



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

Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2017

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Dec-2017 RM'000	Preceding Year Corresponding Quarter 31-Dec-2016 RM'000	Current Year to Date 31-Dec-2017 RM'000	Preceding Year Corresponding Period 31-Dec-2016 RM'000
Revenue	56,580	62,814	157,818	179,008
Cost of sales	(43,567)	(47,113)	(121,150)	(140,446)
Gross profit	13,013	15,701	36,668	38,562
Other operating income and expenses	(5,708)	(7,112)	(16,325)	(16,048)
Finance costs	(108)	(80)	(317)	(359)
Profit before taxation	7,197	8,509	20,026	22,155
Income tax expense	(1,842)	(1,883)	(5,047)	(5,206)
Profit after taxation	5,355	6,626	14,979	16,949
Other Comprehensive Income, Net of Tax				
- Foreign currency translation differences for foreign operation	(23)	36	(68)	103
- Cash flow hedge	2,558	(2,901)	5,635	(8,455)
	2,535	(2,865)	5,567	(8,352)
Total Comprehensive Income	7,890	3,761	20,546	8,597
Profit after taxation attributable to :				
Owners of the Company	5,003	6,457	14,471	16,567
Non-controlling interest	352	169	508	382
	5,355	6,626	14,979	16,949
Total comprehensive income attributable to :				
Owners of the Company	7,538	3,592	20,038	8,215
Non-controlling interest	352	169	508	382
	7,890	3,761	20,546	8,597
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)	0.97	1.25	2.80	3.21
Diluted (sen)	0.97	1.25	2.80	3.21

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
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(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2017

Unaudited Condensed Consolidated Statement of Financial Position

	UNAUDITED As at 31-Dec-2017	AUDITED As at 31-Mar-2017
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	77,747	80,076
Investment property	6,354	6,452
Deferred tax assets	324	432
Goodwill	3,931	3,931
	<u>88,356</u>	<u>90,891</u>
Current assets		
Inventories	28,708	29,149
Amount owing by contract customers	32,543	27,916
Trade receivables	50,965	53,557
Other receivables, deposits and prepayments	7,476	5,179
Current tax assets	3,279	2,366
Derivative assets	3,439	-
Liquid investments	61,044	47,508
Fixed deposit with a licensed bank	-	-
Cash and bank balance	25,626	16,567
	<u>213,080</u>	<u>182,242</u>
TOTAL ASSETS	<u><u>301,436</u></u>	<u><u>273,133</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	51,600	51,600
Cash flow hedge reserve	1,600	(4,035)
Merger deficit	(21,810)	(21,810)
Foreign currency translation reserve	27	95
Retained profits	149,944	143,213
Equity attributable to owners of the Company	<u>181,361</u>	<u>169,063</u>
Non-controlling interests	8,353	7,876
Total Equity	<u>189,714</u>	<u>176,939</u>
Non-current liabilities		
Borrowings	5,025	5,463
Deferred tax liabilities	2,683	2,721
	<u>7,708</u>	<u>8,184</u>
Current liabilities		
Amount owing to contract customers	53,836	44,153
Trade payables	32,790	27,735
Other payables and accruals	13,406	12,383
Short-term borrowings	3,882	2,937
Current tax liabilities	100	3
Derivative liabilities	-	799
	<u>104,014</u>	<u>88,010</u>
TOTAL LIABILITIES	<u>111,722</u>	<u>96,194</u>
TOTAL EQUITY AND LIABILITIES	<u><u>301,436</u></u>	<u><u>273,133</u></u>
Net assets per share attributable to owners of the Company (RM)	0.35	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 3rd Quarter Ended 31 December 2017

