



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

**Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2017**

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 30-Jun-2017 RM'000</b>	<b>Preceding Year Corresponding Quarter 30-Jun-2016 RM'000</b>	<b>Current Year to Date 30-Jun-2017 RM'000</b>	<b>Preceding Year Corresponding Period 30-Jun-2016 RM'000</b>
Revenue	45,435	61,720	45,435	61,720
Cost of sales	(34,402)	(48,420)	(34,402)	(48,420)
Gross profit	11,033	13,300	11,033	13,300
Other operating income and expenses	(4,639)	(4,427)	(4,639)	(4,427)
Finance costs	(101)	(208)	(101)	(208)
Profit before taxation	6,293	8,665	6,293	8,665
Income tax expense	(1,552)	(2,067)	(1,552)	(2,067)
Profit after taxation	4,741	6,598	4,741	6,598
Other Comprehensive Income, Net of Tax				
- Foreign currency translation differences for foreign operation	(27)	31	(27)	31
- Cash flow hedge	1,280	(3,966)	1,280	(3,966)
	1,253	(3,935)	1,253	(3,935)
Total Comprehensive Income	5,994	2,663	5,994	2,663
Profit after taxation attributable to :				
Owners of the Company	4,666	6,435	4,666	6,435
Non-controlling interest	75	163	75	163
	4,741	6,598	4,741	6,598
Total comprehensive income attributable to :				
Owners of the Company	5,919	2,500	5,919	2,500
Non-controlling interest	75	163	75	163
	5,994	2,663	5,994	2,663
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)	0.90	1.25	0.90	1.25
Diluted (sen)	0.90	1.25	0.90	1.25

**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.



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**Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2017**

**Unaudited Condensed Consolidated Statement of Financial Position**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>30-Jun-2017</b>	<b>31-Mar-2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	79,356	80,076
Investment property	6,420	6,452
Deferred tax assets	586	432
Goodwill	3,931	3,931
	<hr/>	<hr/>
	90,293	90,891
<b>Current assets</b>		
Inventories	29,263	29,149
Amount owing by contract customers	29,808	27,916
Trade receivables	54,877	53,557
Other receivables, deposits and prepayments	3,904	5,179
Current tax assets	2,649	2,366
Derivative assets	1,136	-
Liquid investments	51,585	47,508
Fixed deposit with a licensed bank	-	-
Cash and bank balance	17,009	16,567
	<hr/>	<hr/>
	190,231	182,242
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>280,524</b>	<b>273,133</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	51,600	51,600
Cash flow hedge reserve	(2,755)	(4,035)
Merger deficit	(21,810)	(21,810)
Foreign currency translation reserve	68	95
Retained profits	147,879	143,213
	<hr/>	<hr/>
<b>Equity attributable to owners of the Company</b>	<b>174,982</b>	<b>169,063</b>
Non-controlling interests	7,951	7,876
	<hr/>	<hr/>
<b>Total Equity</b>	<b>182,933</b>	<b>176,939</b>
<b>Non-current liabilities</b>		
Borrowings	5,419	5,463
Deferred tax liabilities	2,733	2,721
	<hr/>	<hr/>
	8,152	8,184
<b>Current liabilities</b>		
Amount owing to contract customers	47,531	44,153
Trade payables	25,258	27,735
Other payables and accruals	13,591	12,383
Short-term borrowings	3,059	2,937
Current tax liabilities	-	3
Derivative liabilities	-	799
	<hr/>	<hr/>
	89,439	88,010
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>97,591</b>	<b>96,194</b>
	<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>280,524</b>	<b>273,133</b>
	<hr/>	<hr/>
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.



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**Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2017**

