



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

**Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2018**

**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-2018 RM'000</b>	<b>Preceding Year Corresponding Quarter 30-Jun-2017 RM'000</b>	<b>Current Year to Date 30-Jun-2018 RM'000</b>	<b>Preceding Year Corresponding Period 30-Jun-2017 RM'000</b>
Revenue	54,335	45,435	54,335	45,435
Cost of sales	(42,138)	(34,402)	(42,138)	(34,402)
Gross profit	12,197	11,033	12,197	11,033
Other operating income and expenses	(5,379)	(4,639)	(5,379)	(4,639)
Finance costs	(104)	(101)	(104)	(101)
Profit before taxation	6,714	6,293	6,714	6,293
Income tax expense	(1,840)	(1,552)	(1,840)	(1,552)
Profit after taxation	4,874	4,741	4,874	4,741
Other Comprehensive Income, Net of Tax				
- Foreign currency translation differences for foreign operation	-	(27)	-	(27)
- Cash flow hedge	(2,573)	1,280	(2,573)	1,280
	(2,573)	1,253	(2,573)	1,253
Total Comprehensive Income	2,301	5,994	2,301	5,994
Profit after taxation attributable to :				
Owners of the Company	4,932	4,666	4,932	4,666
Non-controlling interest	(58)	75	(58)	75
	4,874	4,741	4,874	4,741
Total comprehensive income attributable to :				
Owners of the Company	2,359	5,919	2,359	5,919
Non-controlling interest	(58)	75	(58)	75
	2,301	5,994	2,301	5,994
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)	0.96	0.90	0.96	0.90
Diluted (sen)	0.96	0.90	0.96	0.90

**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 2018 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 2018**

**Unaudited Condensed Consolidated Statement of Financial Position**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>30-Jun-2018</b>	<b>31-Mar-2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	76,947	77,602
Investment property	6,289	6,321
Deferred tax assets	35	173
Goodwill	3,931	3,931
	<u>87,202</u>	<u>88,027</u>
<b>Current assets</b>		
Inventories	28,822	26,955
Amount owing by contract customers	28,939	29,382
Trade receivables	51,651	62,768
Other receivables, deposits and prepayments	8,483	6,910
Current tax assets	1,439	1,191
Derivative assets	44	4,673
Liquid investments	77,409	69,239
Cash and bank balance	20,979	19,292
	<u>217,766</u>	<u>220,410</u>
<b>TOTAL ASSETS</b>	<u><u>304,968</u></u>	<u><u>308,437</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	51,600	51,600
Cash flow hedge reserve	1,867	4,440
Merger deficit	(21,810)	(21,810)
Foreign currency translation reserve	37	37
Retained profits	160,979	156,047
	<u>192,673</u>	<u>190,314</u>
<b>Equity attributable to owners of the Company</b>	<u>192,673</u>	<u>190,314</u>
Non-controlling interests	9,140	9,198
<b>Total Equity</b>	<u>201,813</u>	<u>199,512</u>
<b>Non-current liabilities</b>		
Borrowings	5,002	5,114
Deferred tax liabilities	1,508	1,523
	<u>6,510</u>	<u>6,637</u>
<b>Current liabilities</b>		
Amount owing to contract customers	49,343	48,148
Trade payables	31,724	40,491
Other payables and accruals	9,684	10,072
Short-term borrowings	3,003	2,939
Current tax liabilities	1,584	638
Derivative liabilities	1,307	-
	<u>96,645</u>	<u>102,288</u>
<b>TOTAL LIABILITIES</b>	<u>103,155</u>	<u>108,925</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>304,968</u></u>	<u><u>308,437</u></u>
Net assets per share attributable to owners of the Company (RM)	0.37	0.37

**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 2018 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 2018**

