



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

CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021

	As at 30.06.2021 Unaudited RM'000	As at 30.06.2020 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	32,257	34,782
Deferred tax asset	1,380	1,380
Investment properties	-	10,610
	<b>33,637</b>	<b>46,772</b>
<b>Current assets</b>		
Inventories	3,181	3,775
Trade and other receivables	33,629	15,178
Contract assets	21,948	19,643
Assets held for sale	10,300	-
Deposit, cash and bank balances	3,619	5,995
Current tax assets	210	102
	<b>72,887</b>	<b>44,693</b>
<b>TOTAL ASSETS</b>	<b>106,524</b>	<b>91,465</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	45,584	45,584
Treasury shares	(157)	(157)
Reserves	(20,789)	(23,603)
<b>Equity attributable to owners of the parent</b>	<b>24,638</b>	<b>21,824</b>
Non-controlling interest	-	-
<b>Total equity</b>	<b>24,638</b>	<b>21,824</b>
<b>Non-current liabilities</b>		
Bank borrowings	12,812	10,252
Hire purchases payables	536	443
	<b>13,348</b>	<b>10,695</b>
<b>Current liabilities</b>		
Trade and other payables	42,737	26,650
Contract liabilities	5,044	2,071
Bank borrowings	20,357	29,880
Hire purchases payables	400	345
	<b>68,538</b>	<b>58,946</b>
<b>TOTAL LIABILITIES</b>	<b>81,886</b>	<b>69,641</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>106,524</b>	<b>91,465</b>
<b>Net Asset per share attributable to owners of the parent (RM)</b>	<b>0.31</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 JUNE 2021**

	Current Quarter Ended 30.06.2021	Preceding Corresponding Quarter Ended 30.06.2020	Current Financial Year Ended 30.06.2021	Preceding Financial Corresponding Year Ended 30.06.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	41,460	17,656	93,805	73,080
Operating profit	8,711	1,925	4,782	4,004
Interest expense	(550)	(593)	(1,998)	(2,142)
Interest income	-	5	30	16
Profit before taxation	8,161	1,371	2,814	1,861
Taxation	-	1,399	-	1,399
Profit after taxation	8,161	2,770	2,814	3,260
Total comprehensive profit for the period	8,161	2,770	2,814	3,260
Profit after taxation attributable to :				
Owners of the company	8,161	2,770	2,814	3,260
Non-controlling interests	-	-	-	-
	8,161	2,770	2,814	3,260
Total comprehensive profit attributable to :				
Owners of the company	8,161	2,770	2,814	3,260
Non-controlling interests	-	-	-	-
	8,161	2,770	2,814	3,260
Basic earnings per share (sen)	10.24	3.48	3.53	4.09

*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 JUNE 2021

	Share Capital	Treasury Shares	Accumulated Losses	Total	Non-Controlling Interests	Total Equity
	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	-	-	2,814	2,814	-	2,814
<b>As at 30 June 2021</b>	45,584	(157)	(20,789)	24,638	-	24,638

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOW**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	<b>Financial Period</b>	<b>Preceding</b>
	<b>Ended</b>	<b>Financial Year</b>
	<b>30.06.2021</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>	2,814	1,861
<b>As at 30 June 2021</b>		
<b>Adjustments :</b>		
Bad debt written off	-	14
Unrealised gain on foreign exchange	(44)	(25)
Allowance for impairment losses on receivables	225	572
Allowance for impairment losses on contract assets	-	92
Reversal of impairment loss on trade receivables	(79)	-
Inventories written down	427	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	1,705	1,744
Depreciation on investment properties	253	159
Gain on disposal of property, plant and equipment	(3,880)	(32)
Loss on disposal of investment property	190	-
Interest expense	1,998	2,142
Interest income	(30)	(16)
Operating profit before working capital changes	3,579	6,371
<b>Changes in working capital</b>		
Inventories	167	2,749
Contract assets/ (liabilities)	671	(11,526)
Trade and other receivables	(18,599)	543
Trade and other payables	21,164	1,518
<b>Cash generated from / (used in) operations</b>	6,982	(345)
Interest paid	(1,998)	(1,946)
Interest received	30	16
Tax paid	(108)	(101)
<b>Net cash generated from / (used in) operating activities</b>	4,906	(2,376)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	8,000	170
Purchase of property, plant and equipment	(3,059)	(286)
Net increase in fixed deposits and security account pledged	(583)	(3)
<b>Net cash generated from / (used in) investing activities</b>	4,358	(119)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advance from ultimate holding company	-	12,447
Repayment to ultimate holding company	(5,390)	(463)
Repayment to immediate holding company	-	(9,201)
Drawdown from hire purchase payables	528	-
Drawdown from term loan	57,041	-
Net movement in short-term borrowings	(11,111)	8,446
Repayment of hire purchase payables	(380)	(734)
Repayment of term loan	(52,955)	(1,570)
<b>Net cash (used in) / generated from financing activities</b>	(12,267)	8,925
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(3,003)	6,430
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	44	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>	2,924	5,883
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>		
Short term deposit and security account placed with licensed banks	695	112
Cash and bank balances	2,924	5,883
	3,619	5,995
Less : Short term deposit and security account pledged with licensed bank	(695)	(112)
	2,924	5,883
Bank overdraft	-	-
Cash and cash equivalents	2,924	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 FOURTH QUARTER ENDED 30 JUNE 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 30 June 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’  
Amendments to MFRS 16 ‘COVID-19 related rent concessions’  
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 June 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 30 June 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 30 June 2021.

