



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

Unaudited Interim Financial Statements for the 4th Quarter Ended 31 March 2018

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Mar-2018 RM'000	Preceding Year Corresponding Quarter 31-Mar-2017 RM'000	Current Year to Date 31-Mar-2018 RM'000	Preceding Year Corresponding Period 31-Mar-2017 RM'000
Revenue	68,089	58,182	225,907	237,190
Cost of sales	(51,514)	(42,215)	(172,664)	(182,661)
Gross profit	16,575	15,967	53,243	54,529
Other operating income and expenses	(6,303)	(5,612)	(22,628)	(21,660)
Finance costs	(93)	(119)	(410)	(478)
Profit before taxation	10,179	10,236	30,205	32,391
Income tax expense	(3,231)	(3,327)	(8,278)	(8,533)
Profit after taxation	6,948	6,909	21,927	23,858
Other Comprehensive Income, Net of Tax				
- Foreign currency translation differences for foreign operation	10	3	(58)	106
- Cash flow hedge	2,840	532	8,475	(7,923)
	2,850	535	8,417	(7,817)
Total Comprehensive Income	9,798	7,444	30,344	16,041
Profit after taxation attributable to :				
Owners of the Company	6,104	6,486	20,575	23,053
Non-controlling interest	844	423	1,352	805
	6,948	6,909	21,927	23,858
Total comprehensive income attributable to :				
Owners of the Company	8,954	7,021	28,992	15,236
Non-controlling interest	844	423	1,352	805
	9,798	7,444	30,344	16,041
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)	1.18	1.26	3.99	4.47
Diluted (sen)	1.18	1.26	3.99	4.47

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 4th Quarter Ended 31 March 2018

Unaudited Condensed Consolidated Statement of Financial Position

	UNAUDITED	AUDITED
	As at	As at
	31-Mar-2018	31-Mar-2017
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	77,602	80,076
Investment property	6,321	6,452
Deferred tax assets	173	432
Goodwill	3,931	3,931
	<u>88,027</u>	<u>90,891</u>
Current assets		
Inventories	26,955	29,149
Amount owing by contract customers	29,383	27,916
Trade receivables	62,768	53,557
Other receivables, deposits and prepayments	6,910	5,179
Current tax assets	1,191	2,366
Derivative assets	4,673	-
Liquid investments	69,239	47,508
Cash and bank balance	19,291	16,567
	<u>220,410</u>	<u>182,242</u>
TOTAL ASSETS	<u><u>308,437</u></u>	<u><u>273,133</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	51,600	51,600
Cash flow hedge reserve	4,440	(4,035)
Merger deficit	(21,810)	(21,810)
Foreign currency translation reserve	37	95
Retained profits	156,048	143,213
Equity attributable to owners of the Company	<u>190,315</u>	<u>169,063</u>
Non-controlling interests	9,197	7,876
Total Equity	<u>199,512</u>	<u>176,939</u>
Non-current liabilities		
Borrowings	5,114	5,463
Deferred tax liabilities	1,523	2,721
	<u>6,637</u>	<u>8,184</u>
Current liabilities		
Amount owing to contract customers	48,148	44,153
Trade payables	40,491	27,735
Other payables and accruals	10,072	12,383
Short-term borrowings	2,939	2,937
Current tax liabilities	638	3
Derivative liabilities	-	799
	<u>102,288</u>	<u>88,010</u>
TOTAL LIABILITIES	<u>108,925</u>	<u>96,194</u>
TOTAL EQUITY AND LIABILITIES	<u><u>308,437</u></u>	<u><u>273,133</u></u>
Net assets per share attributable to owners of the Company (RM)	0.37	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

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Unaudited Interim Financial Statements for the 4th Quarter Ended 31 March 2018

