



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

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

	As at 30.09.2020 Unaudited RM'000	As at 30.06.2020 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	34,452	34,782
Deferred Tax Asset	1,380	1,380
Investment properties	10,547	10,610
	46,379	46,772
<b>Current assets</b>		
Inventories	3,282	3,775
Trade and other receivables	13,127	9,600
Amount due from Holding	5,119	5,578
Amount due from Contract Customer	14,936	19,643
Deposit, cash and bank balances	21,374	5,995
Current tax assets	121	102
	57,959	44,693
<b>TOTAL ASSETS</b>	<b>104,338</b>	<b>91,465</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	45,584	45,584
Treasury shares	(157)	(157)
Reserves	(23,453)	(23,603)
<b>Equity attributable to owners of the parent</b>	21,974	21,824
Non-controlling interest	-	-
<b>Total equity</b>	21,974	21,824
<b>Non-current liabilities</b>		
Bank borrowings	23,405	10,252
Hire purchases payables	553	443
	23,958	10,695
<b>Current liabilities</b>		
Trade and other payables	14,822	14,666
Amount due to Holding	6,745	11,984
Amount due to Contract Customer	1,619	2,071
Bank borrowings	34,943	29,880
Hire purchases payables	277	345
	-	-
	58,406	58,946
<b>TOTAL LIABILITIES</b>	82,364	69,641
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>104,338</b>	<b>91,465</b>
<b>Net Asset per share attributable to owners of the parent (RM)</b>	<b>0.28</b>	<b>0.27</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 2020 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 SEPTEMBER 2020**

	Current Quarter Ended 30.09.2020	Preceding Corresponding Quarter Ended 30.09.2019	Current Financial Year Ended 30.09.2020	Preceding Financial Corresponding Year Ended 30.09.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	15,110	19,147	15,110	19,147
Operating Profit	693	350	693	350
Interest expense	(551)	(683)	(551)	(683)
Interest income	8	3	8	3
Profit / (Loss) before taxation	150	(330)	150	(330)
Taxation	-	-	-	-
Profit / (Loss) after taxation	150	(330)	150	(330)
Total Comprehensive Profit / (Loss) for the period	150	(330)	150	(330)
Profit / (Loss) after taxation attributable to :				
Owners of the Company	150	(330)	150	(330)
Non-Controlling Interests	-	-	-	-
	150	(330)	150	(330)
Total Comprehensive Profit / (Loss) attributable to :				
Owners of the Company	150	(330)	150	(330)
Non-Controlling Interests	-	-	-	-
	150	(330)	150	(330)
Basic Earnings per share (sen)	0.19	(0.41)	0.19	(0.41)

*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 2020 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 SEPTEMBER 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
<b>Restated as at 30 June 2019</b>	45,584	-	(157)	(26,863)	18,564	-	18,564
Total comprehensive income for the period	-	-	-	3,260	3,260	-	3,260
<b>As at 30 June 2020</b>	45,584	-	(157)	(23,603)	21,824	-	21,824
Total Comprehensive Income for the period	-	-	-	150	150	-	150
<b>As at 30 September 2020</b>	45,584	-	(157)	(23,453)	21,974	-	21,974

*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 2020 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 SEPTEMBER 2020**

	<b>Financial Period</b>	<b>Preceding</b>
	<b>Ended</b>	<b>Financial Year</b>
	<b>30.09.2020</b>	<b>Ended</b>
	<b>Unaudited</b>	<b>30.06.2020</b>
	<b>RM'000</b>	<b>Audited</b>
		<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before Tax</b>	150	1,861
<b>As at 30 September 2020</b>		
<b>Adjustments :</b>		
Bad Debt Written Off	-	14
Unrealised gain on foreign exchange	(31)	(25)
Allowance for impairment losses on receivables	-	572
Allowance for impairment losses on contract assets	-	92
Inventories written down	169	81
Waiver of debts	-	(405)
Reversal of amount owing to associate	-	(285)
Impairment loss for property, plant and equipment	-	469
Depreciation on plant, property and equipment	423	1,744
Depreciation on investment properties	63	159
Gain on disposal of property, plant and equipment	-	(32)
Interest expense	551	2,142
Interest income	(8)	(16)
Operating profit before working capital changes	1,317	6,371
<b>Changes in working capital</b>		
Inventories	323	2,749
Contract assets/ (liabilities)	4,258	(11,526)
Trade and other receivables	(3,070)	543
Trade and other payables	395	1,518
<b>Cash generated from / (used in) operations</b>	3,223	(345)
Interest paid	(551)	(1,946)
Interest received	8	16
Tax paid	(19)	(101)
<b>Net cash generated from / (used in) operating activities</b>	2,661	(2,376)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	-	170
Purchase of property, plant and equipment	(93)	(286)
Net increase in fixed deposits and security account pledged	(1,562)	(3)
<b>Net cash used in investing activities</b>	(1,655)	(119)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advance from ultimate holding company	-	12,447
Repayment to ultimate holding company	(5,243)	(463)
Advance from / (Repayment to) immediate holding company	-	(9,201)
Drawdown from hire purchase and lease payables	128	-
Drawdown from Term Loan	57,041	-
Net movement in short-term borrowings	(26,927)	8,446
Repayment of hire purchase and lease payables	(86)	(734)
Repayment of term loan	(12,133)	(1,570)
<b>Net cash generated from financing activities</b>	12,780	8,925
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	13,786	6,430
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	31	25
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	5,883	(572)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	19,700	5,883
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>		
Short term deposit and security account placed with licensed banks	1,674	112
Cash and bank balances	19,700	5,883
	21,374	5,995
Less : Short term deposit and security account pledged with licensed bank	(1,674)	(112)
	19,700	5,883
Bank overdraft	-	-
Cash and cash equivalents	19,700	5,883

*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 2020 with the accompanying explanatory notes attached to the financial statements.*



**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 September 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 2020.

