



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

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

	As at 30.09.2022	As at 30.06.2022
	Unaudited	Audited
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	32,137	32,436
Deferred tax asset	1,580	1,580
	<u>33,717</u>	<u>34,016</u>
Current assets		
Inventories	1,488	1,872
Trade and other receivables	22,537	35,791
Contract assets	38,743	32,346
Current tax assets	237	233
Deposit, cash and bank balances	11,995	15,414
	<u>75,000</u>	<u>85,656</u>
TOTAL ASSETS	<u>108,717</u>	<u>119,672</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	45,584	45,584
Treasury shares	(157)	(157)
Reserves	(14,613)	(15,840)
Equity attributable to owners of the parent	<u>30,814</u>	<u>29,587</u>
Non-controlling interest	-	-
Total equity	<u>30,814</u>	<u>29,587</u>
Non-current liabilities		
Bank borrowings	6,074	6,074
Hire purchases payables	1,936	1,936
	<u>8,010</u>	<u>8,010</u>
Current liabilities		
Trade and other payables	32,087	35,163
Contract liabilities	3,690	16,791
Bank borrowings	33,650	29,467
Hire purchases payables	466	654
	<u>69,893</u>	<u>82,075</u>
TOTAL LIABILITIES	77,903	90,085
TOTAL EQUITY AND LIABILITIES	<u>108,717</u>	<u>119,672</u>
Net Asset per share attributable to owners of the parent (RM)	0.39	0.37

The Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30th June 2022 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 SEPTEMBER 2022

	Current Quarter Ended 30.09.2022	Preceding Corresponding Quarter Ended 30.09.2021	Current Financial Year Ended 30.09.2022	Preceding Financial Corresponding Year Ended 30.09.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	63,577	30,034	63,577	30,034
Operating profit / (loss)	1,694	1,097	1,694	1,097
Interest expense	(503)	(342)	(503)	(342)
Interest income	36	1	36	1
Profit / (loss) before taxation	<u>1,227</u>	<u>756</u>	<u>1,227</u>	<u>756</u>
Taxation	-	1	-	1
Profit / (loss) after taxation	<u>1,227</u>	<u>757</u>	<u>1,227</u>	<u>757</u>
Total comprehensive profit / (loss) for the period	<u>1,227</u>	<u>757</u>	<u>1,227</u>	<u>757</u>
Profit / (loss) after taxation attributable to :				
Owners of the company	1,227	757	1,227	757
Non-controlling interests	-	-	-	-
	<u>1,227</u>	<u>757</u>	<u>1,227</u>	<u>757</u>
Total comprehensive profit / (loss) attributable to :				
Owners of the company	1,227	757	1,227	757
Non-controlling interests	-	-	-	-
	<u>1,227</u>	<u>757</u>	<u>1,227</u>	<u>757</u>
Basic earnings per share (sen)	1.54	0.95	1.54	0.95

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 2022 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 30 SEPTEMBER 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 as at 1 July 2021	45,584	(157)	(20,992)	24,435	-	24,435
Total comprehensive income for the period	-	-	757	757	-	757
Balance as at 30 September 2021	45,584	(157)	(20,235)	25,192	-	25,192
Balance as at 1 July 2022	45,584	(157)	(15,840)	29,587	-	29,587
Total comprehensive income for the period	-	-	1,227	1,227	-	1,227
Balance as at 30 September 2022	45,584	(157)	(14,613)	30,814	-	30,814

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 2022 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 30 SEPTEMBER 2022

	Financial Period Ended 30.09.2022 Unaudited RM'000	Preceding Financial Year Ended 30.06.2022 Audited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	1,227	4,951
As at 30 September 2022		
Adjustments :		
Unrealised gain on foreign exchange	(254)	(360)
Allowance for impairment losses on receivables	(88)	1,565
Allowance for impairment losses on contract assets	-	352
Reversal of inventories written down	(965)	-
Inventories written down	-	43
Depreciation on plant, property and equipment	438	1,605
Gain on disposal of property, plant and equipment	-	(51)
Interest expense	503	1,706
Interest income	(36)	(90)
Operating profit before working capital changes	825	9,721
Changes in working capital		
Inventories	1,348	1,266
Contract assets	(6,397)	(11,247)
Contract liabilities	(13,101)	11,760
Trade and other receivables	13,344	(3,616)
Trade and other payables	(3,076)	(6,051)
Cash (used in) / generated from operations	(7,057)	1,833
Interest paid	(503)	(1,459)
Interest received	36	90
Tax refund	-	5
Tax paid	(4)	(27)
Net cash used in operating activities	(7,528)	442
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	51
Proceeds from disposal of investment properties	-	1,009
Purchase of property, plant and equipment	(139)	(749)
Increase in pledged deposit with licensed bank	(484)	(2,364)
Release of pledged deposit with licensed bank	-	695
Net cash used in investing activities	(623)	(1,358)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from ultimate holding company	-	1,500
Repayment to ultimate holding company	-	(1,500)
Drawdown from short-term borrowings	25,853	55,720
Repayment of short-term borrowings	(20,949)	(46,124)
Repayment of term loan	(722)	(2,993)
Repayment of hire purchase payables	(188)	(683)
Net cash generated from / (used in) financing activities	3,994	5,920
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,157)	5,004
EFFECT OF EXCHANGE RATE CHANGES	254	82
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	8,010	2,924
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	4,107	8,010
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Short term deposit and security account placed with licensed banks	7,888	7,404
Cash and bank balances	4,107	8,010
	11,995	15,414
Less : Short term deposit and security account pledged with licensed bank	(7,888)	(7,404)
	4,107	8,010
Bank overdraft	-	-
Cash and cash equivalents	4,107	8,010

