



BOILERMECH HOLDINGS BERHAD
Company No.897694-T
(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-Sep-2017 RM'000	Preceding Year Corresponding Quarter 30-Sep-2016 RM'000	Current Year to Date 30-Sep-2017 RM'000	Preceding Year Corresponding Period 30-Sep-2016 RM'000
Revenue	55,803	54,474	101,238	116,194
Cost of sales	(43,181)	(44,913)	(77,583)	(93,333)
Gross profit	12,622	9,561	23,655	22,861
Other operating income and expenses	(5,978)	(4,509)	(10,617)	(8,936)
Finance costs	(108)	(71)	(209)	(279)
Profit before taxation	6,536	4,981	12,829	13,646
Income tax expense	(1,653)	(1,256)	(3,205)	(3,323)
Profit after taxation	4,883	3,725	9,624	10,323
Other Comprehensive Income, Net of Tax				
- Foreign currency translation differences for foreign operation	(18)	36	(45)	67
- Cash flow hedge	1,797	(1,588)	3,077	(5,554)
	1,779	(1,552)	3,032	(5,487)
Total Comprehensive Income	6,662	2,173	12,656	4,836
Profit after taxation attributable to :				
Owners of the Company	4,802	3,675	9,468	10,110
Non-controlling interest	81	50	156	213
	4,883	3,725	9,624	10,323
Total comprehensive income attributable to :				
Owners of the Company	6,581	2,123	12,500	4,623
Non-controlling interest	81	50	156	213
	6,662	2,173	12,656	4,836
Weighted average no. of ordinary shares in issue ('000)	516,000	516,000	516,000	516,000
Earnings per share attributable to owners of the Company:				
Basic (sen)	0.93	0.71	1.83	1.96
Diluted (sen)	0.93	0.71	1.83	1.96

Notes :

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited consolidated financial statements of Boilermech Holdings Berhad ("Company") for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial statements.



BOILERMECH HOLDINGS BERHAD
Company No.897694-T
(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

Unaudited Condensed Consolidated Statement of Financial Position

	UNAUDITED	AUDITED
	As at	As at
	30-Sep-2017	31-Mar-2017
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	78,560	80,076
Investment property	6,387	6,452
Deferred tax assets	587	432
Goodwill	3,931	3,931
	89,465	90,891
Current assets		
Inventories	26,423	29,149
Amount owing by contract customers	25,735	27,916
Trade receivables	60,145	53,557
Other receivables, deposits and prepayments	6,217	5,179
Current tax assets	3,113	2,366
Derivative assets	1,605	-
Liquid investments	57,914	47,508
Fixed deposit with a licensed bank	-	-
Cash and bank balance	21,070	16,567
	202,222	182,242
TOTAL ASSETS	291,687	273,133
EQUITY AND LIABILITIES		
Equity		
Share capital	51,600	51,600
Cash flow hedge reserve	(958)	(4,035)
Merger deficit	(21,810)	(21,810)
Foreign currency translation reserve	50	95
Retained profits	144,941	143,213
Equity attributable to owners of the Company	173,823	169,063
Non-controlling interests	8,032	7,876
Total Equity	181,855	176,939
Non-current liabilities		
Borrowings	5,220	5,463
Deferred tax liabilities	2,707	2,721
	7,927	8,184
Current liabilities		
Amount owing to contract customers	54,192	44,153
Trade payables	32,306	27,735
Other payables and accruals	12,157	12,383
Short-term borrowings	3,215	2,937
Current tax liabilities	35	3
Derivative liabilities	-	799
	101,905	88,010
TOTAL LIABILITIES	109,832	96,194
TOTAL EQUITY AND LIABILITIES	291,687	273,133
Net assets per share attributable to owners of the Company (RM)	0.34	0.33

Notes :

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited consolidated financial statements of Boilermech Holdings Berhad for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial statements.