Unaudited Condensed Consolidated Statement of Cash Flows

	Current Year to Date 31-Dec-2017 RM'000	Preceding Year Corresponding Period 31-Dec-2016 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	20,026	22,155
Adjustments for :		
Allowance for impairment losses on trade receivables	2,156	3,745
Bad debts written off	18	235
Equipment written off	3	9
Depreciation of property, plant and equipment	3,338	3,336
Depreciation of investment property	98	98
Interest expenses	317	359
Inventories written off	482	411
Unrealised loss/(gain) on foreign exchange	1,630	(4,292)
Fair value loss on derivatives	1,397	4,605
Gain on disposal of equipment	(150)	(220)
Loss on disposal of equipment	8	-
Interest income	(1,712)	(981)
Write-back of allowance for impairment losses on trade receivables	(2,764)	(2,769)
Operating profit before working capital changes	24,847	26,691
(Increase)/Decrease in amount owing by contract customers	(4,627)	14,464
Increase in inventories	(41)	(585)
(Increase)/Decrease in trade and other receivables	(733)	31,451
Increase in trade and other payables	6,332	1,043
Increase in amount owing to contract customers	9,683	6,867
Cash from operations	35,461	79,931
Interest paid	(317)	(359)
Income tax paid	(5,822)	(4,607)
Net cash from operating activities	29,322	74,965
CASH FLOW FROM INVESTING ACTIVITIES		
Net cash outflow from disposal of subsidiaries	(2)	-
Proceeds from disposal of equipment	167	220
Purchase of property, plant and equipment	(862)	(590)
Interest received	1,712	981
Net cash from investing activities	1,015	611
CASH FLOW FOR FINANCING ACTIVITIES		
Repayment of term loan	(303)	(315)
Repayment of hire purchase obligations	(329)	(315)
Drawdown/(Repayment) of bankers' acceptances	953	(1,328)
Repayment of revolving credits	-	(15,000)
Issuance of shares to non-controlling interests	-	60
Acquisition of non-controlling interests	-	(1,045)
Dividends paid	(7,740)	(7,740)
Net cash for financing activities	(7,419)	(25,683)
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,918	49,893
EFFECTS OF FOREIGN EXCHANGE	(323)	733
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	64,075	26,311
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	86,670	76,937
CASH AND CASH EQUIVALENTS COMPRISE		
Liquid Investments	61,044	55,289
Cash and bank balances	25,626	21,648
	86,670	76,937

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

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Unaudited Condensed Consolidated Statements of Changes in Equity

	← Attributable to owners of the Company →						Non Controlling Interests RM'000	Total Equity RM'000
	← Non-distributable →			Distributable				
	Share Capital RM'000	Cash Flow Hedge Reserve RM'000	Merger Deficit RM'000	Foreign Currency Translation Reserve RM'000	Retained Profits RM'000	Total 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	-	-	-	-	14,471	14,471	508	14,979
Other comprehensive income for the financial period:								
Cash flow hedge	-	5,635	-	-	-	5,635	-	5,635
Foreign currency translation differences for foreign operation	-	-	-	(68)	-	(68)	-	(68)
Total comprehensive income for the financial period	-	5,635	-	(68)	14,471	20,038	508	20,546
Transactions with owners of the Company:								
- Distribution of dividends	-	-	-	-	(7,740)	(7,740)	-	(7,740)
Total transactions with owners	-	-	-	-	(7,740)	(7,740)	-	(7,740)
Disposal of subsidiaries	-	-	-	-	-	-	(31)	(31)
Balance at 31/12/2017	51,600	1,600	(21,810)	27	149,944	181,361	8,353	189,714
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	-	-	-	-	16,567	16,567	382	16,949
Other comprehensive income for the financial period:								
Cash flow hedge	-	(8,455)	-	-	-	(8,455)	-	(8,455)
Foreign currency translation differences for foreign operation	-	-	-	103	-	103	-	103
Total comprehensive income for the financial period	-	(8,455)	-	103	16,567	8,215	382	8,597
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)
Changes in ownership interests in a subsidiary	-	-	-	-	(137)	(137)	(908)	(1,045)
Balance at 31/12/2016	51,600	(4,567)	(21,810)	92	136,673	161,988	7,507	169,495

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

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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.



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7. Dividend

There was no dividend declared and paid during the current quarter under review.

8. Segmental Reporting

9- MONTHS FINANCIAL PERIOD ENDED 31-DEC 2017

	BIO-ENERGY SYSTEMS *	WATER TREATMENT ^	GROUP
	RM'000	RM'000	RM'000
<u>REVENUE</u>			
External sales	136,716	21,102	157,818
<u>RESULTS</u>			
Segments results	18,331	2,012	20,343
Finance costs			(317)
Profit before taxation			20,026
Income tax expense			(5,047)
Consolidated Profit after taxation			14,979

* 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.

