



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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	As at 31.03.2022	As at 30.06.2021
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	32,722	32,257
Deferred tax asset	1,380	1,380
	34,102	33,637
Current assets		
Inventories	2,331	3,181
Trade and other receivables	69,400	33,861
Amount due from holding		
Contract assets	33,058	21,450
Assets held for sale	-	10,300
Current tax assets	233	210
Deposit, cash and bank balances	5,471	3,619
	110,493	72,621
TOTAL ASSETS	144,595	106,258
EQUITY AND LIABILITIES		
Equity		
Share capital	45,584	45,584
Treasury shares	(157)	(157)
Reserves	(17,441)	(20,992)
Equity attributable to owners of the parent	27,986	24,435
Non-controlling interest	-	-
Total equity	27,986	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	42,315	42,687
Amount due to holding		
Contract liabilities	31,692	5,031
Bank borrowings	30,780	20,357
Hire purchases payables	201	400
	104,988	68,475
TOTAL LIABILITIES	116,609	81,823
TOTAL EQUITY AND LIABILITIES	144,595	106,258
Net Asset per share attributable to owners of the parent (RM)	0.35	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 MARCH 2022

	Current Quarter Ended 31.03.2022	Preceding Corresponding Quarter Ended 31.03.2021	Current Financial Year Ended 31.03.2022	Preceding Financial Corresponding Year Ended 31.03.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	43,878	18,907	122,828	52,345
Operating profit / (loss)	1,451	(3,333)	4,716	(3,929)
Interest expense	(409)	(359)	(1,225)	(1,449)
Interest income	32	9	59	29
Profit / (loss) before taxation	<u>1,074</u>	<u>(3,682)</u>	<u>3,550</u>	<u>(5,348)</u>
Taxation	-	-	1	-
Profit / (loss) after taxation	<u>1,074</u>	<u>(3,682)</u>	<u>3,551</u>	<u>(5,348)</u>
Total comprehensive profit / (loss) for the period	<u>1,074</u>	<u>(3,682)</u>	<u>3,551</u>	<u>(5,348)</u>
Profit / (loss) after taxation attributable to :				
Owners of the company	1,074	(3,682)	3,551	(5,348)
Non-controlling interests	-	-	-	-
	<u>1,074</u>	<u>(3,682)</u>	<u>3,551</u>	<u>(5,348)</u>
Total comprehensive profit / (loss) attributable to :				
Owners of the company	1,074	(3,682)	3,551	(5,348)
Non-controlling interests	-	-	-	-
	<u>1,074</u>	<u>(3,682)</u>	<u>3,551</u>	<u>(5,348)</u>
Basic earnings per share (sen)	1.35	(4.62)	4.46	(6.71)

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.



CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	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	-	-	3,551	3,551	-	3,551
Balance at 31 March 2022	45,584	(157)	(17,441)	27,986	-	27,986

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 CASHFLOW
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Financial Period Ended 31.03.2022 Unaudited RM'000	Preceding Financial Year Ended 30.06.2021 Audited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	3,551	2,611
As at 31 March 2022		
Adjustments :		
Unrealised gain on foreign exchange	30	(43)
Allowance for impairment losses on receivables	860	-
Reversal of impairment losses on receivables	-	(92)
Allowance for impairment losses on contract assets	-	238
Inventories written down	5	427
Depreciation on plant, property and equipment	1,159	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	1,225	1,998
Interest income	(59)	(30)
Operating profit before working capital changes	6,721	3,377
Changes in working capital		
Inventories	845	166
Contract assets	(11,606)	(2,047)
Contract liabilities	26,661	2,960
Trade and other receivables	(36,402)	(18,587)
Trade and other payables	2,037	14,158
Cash (used in) / generated from operations	(11,744)	27
Interest paid	(1,225)	(1,723)
Interest received	59	30
Tax paid	(22)	(108)
Net cash used in operating activities	(12,932)	(1,774)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	6,125	953
Purchase of property, plant and equipment	(1,625)	(1,027)
Increase in pledged deposit with licensed bank	(5,352)	(1,760)
Release of pledged deposit with licensed bank	695	1,177
Net cash used in investing activities	(157)	(657)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from short-term borrowings	43,460	28,478
Repayment of short-term borrowings	(30,512)	(39,589)
Drawdown from term loan	-	57,041
Repayment of term loan	(2,342)	(46,086)
Repayment of hire purchase payables	(482)	(380)
Net cash generated from / (used in) financing activities	10,124	(536)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,965)	(2,967)
EFFECT OF EXCHANGE RATE CHANGES	(30)	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	(71)	2,924
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Short term deposit and security account placed with licensed banks	5,352	695
Cash and bank balances	119	2,924
	5,471	3,619
Less : Short term deposit and security account pledged with licensed bank	(5,352)	(695)
	119	2,924
Bank overdraft	(190)	-
Cash and cash equivalents	(71)	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 THIRD QUARTER ENDED 31 MARCH 2022