Unaudited Condensed Consolidated Statement of Cash Flows

	Current Year to Date 31-Mar-2018 RM'000	Preceding Year Corresponding Period 31-Mar-2017 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	30,205	32,391
Adjustments for :		
Allowance for impairment losses on trade receivables	1,074	4,114
Bad debts written off	18	235
Equipment written off	17	14
Depreciation of property, plant and equipment	4,572	4,495
Depreciation of investment property	131	131
Interest expenses	410	478
Inventories written off	521	533
Reversal of inventories previously written down	-	(7)
Unrealised loss/(gain) on foreign exchange	1,676	(3,274)
Fair value loss/(gain) on derivatives	3,003	(367)
Gain on disposal of equipment	(243)	(281)
Interest income	(2,230)	(1,430)
Write-back of allowance for impairment losses on trade receivables	(845)	(2,857)
Operating profit before working capital changes	38,309	34,175
(Increase)/Decrease in amount owing by contract customers	(1,500)	11,413
Decrease in inventories	1,662	2,186
(Increase)/Decrease in trade and other receivables	(12,946)	41,525
Increase/(Decrease) in trade and other payables	10,655	(10,416)
Increase/(Decrease) in amount owing to contract customers	4,170	(9,654)
Cash from operations	40,350	69,229
Interest paid	(410)	(478)
Income tax paid	(7,439)	(7,897)
Net cash from operating activities	32,501	60,854
CASH FLOW FROM/(FOR) INVESTING ACTIVITIES		
Net cash outflow from disposal of subsidiaries	(2)	-
Acquisition of non-controlling interests	-	(1,044)
Proceeds from disposal of equipment	268	362
Purchase of property, plant and equipment	(1,660)	(1,189)
Interest received	2,230	1,430
Net cash from/(for) investing activities	836	(441)
CASH FLOW FOR FINANCING ACTIVITIES		
Repayment of term loan	(405)	(416)
Repayment of hire purchase obligations	(465)	(416)
Drawdown/(Repayment) of bankers' acceptances	27	(1,232)
Repayment of revolving credits	-	(13,500)
Issuance of shares to non-controlling interests	-	60
Dividends paid	(7,740)	(7,740)
Net cash for financing activities	(8,583)	(23,244)
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,754	37,169
EFFECTS OF FOREIGN EXCHANGE	(299)	595
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	64,075	26,311
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	88,530	64,075
CASH AND CASH EQUIVALENTS COMPRISE		
Liquid Investments	69,239	47,508
Cash and bank balances	19,291	16,567
	88,530	64,075

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 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 1/4/2017	51,600	(4,035)	(21,810)	95	143,213	169,063	7,876	176,939
Profit after taxation for the financial period	-	-	-	-	20,575	20,575	1,352	21,927
Other comprehensive income for the financial period:								
Cash flow hedge	-	8,475	-	-	-	8,475	-	8,475
Foreign currency translation differences for foreign operation	-	-	-	(58)	-	(58)	-	(58)
Total comprehensive income for the financial period	-	8,475	-	(58)	20,575	28,992	1,352	30,344
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 31/3/2018	51,600	4,440	(21,810)	37	156,048	190,315	9,197	199,512
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	-	-	-	-	23,053	23,053	805	23,858
Other comprehensive income for the financial period:								
Cash flow hedge	-	(7,923)	-	-	-	(7,923)	-	(7,923)
Foreign currency translation differences for foreign operation	-	-	-	106	-	106	-	106
Total comprehensive income for the financial period	-	(7,923)	-	106	23,053	15,236	805	16,041
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	-	-	-	-	(83)	(83)	(962)	(1,045)
Balance at 31/3/2017	51,600	(4,035)	(21,810)	95	143,213	169,063	7,876	176,939

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

The Board of Directors proposed a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 in respect of FYE 31 March 2018 subject to approval from shareholders at the forthcoming Annual General Meeting.

