Restated 30 June 2019
Condensed Consolidated Statement of Financial Position			
Non current assets			
Investment properties (see Note i)	16,203	(1,409)	14,794
Current assets			
Trade and other receivables (see Note ii)	13,574	2,734	16,308
Deposit, cash and bank balances (see Note ii)	1,829	(830)	999
Current liabilities			
Trade and other payables (see Note ii)	24,128	443	24,571
Bank borrowings (see Note ii)	21,414	1,461	22,875
Equity			
Reserves (see Note i)	(25,454)	(1,409)	(26,863)

This interim financial report is dated 28 August 2020.