



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

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	As at 31.12.2023 Unaudited RM'000	As at 30.06.2023 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	32,217	32,609
Deferred tax asset	1,580	1,580
	33,797	34,189
Current assets		
Inventories	1,220	1,346
Trade and other receivables	133,544	52,821
Contract assets	48,447	73,447
Current tax assets	228	254
Deposit, cash and bank balances	15,757	11,801
	199,196	139,669
TOTAL ASSETS	232,993	173,858
EQUITY AND LIABILITIES		
Equity		
Share capital	45,584	45,584
Treasury shares	(157)	(157)
Reserves	(10,145)	(11,219)
Equity attributable to owners of the parent	35,282	34,208
Non-controlling interest	1	-
Total equity	35,283	34,208
Non-current liabilities		
Bank borrowings	1,474	3,030
Hire purchases payables	1,992	1,653
	3,466	4,683
Current liabilities		
Trade and other payables	61,623	53,569
Contract liabilities	66,920	22,654
Bank borrowings	65,342	58,099
Hire purchases payables	359	645
	194,244	134,967
TOTAL LIABILITIES	197,710	139,650
TOTAL EQUITY AND LIABILITIES	232,993	173,858
Net Asset per share attributable to owners of the parent (RM)	0.44	0.43

The Condensed Interim Financial Statements should be read in conjunction with SEB's audited consolidated financial statements for the financial year ended 30th June 2023 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 2023

	Current Quarter Ended 31.12.2023	Preceding Corresponding Quarter Ended 31.12.2022	Current Financial Year Ended 31.12.2023	Preceding Financial Corresponding Year Ended 31.12.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	53,086	68,959	108,706	132,535
Operating profit / (loss)	1,498	1,732	3,224	3,426
Interest expense	(1,151)	(605)	(2,276)	(1,108)
Interest income	60	45	127	81
Profit / (loss) before taxation	407	1,172	1,075	2,399
Taxation	-	-	-	-
Profit / (loss) after taxation	407	1,172	1,075	2,399
Total comprehensive profit / (loss) for the period	407	1,172	1,075	2,399
Profit / (loss) after taxation attributable to :				
Owners of the company	406	1,172	1,074	2,399
Non-controlling interests	1	-	1	-
	407	1,172	1,075	2,399
Total comprehensive profit / (loss) attributable to :				
Owners of the company	406	1,172	1,074	2,399
Non-controlling interests	1	-	1	-
	407	1,172	1,075	2,399
Basic earnings per share (sen)	0.51	1.47	1.35	3.01

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 2023 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 2023

	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 2022	45,584	(157)	(15,840)	29,587	-	29,587
Total comprehensive income for the period	-	-	2,399	2,399	-	2,399
Balance as at 31 December 2022	45,584	(157)	(13,441)	31,986	-	31,986
Balance as at 1 July 2023	45,584	(157)	(11,219)	34,208	-	34,208
Investment in subsidiary	-	-	-	-	-	-
Total comprehensive income for the period	-	-	1,074	1,074	1	1,075
Balance as at 31 December 2023	45,584	(157)	(10,145)	35,282	1	35,283

Notes: The Company subscribed 80 ordinary shares of RM1 each, which represents an 80% equity interest in NSC SEB Jetty Sdn. Bhd.

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 2023 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 DECEMBER 2023

	Financial Period Ended 31.12.2023 Unaudited RM'000	Financial Period Ended 31.12.2022 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	1,075	2,399
As at 31 December 2023		
Adjustments :		
Unrealised loss / (gain) on foreign exchange	65	(115)
Reversal of impairment losses on receivables	(170)	(231)
Inventories written down	71	-
Depreciation on plant, property and equipment	877	871
Gain on disposal of property, plant and equipment	(6)	-
Property, plant and equipment written off	-	8
Interest expense	2,276	1,108
Interest income	(127)	(81)
Operating profit before working capital changes	4,061	3,936
Changes in working capital		
Inventories	55	26
Contract assets	25,000	(31,984)
Contract liabilities	44,266	(578)
Trade and other receivables	(80,554)	16,222
Trade and other payables	8,054	8,773
Net cash generated / (used in) from operations	882	(3,605)
Interest paid	(2,276)	(1,108)
Interest received	127	81
Tax refund	36	-
Tax paid	(10)	(9)
Net cash used in operating activities	(1,241)	(4,641)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	6	-
Purchase of property, plant and equipment	(484)	(538)
Increase in pledged deposit with licensed bank	(2,210)	(883)
Net cash used in investing activities	(2,688)	(1,421)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from short-term borrowings	81,309	47,630
Repayment of short-term borrowings	(76,764)	(46,746)
Repayment of term loan	(1,476)	(1,441)
Drawdown from hire purchase payables	397	-
Repayment of hire purchase payables	(345)	(351)
Net cash generated / (used in) from financing activities	3,121	(908)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(808)	(6,970)
EFFECT OF EXCHANGE RATE CHANGES	(65)	115
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	1,974	8,010
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	1,101	1,155
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Short term deposit and security account placed with licensed banks	12,038	8,287
Cash and bank balances	3,719	4,520
	15,757	12,807
Less : Short term deposit and security account pledged with licensed bank	(12,038)	(8,286)
	3,719	4,521
Bank overdraft	(2,618)	(3,366)
Cash and cash equivalents	1,101	1,155

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 2023 with the accompanying explanatory notes attached to the financial statements.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

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 2023 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 2023.

