



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

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

	As at 31.12.2021 Unaudited RM'000	As at 30.06.2021 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	32,829	32,257
Deferred tax asset	1,380	1,380
	34,209	33,637
Current assets		
Inventories	3,442	3,181
Trade and other receivables	40,681	33,861
Contract assets	23,680	21,450
Assets held for sale	-	10,300
Current tax assets	238	210
Deposit, cash and bank balances	7,399	3,619
	75,440	72,621
TOTAL ASSETS	109,649	106,258
EQUITY AND LIABILITIES		
Equity		
Share capital	45,584	45,584
Treasury shares	(157)	(157)
Reserves	(18,515)	(20,992)
Equity attributable to owners of the parent	26,912	24,435
Non-controlling interest	-	-
Total equity	26,912	24,435
Non-current liabilities		
Bank borrowings	9,031	12,812
Hire purchases payables	2,590	536
	11,621	13,348
Current liabilities		
Trade and other payables	38,867	42,687
Contract liabilities	3,215	5,031
Bank borrowings	28,634	20,357
Hire purchases payables	400	400
	71,116	68,475
TOTAL LIABILITIES	82,737	81,823
TOTAL EQUITY AND LIABILITIES	109,649	106,258
Net Asset per share attributable to owners of the parent (RM)	0.34	0.31

The Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30th June 2021 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 31 DECEMBER 2021

	Current Quarter Ended 31.12.2021	Preceding Corresponding Quarter Ended 31.12.2020	Current Financial Year Ended 31.12.2021	Preceding Financial Corresponding Year Ended 31.12.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	48,916	18,327	78,949	33,438
Operating profit / (loss)	2,168	(1,288)	3,265	(596)
Interest expense	(475)	(539)	(816)	(1,090)
Interest income	26	12	27	20
Profit / (loss) before taxation	1,719	(1,815)	2,476	(1,666)
Taxation	-	-	1	-
Profit / (loss) after taxation	1,719	(1,815)	2,477	(1,666)
Total comprehensive profit / (loss) for the period	1,719	(1,815)	2,477	(1,666)
Profit / (loss) after taxation attributable to :				
Owners of the company	1,719	(1,815)	2,477	(1,666)
Non-controlling interests	-	-	-	-
	1,719	(1,815)	2,477	(1,666)
Total comprehensive profit / (loss) attributable to :				
Owners of the company	1,719	(1,815)	2,477	(1,666)
Non-controlling interests	-	-	-	-
	1,719	(1,815)	2,477	(1,666)
Basic earnings per share (sen)	2.16	(2.28)	3.11	(2.09)

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 2021 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 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
Balance at 30 June 2020	45,584	(157)	(23,603)	21,824	-	21,824
Total comprehensive income for the period	-	-	2,611	2,611	-	2,611
Balance at 30 June 2021	45,584	(157)	(20,992)	24,435	-	24,435
Total comprehensive income for the period	-	-	2,477	2,477	-	2,477
Balance at 31 December 2021	45,584	(157)	(18,515)	26,912	-	26,912

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 2021 with the accompanying explanatory notes attached to the financial statements.



SEREMBAN ENGINEERING BERHAD
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOW
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	Financial Period	Preceding
	Ended	Financial Year
	31.12.2021	Ended
	Unaudited	30.06.2021
	RM'000	Audited
		RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	2,477	2,611
As at 31 December 2021		
Adjustments :		
Unrealised gain on foreign exchange	(8)	(43)
Reversal of impairment losses on receivables	-	(92)
Allowance for impairment losses on contract assets	-	238
Inventories written down	6	427
Depreciation on plant, property and equipment	783	1,705
Depreciation on investment properties	-	253
Gain on disposal of property, plant and equipment	(50)	(3,880)
Loss on disposal of investment property	-	190
Interest expense	816	1,998
Interest income	(27)	(30)
Operating profit before working capital changes	3,997	3,377
Changes in working capital		
Inventories	(267)	166
Contract assets	(2,228)	(2,047)
Contract liabilities	(1,816)	2,960
Trade and other receivables	(6,515)	(18,587)
Trade and other payables	(1,412)	14,158
Cash (used in) / generated from operations	(8,241)	27
Interest paid	(740)	(1,723)
Interest received	27	30
Tax paid	(27)	(108)
Net cash used in operating activities	(8,981)	(1,774)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	5,739	953
Purchase of property, plant and equipment	(1,355)	(1,027)
Increase in pledged deposit with licensed bank	(5,329)	(1,760)
Release of pledged deposit with licensed bank	468	1,177
Net cash used in investing activities	(477)	(657)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from short-term borrowings	29,236	28,478
Repayment of short-term borrowings	(20,682)	(39,589)
Drawdown from term loan	-	57,041
Repayment of term loan	(1,622)	(46,086)
Repayment of hire purchase payables	(282)	(380)
Net cash generated from / (used in) financing activities	6,650	(536)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,808)	(2,967)
EFFECT OF EXCHANGE RATE CHANGES	8	8
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	2,924	5,883
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	124	2,924
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Short term deposit and security account placed with licensed banks	5,556	695
Cash and bank balances	1,843	2,924
	7,399	3,619
Less : Short term deposit and security account pledged with licensed bank	(5,556)	(695)
	1,843	2,924
Bank overdraft	(1,719)	-
Cash and cash equivalents	124	2,924

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 2021 with the accompanying explanatory notes attached to the financial statements.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 December 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 2021.