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 2020 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 2020 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 2020:

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

MFRS 17 ‘Insurance Contracts’  
Amendments to MFRS 3 ‘Definition of a Business’  
Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’  
Amendments to MFRS 9, 139 & 7 ‘Interest Rate Benchmark Reform’  
Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’  
The Conceptual Framework for Financial Reporting

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 September 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 September 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 September 2020.

As at 30 September 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 September 2020.



**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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:-

	3 months period ended	
	30/09/2020	30/09/2019
	<u>RM’000</u>	<u>RM’000</u>
<b>Revenue</b>		
Domestic	12,544	6,533
Overseas	2,566	12,614
	<u>15,110</u>	<u>19,147</u>

**A9 Capital Commitment**

There were no capital commitments approved nor contracted for the quarter ended 30 September 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**

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**

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		3 months ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM’000	RM’000	RM’000	RM’000
<u>MIE Industrial Sdn Bhd</u>				
Revenue	7,269	-	7,269	-



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

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

**B1 Review of performance**

The Group recorded revenue of RM 15.11 million and profit after tax of RM 0.15 million for the 3 months period ended 30 September 2020 ("Current Quarter") as compared to the revenue of RM 19.15 million and loss after tax of RM 0.33 million in the preceding year's corresponding quarter ended 30 September 2019. Despite the revenue showed a 21.10% decrease of RM4.04 million as a result of adverse market conditions caused by the resurgence of Covid-19 pandemic outbreak, the profit after tax recorded slight improvement of RM 0.48 million mainly due to the completion of some projects delivery and progress with better profit margin during the quarter as compared to the preceding corresponding quarter.

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

The Group registered revenue and profit before tax for the Current Quarter at RM 15.11 million and RM 0.15 million respectively as compared to the immediate preceding quarter ended 30 June 2020 revenue and profit before tax of RM17.66 million and RM1.37 million respectively. The decline in profit before tax of RM1.22 million was mainly attributed to decrease in revenue and lower project profit margin recorded as result of adverse market conditions caused by the resurgence of Covid-19 pandemic outbreak.

**B3 Prospects**

The domestic and global business conditions remain challenging and unpredictable in the light of continuous and resurging COVID-19 pandemic outbreak around the world including Malaysia. While the Group remains cautious and continue to exercise due care and prudence in view of the uncertainties and challenges ahead, it has implemented various strategies and measures to streamline its operation, cost control and productivity to mitigate the adverse financial impact and to enable the Group to weather through these turbulent times.

Moving forward, the Group continues to strengthen its business operations to remain competitive in its core business segments as well as broadening its customer base in oil & gas, petrochemical and chemical industries whilst improving project delivery and execution in order to stay resilient and strive for satisfactory performance in the coming quarters.

**B4 Profit forecast or profit guarantee**

This is not applicable to the Group.

**B5 Taxation**

	3 months ended 30/09/2020 RM'000	3 months ended 30/09/2019 RM'000	3 months ended 30/09/2020 RM'000	3 months ended 30/09/2019 RM'000
Provision of current year	-	-	-	-
Overprovision of prior year tax	-	-	-	-
Deferred tax assets	-	-	-	-
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 30/09/2020 RM'000	Individual Period 30/09/2019 RM'000	Cumulative 3 months ended 30/09/2020 RM'000	Cumulative 3 months ended 30/09/2019 RM'000
Interest income	(8)	(3)	(8)	(3)
Interest expense	551	683	551	683
Depreciation	486	503	486	503
(Gain) / Loss on foreign exchange	(33)	13	(33)	13
Gain / (Loss) on disposal of PPE	-	-	-	-
Other income	1	(185)	1	(185)



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2020

**B7 Group Borrowings**

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

	<b>Current Secured RM'000</b>	<b>Non-Current Secured RM'000</b>	<b>Total RM'000</b>
Term loan	33,871	23,405	57,276
Hire Purchase	277	553	830
Trade bills and other short term borrowings	1,072	-	1,072
<b>Total</b>	<b>35,220</b>	<b>23,958</b>	<b>59,178</b>

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 2020

**B10 Dividends**

The Board does not recommend any dividend in respect of current quarter under review.

**B11 Earnings per ordinary share**

**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:-

	<b>Individual Period 3 months ended</b>		<b>Cumulative Period 3 months ended</b>	
	<b>30/09/2020</b>	<b>30/09/2019</b>	<b>30/09/2020</b>	<b>30/09/2019</b>
Net profit / (loss) attributable to the owners of the Company (RM'000)	150	(330)	150	(330)
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	0.19	(0.41)	0.19	(0.41)

This interim financial report is dated 26 November 2020.