



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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	As at 31.03.2021 Unaudited RM'000	As at 30.06.2020 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	34,613	34,782
Deferred Tax Asset	1,380	1,380
Investment properties	10,420	10,610
	46,413	46,772
<b>Current assets</b>		
Inventories	4,540	3,775
Trade and other receivables	6,379	9,600
Amount due from Holding	27,229	5,578
Amount due from Contract Customer	12,977	19,643
Deposit, cash and bank balances	2,941	5,995
Current tax assets	210	102
	54,276	44,693
<b>TOTAL ASSETS</b>	<b>100,689</b>	<b>91,465</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	45,584	45,584
Treasury shares	(157)	(157)
Reserves	(28,951)	(23,603)
<b>Equity attributable to owners of the parent</b>	16,476	21,824
Non-controlling interest	-	-
<b>Total equity</b>	16,476	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	24,984	14,666
Amount due to Holding	6,741	11,984
Amount due to Contract Customer	16,243	2,071
Bank borrowings	12,194	29,880
Hire purchases payables	93	345
	-	-
	60,255	58,946
<b>TOTAL LIABILITIES</b>	84,213	69,641
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>100,689</b>	<b>91,465</b>
<b>Net Asset per share attributable to owners of the parent (RM)</b>	<b>0.21</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.*



**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

	Current Quarter Ended 31.03.2021	Preceding Corresponding Quarter Ended 31.03.2020	Current Financial Year Ended 31.03.2021	Preceding Financial Corresponding Year Ended 31.03.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	18,907	17,514	52,345	55,425
Operating (Loss) / Profit	(3,333)	836	(3,929)	2,079
Interest expense	(359)	(411)	(1,449)	(1,589)
Interest income	9	4	29	11
(Loss) / Profit before taxation	<u>(3,682)</u>	<u>425</u>	<u>(5,348)</u>	<u>490</u>
Taxation	-	-	-	-
(Loss) / Profit after taxation	<u>(3,682)</u>	<u>425</u>	<u>(5,348)</u>	<u>490</u>
Total Comprehensive (Loss) / Profit for the period	<u>(3,682)</u>	<u>425</u>	<u>(5,348)</u>	<u>490</u>
(Loss) / Profit after taxation attributable to :				
Owners of the Company	(3,682)	425	(5,348)	490
Non-Controlling Interests	-	-	-	-
	<u>(3,682)</u>	<u>425</u>	<u>(5,348)</u>	<u>490</u>
Total Comprehensive (Loss) / Profit attributable to :				
Owners of the Company	(3,682)	425	(5,348)	490
Non-Controlling Interests	-	-	-	-
	<u>(3,682)</u>	<u>425</u>	<u>(5,348)</u>	<u>490</u>
Basic Earnings per share (sen)	(4.62)	0.53	(6.71)	0.62

*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 MARCH 2021

	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	-	-	-	(5,348)	(5,348)	-	(5,348)
<b>As at 31 March 2021</b>	45,584	-	(157)	(28,951)	16,476	-	16,476

*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 MARCH 2021**

	<b>Financial Period</b> <b>Ended</b> <b>31.03.2021</b> <b>Unaudited</b> <b>RM'000</b>	<b>Preceding</b> <b>Financial Year</b> <b>Ended</b> <b>30.06.2020</b> <b>Audited</b> <b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before Tax</b>	(5,348)	1,861
<b>As at 31 March 2021</b>		
<b>Adjustments :</b>		
Bad Debt Written Off	-	14
Unrealised gain on foreign exchange	(37)	(25)
Allowance for impairment losses on receivables	110	572
Allowance for impairment losses on contract assets	-	92
Reversal of impairment loss on trade receivables	(79)	-
Inventories written down	111	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	1,278	1,744
Depreciation on investment properties	190	159
Gain on disposal of property, plant and equipment	-	(32)
Interest expense	1,449	2,142
Interest income	(29)	(16)
Operating profit before working capital changes	(2,355)	6,371
<b>Changes in working capital</b>		
Inventories	(876)	2,749
Contract assets/ (liabilities)	20,840	(11,526)
Trade and other receivables	(18,463)	543
Trade and other payables	10,527	1,518
<b>Cash generated from / (used in) operations</b>	9,673	(345)
Interest paid	(1,449)	(1,946)
Interest received	29	16
Tax paid	(108)	(101)
<b>Net cash generated from / (used in) operating activities</b>	8,145	(2,376)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	-	170
Purchase of property, plant and equipment	(1,109)	(286)
Net increase in fixed deposits and security account pledged	(613)	(3)
<b>Net cash used in investing activities</b>	(1,722)	(119)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	(16,496)	8,446
Repayment of hire purchase and lease payables	(270)	(734)
Repayment of term loan	(45,140)	(1,570)
<b>Net cash generated from financing activities</b>	(10,127)	8,925
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(3,704)	6,430
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	37	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>	2,216	5,883
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>		
Short term deposit and security account placed with licensed banks	725	112
Cash and bank balances	2,216	5,883
	2,941	5,995
Less : Short term deposit and security account pledged with licensed bank	(725)	(112)
	2,216	5,883
Bank overdraft	-	-
Cash and cash equivalents	2,216	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 THIRD QUARTER ENDED 31 MARCH 2021**

**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 March 2021 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 March 2021.