As at 30 June 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 30 June 2021.

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

	12 months year ended	
	30/06/2021	30/06/2020
	<u>RM'000</u>	<u>RM'000</u>
<b>Revenue</b>		
Domestic	81,865	37,002
Overseas	11,940	36,078
	<u>93,805</u>	<u>73,080</u>

**A9 Capital Commitment**

The commitments for the purchase of property, plant and equipment not provided in the financial statements as at 30 June 2021 were as follows:

	The Group <u>RM'000</u>
Approved and contracted for	<u>1,228</u>

**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 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 Cepak 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 ("Proposed Lumut Disposal"). SEB had obtained its shareholders' approval for the Proposed Lumut Disposal at the EGM convened on 27 May 2021. The unconditional date of SPA II was 12 August 2021. The Purchaser has paid the differential sum between the loan amount and the balance purchase price and what is pending is for the Purchaser's financier to release the loan amount. The Proposed Lumut Disposal is pending completion at this juncture and the completion date is fixed for 11 November 2021.

**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 12 months year ended	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>MIE Industrial Sdn Bhd ("MIE")</u>				
Revenue	31,833	8,540	54,441	14,856



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2021

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

**B1 Review of performance**

The Group recorded revenue of RM 41.46 million and profit after tax of RM 8.16 million for the 3 months period ended 30 June 2021 ("Current Quarter") as compared to the revenue of RM 17.66 million and profit after tax of RM 2.77 million in the preceding year's corresponding quarter ended 30 June 2020. The increase in revenue of RM 23.80 million was mainly contributed by the revenue recorded in the current quarter from few high value projects in oil & gas and rubber glove industries, resulting in improved net results while the gain of disposal of the company's Rawang Factory also contributed to the improved performance.

On a year to year basis, the Group recorded its revenue and profit after tax of RM 93.80 million and RM 2.81 million respectively for the financial year ended 30 June 2021 as compared to the revenue of RM 73.08 million and profit after tax of RM 3.26 million for the preceding financial year. The increase in revenue of RM 20.72 million was mainly contributed by the revenue recorded from few high value projects in oil & gas and rubber glove industries while the lower project profit margin had resulted to decrease in net result.

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

The Group registered revenue and profit before tax for the Current Quarter at RM 41.46 million and RM 8.16 million respectively as compared to the immediate preceding quarter ended 31 March 2021 revenue and loss before tax of RM 18.91 million and RM 3.68 million respectively. The increase in revenue of RM 22.55 million was mainly contributed by the revenue recorded in the current quarter from few high value projects in oil & gas and rubber glove industries, resulting in improved net results while the gain of disposal of the company's Rawang Factory also contributed to the improved performance.

**B3 Prospects**

The on-going prolonged COVID-19 pandemic remains a key risk to pose uncertainties and challenges to the market and business environment given the resurgence of new variant in COVID-19 cases. Nevertheless, the Group continues its effort to strengthen its project management to improve quality and productivity to stay resilient in the industry under the adverse market conditions.

Moving forward, the Group has taken steps to restructure the organization to improve its business operations including upgrading of manufacturing facilities as well as leveraging on the group synergy with MIE Group. At the same time, the group will take effort to broaden its customers base and products in offering structural steel and piping works for Projects while remain focusing on its core business by retaining key customers and products and aim for better performance in the next financial year.

**B4 Profit forecast or profit guarantee**

This is not applicable to the Group.

**B5 Taxation**

	3 months ended 30/06/2021 RM'000	3 months ended 30/06/2020 RM'000	12 months year ended 30/06/2021 RM'000	12 months year ended 30/06/2020 RM'000
Provision of current year	-	(4)	-	(4)
Overprovision of prior year tax	-	23	-	23
Deferred tax assets	-	1,380	-	1,380
Taxation	-	1,399	-	1,399

**B6 Notes to the Statements of Comprehensive Income**

	Individual Period 30/06/2021 RM'000	Individual Period 30/06/2020 RM'000	Cumulative 12 months year ended 30/06/2021 RM'000	Cumulative 12 months year ended 30/06/2020 RM'000
Interest income	-	(5)	(30)	(16)
Interest expense	550	593	1,998	2,142
Depreciation	491	461	1,958	1,903
(Gain) / Loss on foreign exchange	31	13	(30)	(6)
Gain / (Loss) on disposal of PPE	3,690	-	3,690	32
Other income	(166)	(443)	(235)	(1,336)



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2021

**B7 Group Borrowings**

The Group's borrowings as at 30 June 2021 were as follows:-

	<b>Current Secured RM'000</b>	<b>Non-Current Secured RM'000</b>	<b>Total RM'000</b>
Term loan	3,469	12,812	16,281
Hire Purchase	400	536	936
Trade bills and other short term borrowings	16,888	-	16,888
<b>Total</b>	<b>20,757</b>	<b>13,348</b>	<b>34,105</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 12 months year ended</b>	
	<b>30/06/2021</b>	<b>30/06/2020</b>	<b>30/06/2021</b>	<b>30/06/2020</b>
Net profit attributable to the owners of the Company (RM'000)	8,161	2,770	2,814	3,260
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	10.24	3.48	3.53	4.09

This interim financial report is dated 30 September 2021.