8. Segmental Reporting

12- MONTHS FINANCIAL PERIOD ENDED 31-MAR 2018

	BIO-ENERGY SYSTEMS *	WATER TREATMENT ^	GROUP
	RM'000	RM'000	RM'000
REVENUE			
External sales	190,713	35,194	225,907
RESULTS			
Segments results	25,917	4,698	30,615
Finance costs			(410)
Profit before taxation			30,205
Income tax expense			(8,278)
Consolidated Profit after taxation			21,927

* 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-MAR 2018 RM'000	Current Year to-Date 31-MAR 2018 RM'000
Local	29,784	103,045
Export	38,305	122,862
Total	68,089	225,907

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 31-MAR 2018 RM'000
Company	
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	94,275



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11. Capital Commitments

There were no significant capital commitments not provided for in the financial statements as at this interim report.

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-MAR 2018 RM'000
Sales to related parties	4,858
Purchase from related party	204



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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 4	Preceding year Quarter 4	Variance	Current year Quarter 4	Preceding year Quarter 4	Variance
	1.1.18 to 31.3.18	1.1.17 to 31.3.17		1.4.17 to 31.3.18	1.4.16 to 31.3.17	
	Revenue	Revenue		Revenue	Revenue	
RM'000	RM'000	%	RM'000	RM'000	%	
Bio-Energy Systems	53,997	47,926	12.7%	190,713	207,329	(8.0%)
Water Treatment	14,092	10,256	37.4%	35,194	29,861	17.9%
Total	68,089	58,182	17.0%	225,907	237,190	(4.8%)

	Individual Quarter			Cumulative Quarters		
	Current year Quarter 4	Preceding year Quarter 4	Variance	Current year to date Quarter 4	Preceding year to date Quarter 4	Variance
	1.1.18 to 31.3.18	1.1.17 to 31.3.17		1.4.17 to 31.3.18	1.4.16 to 31.3.17	
	Profit Before Tax	Profit Before Tax		Profit Before Tax	Profit Before Tax	
RM'000	RM'000	%	RM'000	RM'000	%	
Bio-Energy Systems	7,585	8,545	(11.2%)	25,916	29,640	(12.6%)
Water Treatment	2,594	1,691	53.4%	4,289	2,751	55.9%
Total	10,179	10,236	(0.6%)	30,205	32,391	(6.7%)

The Group registered revenue of RM68.09 million and RM 225.91 million in the current quarter and current year to date under review respectively. The revenue in the current quarter increased by 17.0% while the revenue in the current year to date decreased by 4.8%.

The PBT in the current quarter and the current year to date decreased by 0.6% and 6.7% respectively.

Bio-Energy Segment

The recovery in demand for Bio-Energy products from the palm oil industry in year 2017 has improved our current financial year's order book. The financial impact from these orders started to contribute from Q4 2018 onwards.

As a result, the revenue in the current quarter has increased by 12.7%. However, the revenue in the current year to date has decreased by 8.0% as compared to preceding year to date.

The PBT in the current quarter decreased by 11.2% despite the increase in revenue. The PBT in the current year to date decreased by 12.6% in line with the lower revenue reported. The decrease in PBT in the current quarter and current year to date was partially affected by the accounting treatment of foreign currency differences.



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B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

1. Review of Performance (Cont'd)

Water Treatment Segment

The revenue in the current quarter and current year to date increased by 37.4% and 17.9% respectively.

This was mainly due to the increase of new project order secured during the financial year.

The PBT in the current quarter and current year to date increased by 53.4% and 55.9% respectively in line with the increase of revenue.

2. Material Changes To The Results Of The Preceding Quarter

Individual Quarter	Current year Quarter 4 (3 Months)	Current year Quarter 3 (3 Months)	Variance	Current year Quarter 4 (3 Months)	Current year Quarter 3 (3 Months)	Variance
	1.1.18 to 31.3.18	1.10.17 to 31.12.17		1.1.18 to 31.3.18	1.10.17 to 31.12.17	
	Revenue	Revenue		Profit Before Tax	Profit Before Tax	
	RM'000	RM'000	%	RM'000	RM'000	%
Bio-Energy Systems	53,997	48,436	11.5%	7,585	6,089	24.6%
Water Treatment	14,092	8,144	73.0%	2,594	1,108	134.1%
Total	68,089	56,580	20.3%	10,179	7,197	41.4%

The Group revenue in the current quarter improved by 20.3%, as compared to the preceding quarter. The PBT in the current quarter increased by 41.4%, in line with the increase of the revenue.