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 2023 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 2023 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 31 December 2023.

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 2023.

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 2023.

As at 31 December 2023, 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 2023.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

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:-

	Individual Period 3 months period ended		Cumulative Period 6 months period ended	
	31-12-23 RM'000	31-12-2022 RM'000	31-12-23 RM'000	31-12-22 RM'000
Revenue				
Domestic	42,847	64,726	91,880	124,022
Overseas	10,239	4,233	16,826	8,513
	<u>53,086</u>	<u>68,959</u>	<u>108,706</u>	<u>132,535</u>

A9 Capital Commitment

The commitments for the purchase of property, plant and equipment not provided in the financial statements as at 31 December 2023 were as follows:

Approved and contracted for	The Group <u>RM'000</u> 863
-----------------------------	-----------------------------------

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	
	31-12-2023 RM'000	31-12-2022 RM'000	31-12-2023 RM'000	31-12-2022 RM'000
<u>MIE Industrial Sdn Bhd ("MIE")</u>				
Revenue	30,369	15,321	54,896	28,888
Purchase	30,000	-	35,510	-
<u>CTCI Engineering & Construction Sdn Bhd</u>				
Revenue	-	-	-	382



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

PART B: OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS**B1 Review of performance**

The Group recorded revenue of RM 53.09 million and profit after tax of RM 0.41 million for the 3 months period ended 31 December 2023 ("Current Quarter") as compared to the revenue of RM 68.96 million and profit after tax of RM 1.17 million in the preceding year's corresponding quarter ended 31 December 2022. The decrease in revenue of RM 15.87 million for the current quarter was mainly due to decrease in revenue contribution from projects in electrical & electronics, food and palm oil refineries industries.

The Group recorded its revenue and profit after tax of RM 108.71 million and RM 1.08 million respectively for the 6 months period ended 31 December 2023 as compared to the revenue of RM 132.54 million and profit after tax of RM 2.40 million for the corresponding preceding financial period. The decrease in revenue of RM 23.83 million was mainly due to decrease in revenue from projects in electrical & electronics, food and palm oil refineries industries while decrease in profit after tax of RM 1.32 million was mainly due to increase of project financing cost.

B2 Comparison with immediate preceding quarter's results

The Group recorded revenue and profit before tax for the Current Quarter of RM 53.09 million and RM 0.41 million respectively as compared to the immediate preceding quarter ended 30 September 2023 revenue and profit before tax of RM 55.62 million and RM 0.67 million respectively. The decrease in revenue of RM 2.53 million was mainly due to decrease in revenue contribution from projects in electrical & electronics and food industries.

B3 Prospects

The Group anticipates the market conditions will remain challenging with the uncertain macroeconomic outlook and slowdown in global economic activities.

Nevertheless, the Group will step up its marketing strategies, leveraging on group synergies with MIE Group to broaden its customers base and products in offering civil construction, structural steel, piping and architectural works for projects and plants expansion while remain focus on its core business in pressure vessel fabrication by retaining key customers to stay resilient and sustainable through this increasing challenging business environment.

Barring any unforeseen circumstances, the Group will remain striving for positive performance in the remaining quarters for the financial year.

B4 Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee for the financial period ended 31 December 2023.

B5 Taxation

	Individual 3 months ended 31-12-2023 RM'000	Individual 3 months ended 31-12-2022 RM'000	Cumulative 6 months ended 31-12-2023 RM'000	Cumulative 6 months ended 31-12-2022 RM'000
Provision of current year	-	-	-	-
Overprovision of prior year tax	-	-	-	-
Deferred tax assets	-	-	-	-
Taxation	<u>-</u>	<u>-</u>	<u>-</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 31-12-2023 RM'000	Individual Period 31-12-2022 RM'000	Cumulative 6 months ended 31-12-2023 RM'000	Cumulative 6 months ended 31-12-2022 RM'000
Interest income	(60)	(45)	(127)	(81)
Interest expense	1,151	605	2,276	1,108
Depreciation	437	433	877	871
Gain on foreign exchange	84	(59)	56	(217)
Gain on disposal of property, plant and equipment	-	-	(6)	-
Other income	-	-	-	-



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2023

B7 Group Borrowings

The Group's borrowings as at 31 December 2023 were as follows:-

	Current Secured RM'000	Non-Current Secured RM'000	Total RM'000
Term loan	3,210	1,474	4,684
Hire Purchase	359	1,992	2,351
Trade bills and other short term borrowings	62,132	-	62,132
Total	65,701	3,466	69,167

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 2023.

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	
	31-12-2023	31-12-2022	31-12-2023	31-12-2022
Net profit / (loss) attributable to the owners of the Company (RM'000)	407	1,172	1,075	2,399
Weighted average number of ordinary shares in issue ('000)	79,681	79,681	79,681	79,681
Basic earnings per share (Sen)	0.51	1.47	1.35	3.01

This interim financial report is dated 27 February 2024.