**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 2021.

**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 March 2021.

As at 31 March 2021, 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 March 2021.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2021

**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:-

	9 months period ended	
	31/03/2021 RM'000	31/03/2020 RM'000
<b>Revenue</b>		
Domestic	41,726	24,447
Overseas	10,619	30,978
	52,345	55,425

**A9 Capital Commitment**

There were no capital commitments approved nor contracted for the quarter ended 31 March 2021.

**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 ("Proposed Rawang Disposal"). SEB had obtained its shareholders' approval for the Proposed Rawang Disposal at the Extraordinary General Meeting ("EGM") convened on 27 May 2021. The Proposed Rawang Disposal was deemed completed on 2 June 2021; 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 Acheh, 32000 Sitiawan, Perak Darul Ridzuan, for a total cash consideration of RM10.30 million on the terms and conditions contained in the SPA II ("Proposed Lumut Disposal"). SEB had obtained its shareholders' approval for the Proposed Lumut Disposal at the EGM convened on 27 May 2021. The Proposed Lumut Disposal is pending completion at this juncture.

**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 3 months ended		Cumulative Period 9 months ended	
	31/03/2021 RM'000	31/03/2020 RM'000	31/03/2021 RM'000	31/03/2020 RM'000
<u>MIE Industrial Sdn Bhd ("MIE")</u>				
Revenue	7,077	6,316	22,608	6,316



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2021

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

**B1 Review of performance**

The Group recorded revenue of RM 18.91 million and loss after tax of RM 3.68 million for the 3 months period ended 31 March 2021 ("Current Quarter") as compared to the revenue of RM 17.51 million and profit after tax of RM 0.43 million in the preceding year's corresponding quarter ended 31 March 2020. The Group recorded its revenue and loss after tax of RM 52.34 million and RM 5.35 million respectively for the financial period ended 31 March 2021 as compared to the revenue of RM 55.42 million and profit after tax of RM 0.50 million for the preceding financial period. The current quarter and year to-date loss were mainly due to some projects suffered project cost overrun and lower project profit margin as a result of increasing stiff market conditions arising from the negative impact of the prolonged of COVID-19 pandemic.

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

The Group registered revenue and loss before tax for the Current Quarter at RM 18.91 million and RM 3.68 million respectively as compared to the immediate preceding quarter ended 31 December 2020 revenue and loss before tax of RM 18.33 million and RM 1.82 million respectively. While the revenue showed an improvement of 3.16% of RM 0.58 million, the loss before tax increased by RM 1.86 million mainly due to some projects registered project cost overrun and lower project profit margin as a result of increasing stiff market conditions arising from the negative impact of the prolonged of COVID-19 pandemic.

**B3 Prospects**

The market outlook and business environment remain challenging and unpredictable in the light of the prolonged COVID-19 pandemic. While the Group take immediate measures in strengthening project management, cost improvement, quality and productivity to remain competitive in the industry under the adverse market conditions, it will leverage on group synergy with MIE Group to broaden its customers and products offering in providing wider range of value-added product and services to the client.

Moving forward, the Group will continue to strengthen and restructure its business operations to focus on its core business and retain key customers as well as broadening its customers and products base in order to stay resilient for improved performance in the remaining quarter.

**B4 Profit forecast or profit guarantee**

This is not applicable to the Group.

**B5 Taxation**

	3 months ended 31/03/2021 RM'000	3 months ended 31/03/2020 RM'000	9 months ended 31/03/2021 RM'000	9 months ended 31/03/2020 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 31/03/2021 RM'000	Individual Period 31/03/2020 RM'000	Cumulative 9 months ended 31/03/2021 RM'000	Cumulative 9 months ended 31/03/2020 RM'000
Interest income	(9)	(4)	(29)	(11)
Interest expense	359	411	1,449	1,589
Depreciation	495	463	1,467	1,442
(Gain) / Loss on foreign exchange	(16)	(29)	(61)	(19)
Gain / (Loss) on disposal of PPE	-	32	-	32
Other income	-	(602)	1	(919)





## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2021

**B7 Group Borrowings**

The Group's borrowings as at 31 March 2021 were as follows:-

	<b>Current Secured RM'000</b>	<b>Non-Current Secured RM'000</b>	<b>Total RM'000</b>
Term loan	690	23,405	24,095
Hire Purchase	93	553	646
Trade bills and other short term borrowings	11,504	-	11,504
<b>Total</b>	<b>12,287</b>	<b>23,958</b>	<b>36,245</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 9 months ended</b>	
	<b>31/03/2021</b>	<b>31/03/2020</b>	<b>31/03/2021</b>	<b>31/03/2020</b>
Net (loss) / profit attributable to the owners of the Company (RM'000)	(3,682)	425	(5,348)	490
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	(4.62)	0.53	(6.71)	0.62

This interim financial report is dated 11 June 2021.