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 2022 with the accompanying explanatory notes attached to the financial statements.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 September 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 2022.

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 2022 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 2022 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 2022:

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

- 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’

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 September 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 September 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 September 2022.

As at 30 September 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 September 2022.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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:-

	3 months period ended	
	30/09/2022	30/9/2021
	<u>RM'000</u>	<u>RM'000</u>
Revenue		
Domestic	59,296	28,502
Overseas	4,281	1,532
	<u>63,577</u>	<u>30,034</u>

A9 Capital Commitment

The commitments for the purchase of property, plant and equipment not provided in the financial statements as at 30 September 2022 were as follows:

Approved and contracted for	The Group <u>RM'000</u> 240
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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 3 months ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>MIE Industrial Sdn Bhd ("MIE")</u>				
Revenue	13,567	19,548	13,567	19,548
<u>CTCI Engineering & Construction Sdn Bhd</u>				
Revenue	382	-	382	-



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 63.58 million and profit after tax of RM 1.23 million for the 3 months period ended 30 September 2022 ("Current Quarter") as compared to the revenue of RM 30.03 million and profit after tax of RM 0.76 million in the preceding year's corresponding quarter ended 30 September 2021. The increase in revenue of RM 33.54 million and profit after tax of RM 0.47 million for the current quarter was mainly generated from projects in food and rubber glove industries.

B2 Comparison with immediate preceding quarter's results

The Group registered revenue and profit before tax for the Current Quarter at RM 63.58 million and RM 1.23 million respectively as compared to the immediate preceding quarter ended 30 June 2022 revenue and profit before tax of RM 71.45 million and RM 1.40 million respectively. The lower profit after tax was mainly attributable by low revenue and gross profit of the current quarter.

B3 Prospects

The Board anticipates that the prospects for the current financial year ending 2023 will continue to be challenging. The global economic outlook remains cloudy. The Group is still cautious given the current uncertain macro-economic situation which has created new challenges around the supply chain, forex fluctuation, project execution, cost fluctuation of major raw materials, etc.

Moving forward, the Group is actively looking for opportunities in civil construction, structural steel and piping works for projects and plants expansion while continuing our business in pressure vessel fabrication. Meanwhile, the Group continues its efforts to maintain prudent approach to manage the risk and strengthen its project management and group's finances.

Barring any unforeseen circumstances, the Group aims for better performance for the remaining quarter for this financial year.

B4 Profit forecast or profit guarantee

This is not applicable to the Group.

B5 Taxation

	Individual 3 months ended 30/09/2022 RM'000	Individual 3 months ended 30/09/2021 RM'000	Cumulative 3 months ended 30/09/2022 RM'000	Cumulative 3 months ended 30/09/2021 RM'000
Provision of current year	-	-	-	-
Overprovision of prior year tax	-	1	-	1
Deferred tax assets	-	-	-	-
Taxation	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</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 30/09/2022 RM'000	Individual Period 30/09/2021 RM'000	Cumulative 3 months ended 30/09/2022 RM'000	Cumulative 3 months ended 30/09/2021 RM'000
Interest income	(36)	(1)	(36)	(1)
Interest expense	503	342	503	342
Depreciation	438	397	438	397
Gain on foreign exchange	(158)	134	(158)	134
Gain on disposal of property, plant and equipment	-	-	-	-
Other income	-	-	-	-



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2022

B7 Group Borrowings

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

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loan	2,261	6,074	8,335
Hire Purchase	466	1,936	2,402
Trade bills and other short term borrowings	31,389	-	31,389
Total	34,116	8,010	42,126

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 2022.

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 3 months ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
Net profit / (loss) attributable to the owners of the Company (RM'000)	1,227	757	1,227	757
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	1.54	0.95	1.54	0.95

This interim financial report is dated 25 November 2022.