BOILERMECH HOLDINGS BERHAD
Company No.897694-T
(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

Unaudited Condensed Consolidated Statement of Cash Flows

	Current Year to Date 30-Sep-2017 RM'000	Preceding Year Corresponding Period 30-Sep-2016 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	12,829	13,646
Adjustments for :		
Allowance for impairment losses on trade receivables	975	2,638
Bad debts written off	-	201
Equipment written off	3	9
Depreciation of property, plant and equipment	2,246	2,222
Depreciation of investment property	65	65
Interest expenses	209	279
Inventories written off	401	193
Unrealised (gain)/loss on foreign exchange	999	(3,404)
Fair value loss on derivatives	673	3,460
Gain on disposal of equipment	(59)	(15)
Loss on disposal of equipment	8	-
Interest income	(1,177)	(590)
Write-back of allowance for impairment losses on trade receivables	(2,204)	(2,192)
Operating profit before working capital changes	14,968	16,512
Decrease in amount owing by contract customers	2,181	12,492
Decrease/(Increase) in inventories	2,325	(531)
(Increase)/Decrease in trade and other receivables	(7,351)	26,837
Increase/(Decrease) in trade and other payables	4,490	(3,232)
Increase in amount owing to contract customers	10,039	2,388
Cash from operations	26,652	54,466
Interest paid	(209)	(279)
Income tax paid	(4,089)	(3,911)
Net cash from operating activities	22,354	50,276
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of equipment	76	15
Purchase of property, plant and equipment	(578)	(464)
Interest received	1,177	590
Net cash from investing activities	675	141
CASH FLOW FOR FINANCING ACTIVITIES		
Repayment of term loan	(201)	(214)
Repayment of hire purchase obligations	(224)	(209)
Drawdown/(Repayment) of bankers' acceptances	274	(738)
Repayment of revolving credits	-	(15,000)
Issuance of shares to non-controlling interests	-	60
Dividends paid	(7,740)	(7,740)
Net cash for financing activities	(7,891)	(23,841)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,138	26,576
EFFECTS OF FOREIGN EXCHANGE	(229)	756
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	64,075	26,311
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	78,984	53,643
CASH AND CASH EQUIVALENTS COMPRISE		
Liquid Investments	57,914	37,714
Cash and bank balances	21,070	15,929
	78,984	53,643

Note :

The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited consolidated financial statements of Boilermech Holdings Berhad for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial statements.



BOILERMECH HOLDINGS BERHAD
Company No.897694-T
(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

Unaudited Condensed Consolidated Statements of Changes in Equity

	← Attributable to owners of the Company →				Distributable Retained Profits RM'000	Total RM'000	Non Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Cash Flow Hedge Reserve RM'000	Merger Deficit RM'000	Foreign Currency Translation Reserve RM'000				
Balance at 1/4/2017	51,600	(4,035)	(21,810)	95	143,213	169,063	7,876	176,939
Profit after taxation for the financial period	-	-	-	-	9,468	9,468	156	9,624
Other comprehensive income for the financial period:								
Cash flow hedge	-	3,077	-	-	-	3,077	-	3,077
Foreign currency translation differences for foreign operation	-	-	-	(45)	-	(45)	-	(45)
Total comprehensive income for the financial period	-	3,077	-	(45)	9,468	12,500	156	12,656
Distributions to owners of the Company:								
Dividends	-	-	-	-	(7,740)	(7,740)	-	(7,740)
Total transactions with owners	-	-	-	-	(7,740)	(7,740)	-	(7,740)
Balance at 30/9/2017	51,600	(958)	(21,810)	50	144,941	173,823	8,032	181,855
Balance at 1/4/2016	51,600	3,888	(21,810)	(11)	127,983	161,650	7,973	169,623
Profit after taxation for the financial period	-	-	-	-	10,110	10,110	213	10,323
Other comprehensive income for the financial period:								
Cash flow hedge	-	(5,554)	-	-	-	(5,554)	-	(5,554)
Foreign currency translation differences for foreign operation	-	-	-	67	-	67	-	67
Total comprehensive income for the financial period	-	(5,554)	-	67	10,110	4,623	213	4,836
Transactions with owners of the Company:								
- Distribution of dividends	-	-	-	-	(7,740)	(7,740)	-	(7,740)
- Issuance of shares by a subsidiary to non-controlling interests	-	-	-	-	-	-	60	60
Total transactions with owners	-	-	-	-	(7,740)	(7,740)	60	(7,680)
Balance at 30/9/2016	51,600	(1,666)	(21,810)	56	130,353	158,533	8,246	166,779

Note :

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited consolidated financial statements of Boilermech Holdings Berhad for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial statements.



