



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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	As at 30.06.2022 Unaudited RM'000	As at 30.06.2021 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	32,436	32,257
Deferred tax asset	1,580	1,380
	34,016	33,637
Current assets		
Inventories	1,872	3,181
Trade and other receivables	34,461	33,861
Amount due from holding		
Contract assets	33,028	21,450
Assets held for sale	-	10,300
Current tax assets	233	210
Deposit, cash and bank balances	15,414	3,619
	85,008	72,621
TOTAL ASSETS	119,024	106,258
EQUITY AND LIABILITIES		
Equity		
Share capital	45,584	45,584
Treasury shares	(157)	(157)
Reserves	(15,840)	(20,992)
Equity attributable to owners of the parent	29,587	24,435
Non-controlling interest	-	-
Total equity	29,587	24,435
Non-current liabilities		
Bank borrowings	6,075	12,812
Hire purchases payables	1,936	536
	8,011	13,348
Current liabilities		
Trade and other payables	34,565	42,687
Amount due to holding		
Contract liabilities	16,740	5,031
Bank borrowings	29,467	20,357
Hire purchases payables	654	400
	-	-
	81,426	68,475
TOTAL LIABILITIES	89,437	81,823
TOTAL EQUITY AND LIABILITIES	119,024	106,258
Net Asset per share attributable to owners of the parent (RM)	0.37	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 30 JUNE 2022

	Current Quarter Ended 30.06.2022	Preceding Corresponding Quarter Ended 30.06.2021	Current Financial Year Ended 30.06.2022	Preceding Financial Corresponding Year Ended 30.06.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	71,448	41,257	194,275	93,602
Operating profit / (loss)	1,851	8,508	6,567	4,579
Interest expense	(481)	(550)	(1,706)	(1,998)
Interest income	31	-	90	30
Profit / (loss) before taxation	<u>1,401</u>	<u>7,958</u>	<u>4,951</u>	<u>2,611</u>
Taxation	200	-	201	-
Profit / (loss) after taxation	<u>1,601</u>	<u>7,958</u>	<u>5,152</u>	<u>2,611</u>
Total comprehensive profit / (loss) for the period	<u><u>1,601</u></u>	<u><u>7,958</u></u>	<u><u>5,152</u></u>	<u><u>2,611</u></u>
Profit / (loss) after taxation attributable to :				
Owners of the company	1,601	7,958	5,152	2,611
Non-controlling interests	-	-	-	-
	<u>1,601</u>	<u>7,958</u>	<u>5,152</u>	<u>2,611</u>
Total comprehensive profit / (loss) attributable to :				
Owners of the company	1,601	7,958	5,152	2,611
Non-controlling interests	-	-	-	-
	<u>1,601</u>	<u>7,958</u>	<u>5,152</u>	<u>2,611</u>
Basic earnings per share (sen)	2.01	9.99	6.47	3.28

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 30 JUNE 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	-	-	5,152	5,152	-	5,152
Balance at 30 June 2022	45,584	(157)	(15,840)	29,587	-	29,587

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 30 JUNE 2022

	Financial Period Ended 30.06.2022 Unaudited RM'000	Preceding Financial Year Ended 30.06.2021 Audited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	4,951	2,611
As at 30 June 2022		
Adjustments :		
Unrealised gain on foreign exchange	360	(43)
Allowance for impairment losses on receivables	1,917	-
Reversal of impairment losses on receivables	-	(92)
Allowance for impairment losses on contract assets	-	238
Inventories written down	43	427
Depreciation on plant, property and equipment	1,605	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	1,706	1,998
Interest income	(90)	(30)
Operating profit before working capital changes	10,442	3,377
Changes in working capital		
Inventories	1,266	166
Contract assets	(11,577)	(2,047)
Contract liabilities	11,709	2,960
Trade and other receivables	(2,519)	(18,587)
Trade and other payables	(5,712)	14,158
Cash (used in) / generated from operations	3,609	27
Interest paid	(1,706)	(1,723)
Interest received	90	30
Tax paid	(22)	(108)
Net cash used in operating activities	1,971	(1,774)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	6,125	953
Purchase of property, plant and equipment	(1,785)	(1,027)
Increase in pledged deposit with licensed bank	(7,403)	(1,760)
Release of pledged deposit with licensed bank	695	1,177
Net cash used in investing activities	(2,368)	(657)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from short-term borrowings	55,720	28,478
Repayment of short-term borrowings	(46,124)	(39,589)
Drawdown from term loan	-	57,041
Repayment of term loan	(3,070)	(46,086)
Repayment of hire purchase payables	(683)	(380)
Net cash generated from / (used in) financing activities	5,843	(536)
NET DECREASE IN CASH AND CASH EQUIVALENTS	5,446	(2,967)
EFFECT OF EXCHANGE RATE CHANGES	(360)	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	8,010	2,924
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Short term deposit and security account placed with licensed banks	7,403	695
Cash and bank balances	8,010	2,924
	15,414	3,619
Less : Short term deposit and security account pledged with licensed bank	(7,403)	(695)
	8,010	2,924
Bank overdraft	-	-
Cash and cash equivalents	8,010	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 FOURTH QUARTER ENDED 30 JUNE 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 30 June 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 30 June 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 30 June 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 30 June 2022.