**Unaudited Condensed Consolidated Statement of Cash Flows**

	<b>Current Year to Date 30-Jun-2017 RM'000</b>	<b>Preceding Year Corresponding Period 30-Jun-2016 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	6,293	8,665
Adjustments for :		
Allowance for impairment losses on trade receivables	824	2,047
Bad debts written off	-	201
Equipment written off	3	-
Depreciation of property, plant and equipment	1,122	1,115
Depreciation of investment property	32	32
Interest expenses	101	208
Inventories written off	197	75
Unrealised loss/(gain) on foreign exchange	504	(2,397)
Fair value (gain)/loss on derivatives	(655)	2,905
Gain on disposal of equipment	(49)	(4)
Interest income	(411)	(203)
Write-back of allowance for impairment losses on trade receivables	(1,740)	(727)
Operating profit before working capital changes	6,221	11,917
(Increase)/Decrease in amount owing by contract customers	(1,892)	11,376
(Increase)/Decrease in inventories	(308)	615
Decrease in trade and other receivables	269	31,826
(Decrease)/Increase in trade and other payables	(1,198)	2,165
Increase/(Decrease) in amount owing to contract customers	3,378	(2,818)
Cash from operations	6,470	55,081
Interest paid	(101)	(208)
Income tax paid	(1,980)	(2,238)
<b>Net cash from operating activities</b>	<b>4,389</b>	<b>52,635</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of equipment	74	4
Purchase of property, plant and equipment	(248)	(141)
Interest received	411	203
<b>Net cash from investing activities</b>	<b>237</b>	<b>66</b>
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>		
Repayment of term loan	(100)	(100)
Repayment of hire purchase obligations	(110)	(104)
Drawdown/(Repayment) of bankers' acceptances	102	(1,044)
Repayment of revolving credits	-	(15,000)
<b>Net cash for financing activities</b>	<b>(108)</b>	<b>(16,248)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>4,518</b>	<b>36,453</b>
<b>EFFECTS OF FOREIGN EXCHANGE</b>	<b>1</b>	<b>159</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>64,075</b>	<b>26,311</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>68,594</b>	<b>62,923</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Liquid Investments	51,585	34,776
Cash and bank balances	17,009	28,147
	<b>68,594</b>	<b>62,923</b>

**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.



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**Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 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	-	-	-	-	4,666	4,666	75	4,741
Other comprehensive income for the financial period:								
Cash flow hedge	-	1,280	-	-	-	1,280	-	1,280
Foreign currency translation differences for foreign operation	-	-	-	(27)	-	(27)	-	(27)
Total comprehensive income for the financial period	-	1,280	-	(27)	4,666	5,919	75	5,994
<b>Balance at 30/6/2017</b>	<b>51,600</b>	<b>(2,755)</b>	<b>(21,810)</b>	<b>68</b>	<b>147,879</b>	<b>174,982</b>	<b>7,951</b>	<b>182,933</b>
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	-	-	-	-	6,435	6,435	163	6,598
Other comprehensive income for the financial period:								
Cash flow hedge	-	(3,966)	-	-	-	(3,966)	-	(3,966)
Foreign currency translation differences for foreign operation	-	-	-	31	-	31	-	31
Total comprehensive income for the financial period	-	(3,966)	-	31	6,435	2,500	163	2,663
<b>Balance at 30/6/2016</b>	<b>51,600</b>	<b>(78)</b>	<b>(21,810)</b>	<b>20</b>	<b>134,418</b>	<b>164,150</b>	<b>8,136</b>	<b>172,286</b>

**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.



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 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.



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2017

### 7. Dividend

On 24 May 2017, the Board of Directors proposed a final single tier dividend of 1.50 sen per ordinary share amounting to RM7,740,000 in respect of FYE 31 March 2017 subject to approval from shareholders at the forthcoming Annual General Meeting.

### 8. Segmental Reporting

	3- MONTHS FINANCIAL PERIOD ENDED 30-JUNE 2017			
	BIO-ENERGY SYSTEMS *	WATER TREATMENT ^	OTHERS	GROUP
	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>				
External sales	39,763	5,672	-	45,435
Inter-segment sales	-	440	-	440
	<u>39,763</u>	<u>6,112</u>	<u>-</u>	<u>45,875</u>
Adjustments and eliminations				<u>(440)</u>
Consolidated revenue				45,435
<b>RESULTS</b>				
Segments results	6,279	376	(261)	6,394
Finance costs				<u>(101)</u>
Profit before taxation				6,293
Income tax expense				<u>(1,552)</u>
Consolidated Profit after taxation				<u>4,741</u>

\* 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.

### Geographical Segments for Revenue

	Current year Quarter 30-JUNE 2017 RM'000	Current Year to-Date 30-JUNE 2017 RM'000
Local	19,886	19,886
Export	25,549	25,549
Total	<u>45,435</u>	<u>45,435</u>



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2017

### 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

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

### 11. Capital Commitments

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

	<b>Current Year to-Date 30-JUNE 2017 RM'000</b>
<b>Purchase of Property, plant and equipment</b>	
Approved and contracted for	<u>179</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.

