



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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	As at 31.12.2020 Unaudited RM'000	As at 30.06.2020 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	34,261	34,782
Deferred Tax Asset	1,380	1,380
Investment properties	10,483	10,610
	46,124	46,772
Current assets		
Inventories	3,820	3,775
Trade and other receivables	7,666	9,600
Amount due from Holding	13,652	5,578
Amount due from Contract Customer	10,728	19,643
Deposit, cash and bank balances	12,034	5,995
Current tax assets	182	102
	48,082	44,693
TOTAL ASSETS	94,206	91,465
EQUITY AND LIABILITIES		
Equity		
Share capital	45,584	45,584
Treasury shares	(157)	(157)
Reserves	(25,269)	(23,603)
Equity attributable to owners of the parent	20,158	21,824
Non-controlling interest	-	-
Total equity	20,158	21,824
Non-current liabilities		
Bank borrowings	23,405	10,252
Hire purchases payables	553	443
	23,958	10,695
Current liabilities		
Trade and other payables	17,397	14,666
Amount due to Holding	6,741	11,984
Amount due to Contract Customer	2,433	2,071
Bank borrowings	23,333	29,880
Hire purchases payables	186	345
	-	-
	50,090	58,946
TOTAL LIABILITIES	74,048	69,641
TOTAL EQUITY AND LIABILITIES	94,206	91,465
Net Asset per share attributable to owners of the parent (RM)	0.25	0.27

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.



CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

	Current Quarter Ended 31.12.2020	Preceding Corresponding Quarter Ended 31.12.2019	Current Financial Year Ended 31.12.2020	Preceding Financial Corresponding Year Ended 31.12.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	18,327	18,764	33,438	37,911
Operating (Loss) / Profit	(1,289)	891	(596)	1,244
Interest expense	(539)	(495)	(1,090)	(1,178)
Interest income	12	4	20	7
(Loss) / Profit before taxation	(1,815)	396	(1,666)	65
Taxation	-	-	-	-
(Loss) / Profit after taxation	(1,815)	396	(1,666)	65
Total Comprehensive (Loss) / Profit for the period	(1,815)	396	(1,666)	65
(Loss) / Profit after taxation attributable to :				
Owners of the Company	(1,815)	396	(1,666)	65
Non-Controlling Interests	-	-	-	-
	(1,815)	396	(1,666)	65
Total Comprehensive (Loss) / Profit attributable to :				
Owners of the Company	(1,815)	396	(1,666)	65
Non-Controlling Interests	-	-	-	-
	(1,815)	396	(1,666)	65
Basic Earnings per share (sen)	(2.28)	0.50	(2.09)	0.08

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 31 DECEMBER 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
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
Total Comprehensive Income for the period	-	-	-	(1,666)	(1,666)	-	(1,666)
As at 31 December 2020	45,584	-	(157)	(25,269)	20,158	-	20,158

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 31 DECEMBER 2020

	Financial Period	Preceding
	Ended	Financial Year
	31.12.2020	Ended
	Unaudited	30.06.2020
	RM'000	Audited
		RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	(1,666)	1,861
As at 31 December 2020		
Adjustments :		
Bad Debt Written Off	-	14
Unrealised gain on foreign exchange	(30)	(25)
Allowance for impairment losses on receivables	-	572
Allowance for impairment losses on contract assets	-	92
Inventories written down	98	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	846	1,744
Depreciation on investment properties	126	159
Gain on disposal of property, plant and equipment	-	(32)
Interest expense	1,090	2,142
Interest income	(20)	(16)
Operating profit before working capital changes	444	6,371
Changes in working capital		
Inventories	(142)	2,749
Contract assets/ (liabilities)	9,279	(11,526)
Trade and other receivables	(6,141)	543
Trade and other payables	3,114	1,518
Cash generated from / (used in) operations	6,554	(345)
Interest paid	(1,090)	(1,946)
Interest received	20	16
Tax paid	(80)	(101)
Net cash generated from / (used in) operating activities	5,404	(2,376)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	170
Purchase of property, plant and equipment	(325)	(286)
Net increase in fixed deposits and security account pledged	(810)	(3)
Net cash used in investing activities	(1,135)	(119)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from ultimate holding company	-	12,447
Repayment to ultimate holding company	(5,390)	(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	(21,942)	8,446
Repayment of hire purchase and lease payables	(178)	(734)
Repayment of term loan	(28,729)	(1,570)
Net cash generated from financing activities	930	8,925
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,199	6,430
EFFECT OF EXCHANGE RATE CHANGES	30	25
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	5,883	(572)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	11,112	5,883
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Short term deposit and security account placed with licensed banks	922	112
Cash and bank balances	11,112	5,883
	12,034	5,995
Less : Short term deposit and security account pledged with licensed bank	(922)	(112)
	11,112	5,883
Bank overdraft	-	-
Cash and cash equivalents	11,112	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 SECOND QUARTER ENDED 31 DECEMBER 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 31 December 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)

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’
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 31 December 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 31 December 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 31 December 2020.

As at 31 December 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 31 December 2020.