	Current year Quarter 31-Dec 2017 RM'000	Current Year to-Date 31-Dec 2017 RM'000
Local	26,268	73,261
Export	30,312	84,557
Total	56,580	157,818

9. Changes in the Composition of the Group

Teknologi Enviro-Kimia (M) Sdn Bhd, a 60.23% owned subsidiary of the Group, has on 22 November 2017 entered into share sale agreements for the disposal of its entire shareholdings in two dormant subsidiaries as below:-

- (i) Disposal of 55,000 ordinary shares representing 55% of the issued and paid up share capital in Tekflow Engineering Sdn Bhd for a total cash consideration of RM37,618.66; and
- (ii) Disposal of 45,000 ordinary shares representing 100% of the issued and paid up share capital in T.E.K. Specialties Sdn Bhd for a total cash consideration of RM71,439.35.

Other than the above, there were no other changes in the composition of the Group during the quarter under review.



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10. Contingent Liabilities

	Current Year to-Date 31-DEC 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 31-DEC 2017 RM'000
Purchase of Property, plant and equipment	
Approved and contracted for	<u>1,094</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.

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 31-DEC 2017 RM'000
Sales to related parties	3,704
Purchase from related party	<u>112</u>



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

1. Review of Performance

	Individual Quarter			Cumulative Quarters		
	Current year Quarter 3	Preceding year Quarter 3	Variance	Current year Quarter 3	Preceding year Quarter 3	Variance
	1.10.17 to 31.12.17	1.10.16 to 31.12.16		1.4.17 to 31.12.17	1.4.16 to 31.12.16	
	Revenue	Revenue		Revenue	Revenue	
RM'000	RM'000	%	RM'000	RM'000	%	
Bio-Energy Systems	48,436	55,148	(12.2%)	136,716	159,404	(14.2%)
Water Treatment	8,144	7,666	6.2%	21,102	19,604	7.6%
Total	56,580	62,814	(9.9%)	157,818	179,008	(11.8%)

	Individual Quarter			Cumulative Quarters		
	Current year Quarter 3	Preceding year Quarter 3	Variance	Current year to date Quarter 3	Preceding year to date Quarter 3	Variance
	1.10.17 to 31.12.17	1.10.16 to 31.12.16		1.4.17 to 31.12.17	1.4.16 to 31.12.16	
	Profit Before Tax	Profit Before Tax		Profit Before Tax	Profit Before Tax	
RM'000	RM'000	%	RM'000	RM'000	%	
Bio-Energy Systems	6,089	8,035	(24.2%)	18,332	21,096	(13.1%)
Water Treatment	1,108	474	133.9%	1,694	1,059	59.9%
Total	7,197	8,509	(15.4%)	20,026	22,155	(9.6%)

The Group registered revenue of RM56.58 million and RM 157.82 million in the current quarter and current year to date under review respectively. The revenue in the current quarter and current year to date decreased by 9.9% and 11.8% respectively.

The PBT in the current quarter and current year to date decreased by 15.4% and 9.6% respectively.

Bio-Energy Segment

The revenue in the current quarter and current year to date decreased by 12.2% and 14.2% respectively. This was due to lower delivery as a results of lower sales order secured in previous year.

The PBT in the current quarter and current year to date decreased by 24.2% and 13.1% respectively in line with the decline in revenue and gross profit.

Water Treatment Segment

The revenue in the current quarter and current year to date increased by 6.2% and 7.6% respectively. This was due to the increase of trading sales in current quarter and current year to date.

The PBT in the current quarter and current year to date increased by 133.9% and 59.9% respectively in line with the increase of revenue.



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2. Material Changes To The Results Of The Preceding Quarter

Individual Quarter	Current year Quarter 3 (3 Months)	Current year Quarter 2 (3 Months)	Variance	Current year Quarter 3 (3 Months)	Current year Quarter 2 (3 Months)	Variance
	1.10.17 to 31.12.17	1.7.17 to 30.9.17		1.10.17 to 31.12.17	1.7.17 to 30.9.17	
	Revenue	Revenue		Profit Before Tax	Profit Before Tax	
	RM'000	RM'000	%	RM'000	RM'000	%
Bio-Energy Systems	48,436	48,957	(1.1%)	6,089	6,225	(2.2%)
Water Treatment	8,144	6,846	18.9%	1,108	311	256.1%
Total	56,580	55,803	1.4%	7,197	6,536	10.1%

The revenue in the current quarter slightly improved by 1.4%, as compared to the preceding quarter. The PBT in the current quarter increased by 10.1%

Bio-Energy Segment

The revenue in the current quarter slightly decreased by 1.1%, as compared to the preceding quarter. Meanwhile, the PBT is slightly decrease by 2.2%, as compared to the preceding quarter.

