



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

**Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2016**

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Current Year Quarter 31-Dec-2016 RM'000</b>	<b>Preceding Year Corresponding Quarter 31-Dec-2015 RM'000</b>	<b>Current Year to Date 31-Dec-2016 RM'000</b>	<b>Preceding Year Corresponding Period 31-Dec-2015 RM'000</b>
Revenue	62,814	63,478	179,008	192,633
Cost of sales	(47,113)	(47,046)	(140,446)	(135,386)
Gross profit	15,701	16,432	38,562	57,247
Other operating income and expenses	(7,112)	(9,047)	(16,048)	(24,283)
Finance costs	(80)	(29)	(359)	(42)
Profit before taxation	8,509	7,356	22,155	32,922
Income tax expense	(1,883)	(766)	(5,206)	(6,775)
Profit after taxation	6,626	6,590	16,949	26,147
Other Comprehensive Income, Net of Tax				
- Foreign currency translation differences for foreign operation	36	19	103	60
- Cash flow hedge	(2,901)	8,022	(8,455)	1,630
	(2,865)	8,041	(8,352)	1,690
Total Comprehensive Income	3,761	14,631	8,597	27,837
Profit after taxation attributable to :				
Owners of the Company	6,457	6,590	16,567	26,147
Non-controlling interest	169	-	382	-
	6,626	6,590	16,949	26,147
Total comprehensive income attributable to :				
Owners of the Company	3,592	14,631	8,215	27,837
Non-controlling interest	169	-	382	-
	3,761	14,631	8,597	27,837
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)	1.25	1.28	3.21	5.07
Diluted (sen)	N/A	N/A	N/A	N/A

**Notes :**

N/A - Not applicable

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 2016 and the accompanying explanatory notes attached to this interim financial statements.



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**(Incorporated in Malaysia)**

**Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2016**

**Unaudited Condensed Consolidated Statement of Financial Position**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>31-Dec-2016</b>	<b>31-Mar-2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	80,523	83,264
Investment property	6,485	6,583
Deferred tax assets	537	512
Goodwill	3,931	3,931
	<u>91,476</u>	<u>94,290</u>
<b>Current assets</b>		
Inventories	32,036	31,862
Amount owing by contract customers	24,866	39,330
Trade receivables	64,256	93,567
Other receivables, deposits and prepayments	6,017	5,130
Current tax assets	1,323	1,741
Derivative assets	-	6,757
Liquid investments	55,289	15,426
Fixed deposit with a licensed bank	-	121
Cash and bank balance	21,648	10,764
	<u>205,435</u>	<u>204,698</u>
<b>TOTAL ASSETS</b>	<u><u>296,911</u></u>	<u><u>298,988</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	51,600	51,600
Cash flow hedge reserve	(4,567)	3,888
Merger deficit	(21,810)	(21,810)
Foreign currency translation reserve	92	(11)
Retained profits	136,673	127,983
<b>Equity attributable to owners of the Company</b>	<u>161,988</u>	<u>161,650</u>
Non-controlling interests	7,507	7,973
<b>Total Equity</b>	<u>169,495</u>	<u>169,623</u>
<b>Non-current liabilities</b>		
Borrowings	5,488	6,048
Deferred tax liabilities	1,540	1,470
	<u>7,028</u>	<u>7,518</u>
<b>Current liabilities</b>		
Amount owing to contract customers	60,675	53,808
Trade payables	36,509	40,426
Other payables and accruals	15,369	9,833
Short-term borrowings	1,320	17,718
Current tax liabilities	212	62
Derivative liabilities	6,303	-
	<u>120,388</u>	<u>121,847</u>
<b>TOTAL LIABILITIES</b>	<u>127,416</u>	<u>129,365</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>296,911</u></u>	<u><u>298,988</u></u>
Net assets per share attributable to owners of the Company (RM) #	0.31	0.31

**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 2016 and the accompanying explanatory notes attached to this interim financial statements.



**BOILERMECH HOLDINGS BERHAD**

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**Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2016**