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 2022 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)

- Amendments to MFRS 16 ‘COVID-19 – Related Rent Concessions’
- Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark Reform – Phase 2’
- Annual Improvements to MFRS 9 ‘Fees in the 10% test for derecognition of financial liabilities’
- Amendments to MFRS 3 ‘Reference to Conceptual Framework’
- Amendments to MFRS 116 ‘Proceeds before intended use’
- Annual improvements to MFRSs 2018 – 2020 Cycle
- Amendments to MFRS 137 ‘Onerous contracts-cost of fulfilling a contract’
- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’
- Amendments to MFRS 101 and MFRS Practice Statement 2 and MFRS 108 on ‘Disclosure of accounting policies’ and ‘Definition of Accounting Estimates’
- Amendments to MFRS 112 ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction’

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 2022.

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 2022.

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 2022.

As at 31 March 2022, 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 2022.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2022****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	
	31/03/2022	31/3/2021
	<u>RM'000</u>	<u>RM'000</u>
Revenue		
Domestic	111,675	41,726
Overseas	11,153	10,619
	<u>122,828</u>	<u>52,345</u>

A9 Capital Commitment

There were no capital commitments approved nor contracted for the quarter ended 31 March 2022.

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		9 months ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>MIE Industrial Sdn Bhd ("MIE")</u>				
Revenue	27,874	7,077	88,555	22,608
<u>CTCI Engineering & Construction Sdn Bhd</u>				
Revenue	84	-	3,800	-



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2022

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

B1 Review of performance

The Group recorded revenue of RM 43.88 million and profit after tax of RM 1.07 million for the 3 months period ended 31 March 2022 ("Current Quarter") as compared to the revenue of RM 18.91 million and loss after tax of RM 3.68 million in the preceding year's corresponding quarter ended 31 March 2021. The increase in revenue of RM 24.97 million and profit after tax of RM 4.75 million was mainly contributed by the higher revenue and project profit recorded from projects in rubber glove, oil & gas and food industries.

On a year to year basis, the Group recorded its revenue and profit after tax of RM 122.83 million and RM 3.55 million respectively for the financial year ended 31 March 2022 as compared to the revenue of RM 52.34 million and loss after tax of RM 5.35 million for the preceding financial year. The increase in revenue of RM 70.49 million and profit after tax of RM 8.90 million was mainly contributed by the higher revenue and project profit recorded from projects in rubber glove, oil & gas and food industries.

B2 Comparison with immediate preceding quarter's results

The Group registered revenue and profit before tax for the Current Quarter at RM 43.88 million and RM 1.07 million respectively as compared to the immediate preceding quarter ended 31 December 2021 revenue and profit before tax of RM 48.92 million and RM 1.72 million respectively. The decrease in revenue was mainly due to decrease in revenue contribution from oil & gas industries whereas the increase in operating expenses resulted in lower profit recorded.

B3 Prospects

The global economic outlook remains challenging with the disruption in supply chain due to war and prolonged COVID-19 pandemic. Nevertheless, the Group continues its effort to strengthen its project management to improve quality, productivity and cost optimization to stay resilient in the industry under the unfavorable 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 for market penetration and expansion. At the same time, the group will take effort to broaden its customers base and products in offering 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 for the year.

B4 Profit forecast or profit guarantee

This is not applicable to the Group.

B5 Taxation

	3 months ended 31/03/2022 RM'000	3 months ended 31/03/2021 RM'000	9 months ended 31/03/2022 RM'000	9 months ended 31/03/2021 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 31/03/2022 RM'000	Individual Period 31/03/2021 RM'000	Cumulative 9 months ended 31/03/2022 RM'000	Cumulative 9 months ended 31/03/2021 RM'000
Interest income	(32)	(9)	(59)	(29)
Interest expense	409	359	1,225	1,449
Depreciation	376	495	1,159	1,467
Gain on foreign exchange	(128)	(16)	(221)	(61)
Gain on disposal of property, plant and equipment	-	-	(50)	-
Other income	-	-	-	1



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 MARCH 2022

B7 Group Borrowings

The Group's borrowings as at 31 March 2022 were as follows:-

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loan	754	9,031	9,785
Hire Purchase	201	2,590	2,791
Trade bills and other short term borrowings	30,026	-	30,026
Total	30,981	11,621	42,602

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 9 months ended	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
Net profit / (loss) attributable to the owners of the Company (RM'000)	1,074	(3,682)	3,551	(5,348)
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	1.35	(4.62)	4.46	(6.71)

This interim financial report is dated 31 May 2022.