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

	6 months period ended	
	31/12/2020	31/12/2019
	<u>RM'000</u>	<u>RM'000</u>
Revenue		
Domestic	26,562	14,351
Overseas	6,876	23,560
	<u>33,438</u>	<u>37,911</u>

A9 Capital Commitment

There were no capital commitments approved nor contracted for the quarter ended 31 December 2020.

A10 Material events subsequent to the end of the quarter

Save as disclosed below, there were no material events subsequent to the end of the quarter under review:-

SEB had announced on 18 March 2021 that it had on even date entered into a conditional sale and purchase agreement ("SPA I") with Qube Medical Products Sdn Bhd for the proposed disposal of a piece of industrial land held under the title GRN 85454, Lot 19731, Bandar Kundang, District of Gombak, State of Selangor, together with an individual-designed factory complex erected thereon bearing postal address No. 17, Jalan KPK 4/3, Kundang Industrial Park, 48020 Rawang, Selangor Darul Ehsan, for a total cash consideration of RM8.00 million on the terms and conditions contained in the SPA I; and

SEB had announced on 18 March 2021 that it had on even date entered into a conditional sale and purchase agreement ("SPA II") with Cekap Mineral Sdn Bhd for the proposed disposal of a piece of industrial land held under the title PN 296071, Lot 15516, Mukim Lumut, Daerah Manjung, State of Perak, together with an individual-designed factory complex erected thereon bearing postal address Lot 15516 (PT10441/ Plot F1), L/K Kawasan Perusahaan Kampung Aceh, 32000 Sitiawan, Perak Darul Ridzuan, for a total cash consideration of RM10.30 million on the terms and conditions contained in the SPA II.

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		6 months ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>MIE Industrial Sdn Bhd</u>				
Revenue	8,262	-	15,531	-



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

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

B1 Review of performance

The Group recorded revenue of RM 18.33 million and loss after tax of RM 1.82 million for the 3 months period ended 31 December 2020 ("Current Quarter") as compared to the revenue of RM 18.76 million and profit after tax of RM 0.40 million in the preceding year's corresponding quarter ended 31 December 2019. The decrease in revenue and the current quarter loss were mainly due to lower projects margin recorded in projects completed as a result of increasing stiff market conditions arising from the adverse impact of the resurgence of Covid-19 pandemic outbreak.

On a year to year basis, the Group recorded its revenue and loss after tax of RM 33.44 million and RM 1.67 million respectively for the financial year ended 31 December 2020 as compared to the revenue of RM 37.91 million and profit after tax of RM 0.07 million for the preceding financial year. The decrease in revenue and the current quarter loss were mainly due to lower projects margin recorded in projects completed as a result of increasing stiff market conditions arising from the adverse impact of the resurgence of Covid-19 pandemic outbreak.

B2 Comparison with immediate preceding quarter's results

The Group registered revenue and loss before tax for the Current Quarter at RM 18.33 million and RM 1.82 million respectively as compared to the immediate preceding quarter ended 30 September 2020 revenue and profit before tax of RM 15.11 million and RM 0.15 million respectively. The revenue showed an improvement of 21.31% of RM 3.22 million and the loss before tax increased by RM 1.97 million from profit before tax RM 0.15 million to loss before tax RM 1.82 million. The decrease in revenue and the current quarter loss were mainly due to lower projects margin recorded in projects completed as a result of increasing stiff market conditions arising from the adverse impact of 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 including cost control and increase productivity to mitigate the market conditions.

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 petrochemical, chemical and other general industries in order to stay resilient in the coming quarters.

B4 Profit forecast or profit guarantee

This is not applicable to the Group.

B5 Taxation

	3 months ended 31/12/2020 RM'000	3 months ended 31/12/2019 RM'000	6 months ended 31/12/2020 RM'000	6 months ended 31/12/2019 RM'000
Provision of current year	-	-	-	-
Overprovision of prior year tax	-	-	-	-
Deferred tax assets	-	-	-	-
Taxation	-	-	-	-

B6 Notes to the Statements of Comprehensive Income

	Individual Period 31/12/2020 RM'000	Individual Period 31/12/2019 RM'000	Cumulative 6 months ended 31/12/2020 RM'000	Cumulative 6 months ended 31/12/2019 RM'000
Interest income	(12)	(4)	(20)	(7)
Interest expense	539	495	1,090	1,178
Depreciation	486	476	972	979
(Gain) / Loss on foreign exchange	(12)	34	(45)	10
Gain / (Loss) on disposal of PPE	-	-	-	-
Other income	-	139	1	313



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020

B7 Group Borrowings

The Group's borrowings as at 31 December 2020 were as follows:-

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loan	17,276	23,405	40,681
Hire Purchase	186	553	739
Trade bills and other short term borrowings	6,057	-	6,057
Total	23,519	23,958	47,477

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:-

	Individual Period 3 months ended		Cumulative Period 6 months ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Net (loss) / profit attributable to the owners of the Company (RM'000)	(1,815)	396	(1,666)	65
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	(2.28)	0.50	(2.09)	0.08

This interim financial report is dated 19 March 2021.