**Unaudited Condensed Consolidated Statement of Cash Flows**

	<b>Current Year to Date 31-Dec-2016 RM'000</b>	<b>Preceding Year Corresponding Period 31-Dec-2015 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	22,155	32,922
Adjustments for :		
Allowance for impairment losses on trade receivables	3,745	2,202
Bad debts written off	235	-
Equipment written off	9	-
Depreciation of property, plant and equipment	3,336	2,705
Depreciation of investment property	98	-
Interest expenses	359	42
Inventories written off	411	-
Unrealised gain on foreign exchange	(4,292)	(166)
Fair value loss on derivatives	4,605	390
Gain on disposal of equipment	(220)	-
Interest income	(981)	(368)
Write-back of allowance for impairment losses on trade receivables	(2,769)	(2,825)
Operating profit before working capital changes	26,691	34,902
Decrease/(Increase) in amount owing by contract customers	14,464	(4,540)
Increase in inventories	(585)	(4,553)
Decrease/(Increase) in trade and other receivables	31,451	(7,933)
(Decrease)/Increase in trade and other payables	1,043	(208)
Increase in amount owing to contract customers	6,867	6,881
Cash from operations	79,931	24,549
Interest paid	(359)	(42)
Income tax paid	(4,607)	(6,364)
<b>Net cash from operating activities</b>	<b>74,965</b>	<b>18,143</b>
<b>CASH FLOW FROM / (FOR) INVESTING ACTIVITIES</b>		
Proceeds from disposal of equipment	220	-
Purchase of property, plant and equipment	(590)	(2,206)
Interest received	981	368
<b>Net cash from / (for) investing activities</b>	<b>611</b>	<b>(1,838)</b>
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>		
Repayment of term loan	(315)	-
Repayment of hire purchase obligations	(315)	-
Repayment of bankers' acceptances	(1,328)	-
(Repayment) / Drawdown of revolving credits	(15,000)	1,000
Issuance of shares to non-controlling interests	60	-
Acquisition of non-controlling interests	(1,045)	-
Dividends paid	(7,740)	(9,030)
<b>Net cash for financing activities</b>	<b>(25,683)</b>	<b>(8,030)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>49,893</b>	<b>8,275</b>
<b>EFFECTS OF FOREIGN EXCHANGE</b>	<b>733</b>	<b>196</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>26,311</b>	<b>26,581</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>76,937</b>	<b>35,052</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Liquid Investments	55,289	10,395
Cash and bank balances	21,648	24,657
	<b>76,937</b>	<b>35,052</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 2016 and the accompanying explanatory notes attached to this interim financial statements.



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**Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2016**

**Unaudited Condensed Consolidated Statements of Changes in Equity**

	← Attributable to owners of the Company →					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	Distributable Retained Profits RM'000			
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)
<b>Balance at 31/12/2016</b>	<b>51,600</b>	<b>(4,567)</b>	<b>(21,810)</b>	<b>92</b>	<b>136,673</b>	<b>161,988</b>	<b>7,507</b>	<b>169,495</b>
Balance at 1/4/2015	51,600	(4,774)	(21,810)	(22)	106,246	131,240	-	131,240
Profit after taxation for the financial period	-	-	-	-	26,147	26,147	-	26,147
Other comprehensive income for the financial period:								
Cash flow hedge	-	1,630	-	-	-	1,630	-	1,630
Foreign currency translation differences for foreign operation	-	-	-	60	-	60	-	60
Total comprehensive income for the financial period	-	1,630	-	60	26,147	27,837	-	27,837
Distributions to owners of the Company:								
Dividends	-	-	-	-	(9,030)	(9,030)	-	(9,030)
Total transactions with owners	-	-	-	-	(9,030)	(9,030)	-	(9,030)
<b>Balance at 31/12/2015</b>	<b>51,600</b>	<b>(3,144)</b>	<b>(21,810)</b>	<b>38</b>	<b>123,363</b>	<b>150,047</b>	<b>-</b>	<b>150,047</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 2016 and the accompanying explanatory notes attached to this interim financial statements.



# BOILERMECH HOLDINGS BERHAD

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## Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2016

### 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 2016 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 2016 was not subject to any qualification.

#### 3. Seasonal or Cyclical Factors

The Group’s business operations were not significantly affected by any major seasonal or cyclical factors.

#### 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 3rd Quarter Ended 31 December 2016

### 7. Dividend

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

### 8. Segmental Reporting

	9- MONTHS FINANCIAL PERIOD ENDED 31-DECEMBER 2016			
	BIO-ENERGY SYSTEMS *	WATER TREATMENT	OTHERS	GROUP
	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>				
External sales	159,435	19,573	-	179,008
Inter-segment sales	-	31	-	31
	<u>159,435</u>	<u>19,604</u>	<u>-</u>	<u>179,039</u>
Adjustments and eliminations				<u>(31)</u>
Consolidated revenue				<u>179,008</u>
<b>RESULTS</b>				
Segments results	21,994	1,303	(783)	22,514
Finance costs				<u>(359)</u>
Profit before taxation				22,155
Income tax expense				<u>(5,206)</u>
Consolidated Profit after taxation				<u>16,949</u>

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

### Geographical Segments for Revenue

	Current year Quarter 31-Dec 2016 RM'000	Current Year to-Date 31-Dec 2016 RM'000
Local	22,124	72,064
Export	40,690	106,944
Total	<u>62,814</u>	<u>179,008</u>



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## Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2016

### 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 31-DEC 2016 RM'000</b>
<b>Company</b>	
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary	<u>55,669</u>

### 11. Capital Commitments

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

	<b>Current Year to-Date 31-DEC 2016 RM'000</b>
<b>Purchase of Property, plant and equipment</b>	
Approved and contracted for	<u>309</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 31-DEC 2016 RM'000</b>
Sales to related parties	1,131
Purchase from related party	<u>254</u>



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## Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2016