BOILERMECH HOLDINGS BERHAD

(Company No.897694-T)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING

1. Basis of Preparation

This condensed interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited consolidated financial statements of the Company for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial report.

2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the preceding annual audited financial statements of the Company and its subsidiaries for the financial year ended 31 March 2017 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The Group’s business operations were not significantly affected by any major seasonal factors save for cyclical factor in palm oil industries.

4. Significant Unusual Items

There were no significant unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review and financial year to-date.

5. Material Changes in Estimates

There were no material changes in estimates of amount reported that have a material effect on the current quarter under review and financial year to-date.

6. Details of Changes in Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt and/or equity securities during the current quarter under review and financial year to-date.



BOILERMECH HOLDINGS BERHAD

(Company No.897694-T)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

7. Dividend

	Current year to-Date 30-SEPT 2017 RM'000	Preceding Year to-Date 30-SEPT 2016 RM'000
Recognised during the financial period		
- Final single tier dividend for FYE 31 March 2017 1.50 sen per ordinary share, approved at the Annual General Meeting held on 23 August 2017, paid on 15 September 2017 to shareholders whose names appeared in the record of depositors on 28 August 2017	7,740	-
- Final single tier dividend for FYE 31 March 2016 1.50 sen per ordinary share, approved at the Annual General Meeting held on 18 August 2016, paid on 15 September 2016 to shareholders whose names appeared in the record of depositors on 24 August 2016.	-	7,740
Total	7,740	7,740

8. Segmental Reporting

6- MONTHS FINANCIAL PERIOD ENDED 30-SEPT 2017

	BIO-ENERGY SYSTEMS *	WATER TREATMENT ^	OTHERS	GROUP
	RM'000	RM'000	RM'000	RM'000
<u>REVENUE</u>				
External sales	88,771	12,467	-	101,238
Inter-segment sales	-	491	-	491
	88,771	12,958	-	101,729
Adjustments and eliminations				(491)
Consolidated revenue				101,238
<u>RESULTS</u>				
Segments results	12,878	795	(635)	13,038
Finance costs				(209)
Profit before taxation				12,829
Income tax expense				(3,205)
Consolidated Profit after taxation				9,624

* Bio-energy systems comprises manufacturing and repair of bio-energy systems and trading of related parts and accessories.

^ Water treatment comprises fabrication, installation and service of water treatment system and trading of chemical, equipment and accessories.



BOILERMECH HOLDINGS BERHAD

(Company No.897694-T)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

8. Segmental Reporting (cont'd)

Geographical Segments for Revenue

	Current year Quarter 30-SEPT 2017 RM'000	Current Year to-Date 30-SEPT 2017 RM'000
Local	27,107	46,993
Export	28,696	54,245
Total	<u>55,803</u>	<u>101,238</u>

9. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

10. Contingent Liabilities

	Current Year to-Date 30-SEPT 2017 RM'000
Company	
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	<u>94,275</u>

11. Capital Commitments

The amount of capital commitments not provided for in the financial statements are as follows:

	Current Year to-Date 30-SEPT 2017 RM'000
Purchase of Property, plant and equipment	
Approved and contracted for	<u>73</u>

12. Material Events Subsequent to the End of the Interim Reporting Period

There were no material events subsequent to the end of current quarter that have not been reflected in the financial statements.



BOILERMECH HOLDINGS BERHAD

(Company No.897694-T)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

13. Related Party Disclosures

Identities of related parties

For the purpose of this financial statement, parties are considered to be related to the Group if a group or a company has the ability, directly or indirectly, to control the party or exercise significantly influence over the party in making financial and operating decisions, or vice versa, or where the Group and party are subject to common control or common significant influence. Related parties may be individuals or other entities.