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 2021 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 2021 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 2021:

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

The Conceptual Framework for Financial Reporting (Revised 2018)
Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’
Amendments to MFRS 3 ‘Definition of a Business’
Amendments to MFRS 9, 139 & 7 ‘Interest Rate Benchmark Reform’
Amendments to MFRS 16 ‘COVID-19-Related Rent Concessions’

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 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 December 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 December 2021.

As at 31 December 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 December 2021.



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

	6 months period ended	
	31/12/2021 RM'000	31/12/2020 RM'000
Revenue		
Domestic	74,271	26,562
Overseas	4,678	6,876
	78,949	33,438

A9 Capital Commitment

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

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 3 months ended		Cumulative Period 6 months ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
<u>MIE Industrial Sdn Bhd ("MIE")</u>				
Revenue	41,132	8,262	60,680	15,531
<u>CTCI Engineering & Construction Sdn Bhd</u>				
Revenue	3,716	-	3,716	-



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

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

B1 Review of performance

The Group recorded revenue of RM 48.92 million and profit after tax of RM 1.72 million for the 3 months period ended 31 December 2021 ("Current Quarter") as compared to the revenue of RM 18.33 million and loss after tax of RM 1.82 million in the preceding year's corresponding quarter ended 31 December 2020. The increase in revenue of RM 30.59 million and profit after tax of RM 3.54 million was mainly contributed by the higher revenue recorded from projects in oil & gas and rubber glove industries and lower operating expenses.

On a year to year basis, the Group recorded its revenue and profit after tax of RM 78.95 million and RM 2.48 million respectively for the financial year ended 31 December 2021 as compared to the revenue of RM 33.44 million and loss after tax of RM 1.67 million for the preceding financial year. The increase in revenue of RM 45.51 million and profit after tax of RM 4.15 million was mainly contributed by the revenue recorded from projects in oil & gas and rubber glove industries and lower operating expenses.

B2 Comparison with immediate preceding quarter's results

The Group registered revenue and profit before tax for the Current Quarter at RM 48.92 million and RM 1.72 million respectively as compared to the immediate preceding quarter ended 30 September 2021 revenue and profit before tax of RM 30.03 million and RM 0.76 million respectively. The increase in revenue of RM 18.89 million and profit before tax of RM 0.96 million was mainly contributed by the revenue recorded from projects in oil & gas and rubber glove industries.

B3 Prospects

The on-going prolonged COVID-19 pandemic remains a key risk to pose uncertainties and disruptions to many sectors of the economy. Nevertheless, the Group continues its effort to strengthen its project management to improve quality and productivity to stay resilient in the industry under the challenging market conditions.

Moving forward, the Group has taken efforts to continue strengthen the project management in execution on delivery and cost control while leveraging on the group synergy with MIE Group for market penetration and expansion. At the same time, the group will take effort to broaden its customers base and products in offering engineering, civil construction, structural steel and piping works for Projects while remain focusing on its core business by retaining key customers and products and aim for improved performance in the coming quarters.

B4 Profit forecast or profit guarantee

This is not applicable to the Group.

B5 Taxation

	3 months ended 31/12/2021 RM'000	3 months ended 31/12/2020 RM'000	6 months ended 31/12/2021 RM'000	6 months ended 31/12/2020 RM'000
Provision of current year	-	-	-	-
Overprovision of prior year tax	-	-	1	-
Deferred tax assets	-	-	-	-
Taxation	<u>-</u>	<u>-</u>	<u>1</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 31/12/2021 RM'000	Individual Period 31/12/2020 RM'000	Cumulative 6 months ended 31/12/2021 RM'000	Cumulative 6 months ended 31/12/2020 RM'000
Interest income	(26)	(12)	(27)	(20)
Interest expense	475	539	816	1,090
Depreciation	386	486	783	972
Gain on foreign exchange	(227)	(12)	(93)	(45)
Gain on disposal of property, plant and equipment	(50)	-	(50)	-
Other income	-	-	-	(1)



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2021

B7 Group Borrowings

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

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loan	1,474	9,031	10,505
Hire Purchase	400	2,590	2,990
Trade bills and other short term borrowings	27,160	-	27,160
Total	29,034	11,621	40,655

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 2021.

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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Net profit / (loss) attributable to the owners of the Company (RM'000)	1,719	(1,815)	2,477	(1,666)
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	2.16	(2.28)	3.11	(2.09)

This interim financial report is dated 25 February 2022.