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

#### 1. Review of Performance

Individual Quarters	Current year Quarter 3	Preceding year Quarter 3	Variance	Variance
	31 December 2016	31 December 2015		
	RM'000	RM'000	RM'000	%
Revenue	62,814	63,478	(664)	(1.0%)
PBT	8,509	7,356	1,153	15.7%
PBT Margin (%)	13.5%	11.6%		

Cumulative Quarters	Current year to date	Preceding year to date	Variance	Variance
	Quarter 3	Quarter 3		
	31 December 2016	31 December 2015		
	RM'000	RM'000	RM'000	%
Revenue	179,008	192,633	(13,625)	(7.1%)
PBT	22,155	32,922	(10,767)	(32.7%)
PBT Margin (%)	12.4%	17.1%		

For the current quarter and current year to date under review, the Group registered revenue of RM62.81 million and RM179.01 million respectively.

The revenue in current quarter decreased by RM0.66 million, representing a decrease of 1.0%, as compared to the revenue achieved in the preceding year corresponding quarter. The revenue in current year to date decreased by RM13.62 million, representing a decrease of 7.1%. The decrease in revenue was mainly due to the decrease in activity levels affected by current market condition and the slowdown in palm oil industry.

The PBT in current quarter increased by RM1.15 million, which represents an increase of 15.7%, as compared to the preceding year corresponding quarter while the PBT on current year to date reduced by RM10.76 million, which represents a decrease of 32.7% as compared to the same period of the preceding year corresponding year to date.

PBT margin for current quarter stood at 13.5% as compared to 11.6% PBT margin in the preceding year corresponding quarter. The PBT margin for the current 9 month period stood at 12.4% as compared to the 17.1% recorded for the 9 month period of the preceding year. The PBT margin for current year Quarter 3 were increased by 1.9% due to the impact from foreign exchange differences. The PBT margin for current 9 month period lower by 4.7% as a result of lower project margin due to increased competition.





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## Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2016

### 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	Variance
	31 December 2016	30 September 2016		
	RM'000	RM'000	RM'000	%
Revenue	62,814	54,474	8,340	15.3%
PBT	8,509	4,981	3,528	70.8%
PBT Margin (%)	13.5%	9.1%		

The Revenue in current quarter increased by RM8.34 million, representing an increase of 15.3%, as compared to the preceding quarter. This was due to the increase in activity levels.

The PBT in current quarter increased by RM3.52 million as compared to the preceding quarter. PBT margin improved to 13.5% as compared to 9.1% in preceding quarter which consist of few low margin projects.

### 3. Prospects

Market environment is expected to remain challenging to the group for the rest of the financial 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 31-DEC 2016 RM'000	Current Year to-Date 31-DEC 2016 RM'000
Current tax	(1,883)	(5,206)

The effective tax rates of the Group for the current quarter under review and financial year to-date were lower than the statutory tax rate of 24%. This was mainly due to overprovision of tax in the previous financial year being taken up during the quarter.



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## Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2016

### 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	534
Hire Purchase Creditor (Short Term)	Secured	380
Term Loan (Short Term)	Secured	406
		1,320
		1,320
	<u>Secured / Unsecured</u>	RM'000
Long term borrowing:-		
Hire Purchase Creditor (Long Term)	Secured	601
Term Loan (Long Term)	Secured	4,887
		5,488
		5,488

### 8. Derivatives Financial Instruments

As at 31 December 2016, the Group's outstanding derivatives are as follows:

Type of Derivatives	Contract/Notional Value RM'000	Derivative Liability RM'000
Currency forwards		
- Less than 1 year	90,912	6,303

### 9. Material Litigation

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

### 10. Dividend

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



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## Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2016

### 11. 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-2016	Preceding Year Corresponding Quarter 31-Dec-2015	Current Year to-date 31-Dec-2016	Preceding Year Corresponding Period 31-Dec-2015
Profit after Taxation attributable to owners of the Company (RM'000)	6,457	6,590	16,567	26,147
Weighted average number of ordinary shares in issue ('000)	516,000	516,000	516,000	516,000
Basic earnings per share (sen)	1.25	1.28	3.21	5.07

#### 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.

### 12. Realised and Unrealised profits

Total retained profit of the Group :

	As at 31-DEC 2016 RM'000
- Realised	135,066
- Unrealised	1,607
Total group retained profits as per consolidated accounts	136,673



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## Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2016

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

Income / (Expenses)	Current Year Quarter 31-DEC 2016 RM'000	Current Year to-Date 31-DEC 2016 RM'000
Interest income	391	981
Other income including investment income	128	376
Interest expense	(80)	(359)
Depreciation and amortisation	(1,147)	(3,434)
Provision for / (Reversal of) and write off of receivables	(564)	(1,211)
Provision for and write off of inventories	(218)	(411)
Gain or (loss) on disposal of equipment	205	220
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	(9)
Foreign exchange gain or (loss)	611	7,206
Gain or (loss) on derivatives	(1,145)	(4,605)
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 February 2017.