	Current Year to-Date 30-SEPT 2017 RM'000
Sales to related parties	2,481
Purchase from related party	59



BOILERMECH HOLDINGS BERHAD

(Company No.897694-T)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE LISTING REQUIREMENTS OF BURSA SECURITIES

1. Review of Performance

Individual Quarter	Current year Quarter 2	Preceding year Quarter 2	Variance	Variance
	30 Sept 2017	30 Sept 2016		
	RM'000	RM'000	RM'000	%
Revenue	55,803	54,474	1,329	2.4%
Profit Before Tax ("PBT")	6,536	4,981	1,555	31.2%
PBT Margin (%)	11.7%	9.1%		

Cumulative Quarters	Current year to date	Preceding year to date	Variance	Variance
	Quarter 2	Quarter 2		
	30 Sept 2017	30 Sept 2016		
	RM'000	RM'000	RM'000	%
Revenue	101,238	116,194	(14,956)	(12.9%)
PBT	12,829	13,646	(817)	(6.0%)
PBT Margin (%)	12.7%	11.7%		

Revenue

The Group registered revenue of RM55.80 million and RM 101.24 million in the current quarter and current year to date under review respectively.

The revenue in the current quarter increased by RM1.32 million, representing an increase of 2.4%, as compared to the revenue achieved in the preceding year corresponding quarter. The revenue in current year to date decreased by RM14.96 million, representing a decrease of 12.9%. This was due to the lower activities and performance in current year Quarter 1.

The recent recovery in demand for Bio-Energy products from the palm oil industry resulted in the increase in our order book in current year to date. The new orders are expected to contribute revenue in the second half of the current financial year and next financial year.

Profit Before Tax

The PBT in the current quarter increased by RM1.56 million as compared to the preceding year corresponding quarter. This was in line with the increase of revenue. Meanwhile, the PBT in current year to date has slightly decreased by RM0.82 million despite the comparatively lower revenue.

The PBT margin in the current quarter and current year to date were 11.7% and 12.7% respectively, compared to 9.1% and 11.7% in preceding corresponding quarter and preceding year to date.

This was mainly due to the higher margin project carried out during the respective periods.



BOILERMECH HOLDINGS BERHAD

(Company No.897694-T)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

2. Material Changes To The Results Of The Preceding Quarter

Individual Quarter	Current year Quarter 2 (3 Months)	Current year Quarter 1 (3 Months)	Variance	Variance
	30 Sept 2017	30 June 2017		
	RM'000	RM'000	RM'000	%
Revenue	55,803	45,435	10,368	22.8%
PBT	6,536	6,293	243	3.9%
PBT Margin (%)	11.7%	13.9%		

The revenue in the current quarter increased by RM10.37 million, representing an increase of 22.8%, as compared to the preceding quarter. This was mainly due to the increase in production and project activities in the current quarter

Despite the higher revenue in current quarter, the profit margin from projects carried out in the current quarter is relatively lower than those in the preceding quarter. As a result, the PBT in current quarter only increased by RM0.24 million. PBT margin was lower at 11.7% as compared to 13.9% in the preceding quarter.

3. Prospects

The order book has improved and the Board is optimistic on the prospect of the Group in the second half of the year.

4. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in any public document.

5. Income Tax Expense

The taxation figures are as follows:

	Current Year Quarter 30-SEPT 2017 RM'000	Current Year to-Date 30-SEPT 2017 RM'000
Current tax	(1,653)	(3,205)

6. Status of Corporate Proposals

There were no corporate proposals announced but not completed at the date of issue of this interim financial report.