Water Treatment Segment

The revenue in the current quarter increased by 18.9% as compared to the preceding quarter. This was mainly due to the increase in project sales from orders secured in the first half of the financial year. In line with the increase of the revenue in current quarter, the PBT increased by 256.1%, as compared to the preceding quarter.



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3. Prospects

The order book has improved and the Board is optimistic on the prospect of the Group.

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 31-DEC 2017 RM'000	Current Year to-Date 31-DEC 2017 RM'000
Current tax	(1,842)	(5,047)

6. Status of Corporate Proposals

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

7. Borrowings

	As at 31-DEC 2017 RM'000	As at 31-MAR 2017 RM'000
Short term borrowings:-		
<u>Secured</u>		
Banker Acceptance	1,583	630
Revolving Credit	1,500	1,500
Hire Purchase Creditor (Short Term)	388	400
Term Loan (Short Term)	411	407
	<u>3,882</u>	<u>2,937</u>
Long term borrowings:-		
<u>Secured</u>		
Hire Purchase Creditor (Long Term)	548	679
Term Loan (Long Term)	4,477	4,784
	<u>5,025</u>	<u>5,463</u>
Total borrowings	<u>8,907</u>	<u>8,400</u>



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7. Borrowings (cont'd)

The Group borrowings consist of :-

	As at 31-DEC 2017 RM'000	As at 31-MAR 2017 RM'000
Fixed rate	4,019	3,209
Floating rate	4,888	5,191
	8,907	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.

9. Dividend

There was no dividend declared and paid during the current quarter under review.

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 31-DEC 2017	Preceding Year Corresponding Quarter 31-DEC 2016	Current Year to-date 31-DEC 2017	Preceding Year Corresponding Period 31-DEC 2016
Profit after Taxation attributable to owners of the Company (RM'000)	5,003	6,457	14,471	16,567
Weighted average number of ordinary shares in issue ('000)	516,000	516,000	516,000	516,000
Basic earnings per share (sen)	0.97	1.25	2.80	3.21

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.



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11. Trade Receivables

	As at 31-DEC 2017 RM'000	As at 31-MAR 2017 RM'000
Trade receivables	51,912	56,124
Retention receivables	5,575	4,563
	<u>57,487</u>	<u>60,687</u>
Allowance for impairment loss	(6,522)	(7,130)
	<u>50,965</u>	<u>53,557</u>

The ageing analysis of the Group is as follows:-

	As at 31-DEC 2017 RM'000	As at 31-MAR 2017 RM'000
Neither past due nor impaired	18,563	25,203
Past due but not impaired		
1 – 30 days	10,836	7,545
More than 30 days	21,566	20,809
	<u>32,402</u>	<u>28,354</u>
Past due and impaired	6,522	7,130
	<u>57,487</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 1,562,282 owing by the related parties.

12. Realised and Unrealised profits

Total retained profit of the Group :

	As at 31-DEC 2017 RM'000
- Realised	148,590
- Unrealised	1,354
	<u>149,944</u>
Total group retained profits as per consolidated accounts	<u>149,944</u>



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

Income / (Expenses)	Current Year Quarter 31-DEC 2017 RM'000	Current Year to-Date 31-DEC 2017 RM'000
Interest income	535	1,712
Other income including investment income	100	324
Interest expense	(108)	(317)
Depreciation and amortisation	(1,125)	(3,436)
(Provision for) / Reversal of and (write off) of receivables	(639)	590
Provision for and write off of inventories	(81)	(482)
Gain or (loss) on disposal and (write off) of equipment	91	139
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	1,092	946
Gain or (loss) on derivatives	(724)	(1,397)
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 13 February 2018.