Bio-Energy Segment

The revenue in the current quarter increased by 11.5%, as compared to the preceding quarter for the same reason as explained in Note B1.

The PBT in the current quarter has increase by 24.6% in line with the increased in revenue as compared to the preceding quarter

Water Treatment Segment

The revenue in the current quarter increased by 73.0% as compared to the preceding quarter. This was mainly due to the increase in project sales. In line with the increase of the revenue in current quarter, the PBT increased by 134.1%, as compared to the preceding quarter.



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3. Prospects

Despite the challenging business operating environment, with the improvement of order book and new business venture in current financial year, the Board is optimistic with the performance in next 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-MAR 2018 RM'000	Current Year to-Date 31-MAR 2018 RM'000
Current tax	(3,231)	(8,278)

The effective tax rates of the Group for the current quarter under review and financial year to-date were 31% and 27% respectively. The effective tax rate were higher than the statutory tax rate of 24% due to certain expenses which are not deductible for tax purposes.

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-MAR 2018 RM'000	As at 31-MAR 2017 RM'000
Short term borrowings:-		
<u>Secured</u>		
Banker Acceptance	657	630
Revolving Credit	1,500	1,500
Hire Purchase Creditor (Short Term)	372	400
Term Loan (Short Term)	410	407
	<u>2,939</u>	<u>2,937</u>
Long term borrowings:-		
<u>Secured</u>		
Hire Purchase Creditor (Long Term)	738	679
Term Loan (Long Term)	4,376	4,784
	<u>5,114</u>	<u>5,463</u>
Total borrowings	<u>8,053</u>	<u>8,400</u>



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7. Borrowings (cont'd)

The Group borrowings consist of :-

	As at 31-MAR 2018 RM'000	As at 31-MAR 2017 RM'000
Fixed rate	3,267	3,209
Floating rate	4,786	5,191
	8,053	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

The Board of Directors proposed a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 in respect of FYE 31 March 2018 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 31-MAR 2018	Preceding Year Corresponding Quarter 31-MAR 2017	Current Year to-date 31-MAR 2018	Preceding Year Corresponding Period 31-MAR 2017
Profit after Taxation attributable to owners of the Company (RM'000)	6,104	6,486	20,575	23,053
Weighted average number of ordinary shares in issue ('000)	516,000	516,000	516,000	516,000
Basic earnings per share (sen)	1.18	1.26	3.99	4.47

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-MAR 2018 RM'000	As at 31-MAR 2017 RM'000
Trade receivables – third party	67,598	53,928
Trade receivables – related party	1,189	2,196
Retention receivables	1,340	4,563
	<u>70,127</u>	<u>60,687</u>
Allowance for impairment loss	(7,359)	(7,130)
	<u>62,768</u>	<u>53,557</u>

The ageing analysis of the Group is as follows:-

	As at 31-MAR 2018 RM'000	As at 31-MAR 2017 RM'000
Not past due	25,996	25,203
Past due	44,131	35,484
	<u>70,127</u>	<u>60,687</u>

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

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

Income / (Expenses)	Current Year Quarter 31-MAR 2018 RM'000	Current Year to-Date 31-MAR 2018 RM'000
Interest income	518	2,230
Other income including investment income	158	482
Interest expense	(93)	(410)
Depreciation and amortisation	(1,267)	(4,703)
(Provision for) / Reversal of and (write off) of receivables	(837)	(247)
Provision for and write off of inventories	(39)	(521)
Gain or (loss) on disposal and (write off) of equipment	87	226
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	2,396	3,342
Gain or (loss) on derivatives	(1,606)	(3,003)
Exceptional Items (with details)	Not Applicable	Not Applicable



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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 23 May 2018.