As at 30 June 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 30 June 2022.

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

	12 months year ended	
	30/06/2022	30/6/2021
	<u>RM'000</u>	<u>RM'000</u>
Revenue		
Domestic	177,108	81,253
Overseas	17,167	12,349
	<u>194,275</u>	<u>93,602</u>

A9 Capital Commitment

There were no capital commitments approved nor contracted for the quarter ended 30 June 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		12 months year ended	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>MIE Industrial Sdn Bhd ("MIE")</u>				
Revenue	14,987	31,929	103,542	54,537
<u>CTCI Engineering & Construction Sdn Bhd</u>				
Revenue	98	-	3,898	-



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 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 71.45 million and profit after tax of RM 1.60 million for the 3 months period ended 30 June 2022 ("Current Quarter") as compared to the revenue of RM 41.26 million and profit after tax of RM 7.96 million in the preceding year's corresponding quarter ended 30 June 2021. The increase in revenue of RM 30.19 million mainly contributed by high value projects in food, rubber glove, oil & gas industries. Nevertheless, the decrease in profit after tax of RM 6.36 million as compared to the preceding year's corresponding quarter was mainly due to lower project margin recorded while last year corresponding quarter also recorded gain on disposal from Property.

On a year to year basis, the Group recorded its revenue and profit after tax of RM 194.28 million and RM 5.15 million respectively for the financial year ended 30 June 2022 as compared to the revenue of RM 93.60 million and profit after tax of RM 2.61 million for the preceding financial year. The increase in revenue of RM 100.68 million and profit after tax of RM 2.54 million was mainly contributed by the higher revenue and project profit recorded from projects in food, rubber glove and oil & gas industries.

B2 Comparison with immediate preceding quarter's results

The Group registered revenue and profit before tax for the Current Quarter at RM 71.45 million and RM 1.40 million respectively as compared to the immediate preceding quarter ended 31 March 2022 revenue and profit before tax of RM 43.88 million and RM 1.07 million respectively. The increase in revenue was mainly contributed by the higher revenue and project profit recorded from projects in food, rubber glove, oil & gas industries.

B3 Prospects

The ongoing Covid-19 pandemic and conflict in Ukraine had caused the global economic outlook remains challenging. Nevertheless, the Group continues its effort to maintain a prudent approach to manage the risk. Measures are taken to strengthen its project management by leveraging on group synergy with MIE Industries Sdn. Bhd. ("Mie") group in engineering, civil construction, mechanical, structural steel, electrical, instrument and piping works projects while remain focus on its core business in pressure vessel fabrication to improve quality, productivity and cost optimization so as to stay competitive under the adverse market conditions.

Barring any unforeseen circumstance, the Group aims for better performance for the next financial year.

B4 Profit forecast or profit guarantee

This is not applicable to the Group.

B5 Taxation

	3 months ended 30/06/2022 RM'000	3 months ended 30/06/2021 RM'000	12 months year ended 30/06/2022 RM'000	12 months year ended 30/06/2021 RM'000
Provision of current year	-	-	-	-
Overprovision of prior year tax	-	-	1	-
Deferred tax assets	200	-	200	-
Taxation	<u>200</u>	<u>-</u>	<u>201</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 30/06/2022 RM'000	Individual Period 30/06/2021 RM'000	Cumulative 12 months year ended 30/06/2022 RM'000	Cumulative 12 months year ended 30/06/2021 RM'000
Interest income	(31)	-	(90)	(30)
Interest expense	481	550	1,706	1,998
Depreciation	446	491	1,605	1,958
Gain on foreign exchange	(604)	31	(825)	(30)
Gain on disposal of property, plant and equipment	-	3,690	(50)	3,690
Other income	(6)	(166)	(6)	(235)



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

B7 Group Borrowings

The Group's borrowings as at 30 June 2022 were as follows:-

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loan	2,983	6,075	9,058
Hire Purchase	654	1,936	2,590
Trade bills and other short term borrowings	26,484	-	26,484
Total	30,121	8,011	38,132

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 12 months year ended	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
Net profit / (loss) attributable to the owners of the Company (RM'000)	1,601	7,958	5,152	2,611
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	2.01	9.99	6.47	3.28

This interim financial report is dated 26 August 2022.