BOILERMECH HOLDINGS BERHAD

(Company No.897694-T)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

7. Borrowings

	As at 30-SEPT 2017 RM'000	As at 31-MAR 2017 RM'000
Short term borrowings:-		
<u>Secured</u>		
Banker Acceptance	904	630
Revolving Credit	1,500	1,500
Hire Purchase Creditor (Short Term)	401	400
Term Loan (Short Term)	410	407
	3,215	2,937
Long term borrowings:-		
<u>Secured</u>		
Hire Purchase Creditor (Short Term)	640	679
Term Loan (Short Term)	4,580	4,784
	5,220	5,463
Total borrowings	8,435	8,400

The Group borrowings consist of :-

	As at 30-SEPT 2017 RM'000	As at 31-MAR 2017 RM'000
Fixed rate	3,445	3,209
Floating rate	4,990	5,191
	8,435	8,400

All the Group's borrowings are denominated in Ringgit Malaysia.

8. Material Litigation

There were no material litigations involving the Group as at the date of this interim report.



BOILERMECH HOLDINGS BERHAD

(Company No.897694-T)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

9. Dividend

	Current year to-Date 30-SEPT 2017 RM'000	Preceding Year to-Date 30-SEPT 2016 RM'000
Recognised during the financial period		
- Final single tier dividend for FYE31 March 2017 1.50 sen per ordinary share, approved at the Annual General Meeting held on 23 August 2017, paid on 15 September 2017 to shareholders whose names appeared in the record of depositors on 28 August 2017.	7,740	-
- Final single tier dividend for FYE 31 March 2016 1.50 sen per ordinary share, approved at the Annual General Meeting held on 18 August 2016, paid on 15 September 2016 to shareholders whose names appeared in the record of depositors on 24 August 2016.	-	7,740
Total	7,740	7,740

10. Earnings Per Share

i. Basic

The basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the period by the weighted average number of ordinary shares in issue during the financial period under review.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-Sept 2017	Preceding Year Corresponding Quarter 30-Sept 2016	Current Year to-date 30-Sept 2017	Preceding Year Corresponding Period 30-Sept 2016
Profit after Taxation attributable to owners of the Company (RM'000)	4,802	3,675	9,468	10,110
Weighted average number of ordinary shares in issue ('000)	516,000	516,000	516,000	516,000
Basic earnings per share (sen)	0.93	0.71	1.83	1.96

ii. Diluted

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.



BOILERMECH HOLDINGS BERHAD

(Company No.897694-T)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

11. Trade Receivables

	As at 30-SEPT 2017 RM'000	As at 31-MAR 2017 RM'000
Trade receivables	59,367	56,124
Retention receivables	6,679	4,563
	<u>66,046</u>	<u>60,687</u>
Allowance for impairment loss	(5,901)	(7,130)
	<u>60,145</u>	<u>53,557</u>

The ageing analysis of the Group is as follows:-

	As at 30-SEPT 2017 RM'000	As at 31-MAR 2017 RM'000
Neither past due nor impaired	22,579	25,203
Past due but not impaired		
1 – 30 days	11,013	7,545
More than 30 days	26,553	20,809
	37,566	28,354
Past due and impaired	5,901	7,130
	<u>66,046</u>	<u>60,687</u>

(a) The Group's normal credit terms granted to related and non-related parties range from 30 to 90 days.

(b) Included in trade receivables is a total amount of RM 1,375,079 owing by the related parties.

12. Realised and Unrealised profits

Total retained profit of the Group :

	As at 30-SEPT 2017 RM'000
- Realised	142,150
- Unrealised	2,791
	<u>144,941</u>
Total group retained profits as per consolidated accounts	<u>144,941</u>



BOILERMECH HOLDINGS BERHAD

(Company No.897694-T)

(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2017

13. Notes to the Statements of Profit or Loss and Other Comprehensive Income

Income / (Expenses)	Current Year Quarter 30-SEPT 2017 RM'000	Current Year to-Date 30-SEPT 2017 RM'000
Interest income	766	1,177
Other income including investment income	106	224
Interest expense	(108)	(209)
Depreciation and amortisation	(1,157)	(2,311)
(Provision for) / Reversal of and (write off) of receivables	313	1,229
Provision for and write off of inventories	(204)	(401)
Gain or (loss) on disposal and write off of equipment	2	48
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	611	(146)
Gain or (loss) on derivatives	(1,327)	(673)
Exceptional Items (with details)	Not Applicable	Not Applicable

14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 22 November 2017.