	<b>Current Year to-Date 30-JUNE 2017 RM'000</b>
Sales to related parties	1,284
Purchase from related party	<u>52</u>



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2017

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

#### 1. Review of Performance

Individual Quarters	Current year Quarter 1	Preceding year Quarter 1	Variance	Variance
	30 June 2017	30 June 2016		
	RM'000	RM'000	RM'000	%
Revenue	45,435	61,720	(16,285)	(26.4%)
PBT	6,293	8,665	(2,372)	(27.4%)
PBT Margin (%)	13.9%	14.0%		

For the current quarter and current year to date under review, the Group registered revenue of RM45.44 million.

The revenue in current quarter decreased by RM16.29 million, representing a decrease of 26.4%, as compared to the revenue achieved in the preceding year corresponding quarter. The decrease in revenue was mainly due to the decrease in project activity affected by market condition and the slowdown in palm oil industry.

The PBT in current quarter decreased by RM2.37 million, representing a decrease of 27.4%, as compared to the preceding year corresponding quarter.

PBT margin for current quarter stood at 13.9%, close to the 14.0% PBT margin in the preceding year corresponding quarter.

#### 2. Material Changes To The Results Of The Preceding Quarter

Individual Quarter	Current year Quarter 1 (3 Months)	Preceding year Quarter 4 (3 Months)	Variance	Variance
	30 June 2017	31 March 2017		
	RM'000	RM'000	RM'000	%
Revenue	45,435	58,182	(12,747)	(21.9%)
PBT	6,293	10,235	(3,942)	(38.5%)
PBT Margin (%)	13.9%	17.6%		

The Revenue in current quarter was lower by RM12.75 million, representing a decrease of 21.9%, as compared to the preceding quarter. This was due to the decrease in project activity.

As a result of lower revenue, the PBT in current quarter decreased by RM3.94 million as compared to the preceding quarter. PBT margin was lower at 13.9% as compared to 17.6% in the preceding quarter.





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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2017

### 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-JUNE 2017 RM'000	Current Year to-Date 30-JUNE 2017 RM'000
Current tax	(1,552)	(1,552)

### 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

	<u>Secured / Unsecured</u>	RM'000
Short term borrowing:-		
Banker Acceptance	Secured	732
Revolving Credit	Secured	1,500
Hire Purchase Creditor (Short Term)	Secured	418
Term Loan (Short Term)	Secured	409
		<u>3,059</u>
Long term borrowing:-		
Hire Purchase Creditor (Long Term)	Secured	737
Term Loan (Long Term)	Secured	4,682
		<u>5,419</u>

### 8. Material Litigation

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



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2017

### 9. Dividend

On 24 May 2017, the Board of Directors proposed a final single tier dividend of 1.50 sen per ordinary share amounting to RM7,740,000 in respect of FYE 31 March 2017 subject to approval from shareholders at the forthcoming Annual General Meeting.

### 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-June-2017	Preceding Year Corresponding Quarter 30-June-2016	Current Year to-date 30-June-2017	Preceding Year Corresponding Period 30-June-2016
Profit after Taxation attributable to owners of the Company (RM'000)	4,666	6,435	4,666	6,435
Weighted average number of ordinary shares in issue ('000)	516,000	516,000	516,000	516,000
Basic earnings per share (sen)	0.90	1.25	0.90	1.25

#### ii. Diluted

The Company does not have any convertible share or convertible financial instruments for the current quarter under review and financial year to-date.

### 11. Realised and Unrealised profits

Total retained profit of the Group :

	As at 30-JUNE 2017 RM'000
- Realised	143,465
- Unrealised	4,414
Total group retained profits as per consolidated accounts	147,879



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2017

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

Income / (Expenses)	Current Year Quarter 30-JUNE 2017 RM'000	Current Year to-Date 30-JUNE 2017 RM'000
Interest income	411	411
Other income including investment income	118	118
Interest expense	(101)	(101)
Depreciation and amortisation	(1,154)	(1,154)
(Provision for) / Reversal of and (write off) of receivables	916	916
Provision for and write off of inventories	(197)	(197)
Gain or (loss) on disposal and write off of equipment	46	46
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	(757)	(757)
Gain or (loss) on derivatives	654	654
Exceptional Items (with details)	Not Applicable	Not Applicable

### 13. 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 August 2017.