**Unaudited Condensed Consolidated Statement of Cash Flows**

	<b>Current Year to Date 30-Jun-2018 RM'000</b>	<b>Preceding Year Corresponding Period 30-Jun-2017 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	6,714	6,293
Adjustments for :		
Allowance for impairment losses on trade receivables	745	824
Equipment written off	10	3
Depreciation of property, plant and equipment	1,083	1,122
Depreciation of investment property	32	32
Interest expenses	104	101
Inventories written off	-	197
Unrealised (gain)/loss on foreign exchange	(1,303)	504
Fair value loss/(gain) on derivatives	3,363	(655)
Gain on disposal of equipment	(46)	(49)
Interest income	(667)	(411)
Write-back of allowance for impairment losses on trade receivables	(108)	(1,740)
Operating profit before working capital changes	9,927	6,221
Decrease/(Increase) in amount owing by contract customers	444	(1,892)
Increase in inventories	(1,867)	(308)
Decrease in trade and other receivables	10,052	269
Decrease in trade and other payables	(9,227)	(1,198)
Increase in amount owing to contract customers	1,200	3,378
Cash from operations	10,529	6,470
Interest paid	(104)	(101)
Income tax paid	(1,019)	(1,980)
<b>Net cash from operating activities</b>	<b>9,406</b>	<b>4,389</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of equipment	46	74
Purchase of property, plant and equipment	(341)	(248)
Interest received	667	411
<b>Net cash from investing activities</b>	<b>372</b>	<b>237</b>
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>		
Repayment of term loan	(101)	(100)
Repayment of hire purchase obligations	(99)	(110)
Drawdown of bankers' acceptances	55	102
<b>Net cash for financing activities</b>	<b>(145)</b>	<b>(108)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>9,633</b>	<b>4,518</b>
<b>EFFECTS OF FOREIGN EXCHANGE</b>	<b>224</b>	<b>1</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>88,531</b>	<b>64,075</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>98,388</b>	<b>68,594</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Liquid Investments	77,409	51,585
Cash and bank balances	20,979	17,009
	<b>98,388</b>	<b>68,594</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 2018 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 2018**

**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 1/4/2018	51,600	4,440	(21,810)	37	156,047	190,314	9,198	199,512
Profit after taxation for the financial period	-	-	-	-	4,932	4,932	(58)	4,874
Other comprehensive income for the financial period: Cash flow hedge	-	(2,573)	-	-	-	(2,573)	-	(2,573)
Total comprehensive income for the financial period	-	(2,573)	-	-	4,932	2,359	(58)	2,301
<b>Balance at 30/6/2018</b>	<b>51,600</b>	<b>1,867</b>	<b>(21,810)</b>	<b>37</b>	<b>160,979</b>	<b>192,673</b>	<b>9,140</b>	<b>201,813</b>
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>

**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 2018 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 2018

### 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 2018 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 2018 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 2018

### 7. Dividend

On 23 May 2018, 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

3- MONTHS FINANCIAL PERIOD ENDED 30-JUNE 2018

	BIO-ENERGY SYSTEMS *	WATER TREATMENT ^	GROUP
	RM'000	RM'000	RM'000
<b>REVENUE</b>			
External sales	47,991	6,344	54,335
Inter-segment sales	-	-	-
	<u>47,991</u>	<u>6,344</u>	<u>54,335</u>
<b>RESULTS</b>			
Segments results	6,694	124	6,818
Finance costs			(104)
Profit before taxation			<u>6,714</u>
Income tax expense			<u>(1,840)</u>
Consolidated Profit after taxation			<u>4,874</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 2018 RM'000	Current Year to-Date 30-JUNE 2018 RM'000
Local	21,081	21,081
Export	33,254	33,254
Total	<u>54,335</u>	<u>54,335</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.



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2018

### 10. Contingent Liabilities

	<b>Current Year to-Date 30-JUNE 2018 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 2018 RM'000</b>
<b>Purchase of Property, plant and equipment</b>	
Approved and contracted for	<u>278</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 2018 RM'000</b>
Sales to related parties	295
Purchase from related party	109
	<u>          </u>



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2018

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

#### 1. Review of Performance

	Individual Quarter / Cumulative Quarters					
	Current year Quarter 1	Preceding year Quarter 1	Variance	Current year Quarter 1	Preceding year Quarter 1	Variance
	1.4.18 to 30.6.18	1.4.17 to 30.6.17		1.4.18 to 30.6.18	1.4.17 to 30.6.17	
	<b>Revenue</b>	<b>Revenue</b>	<b>Profit Before Tax</b>	<b>Profit Before Tax</b>		
RM'000	RM'000	%	RM'000	RM'000	%	
Bio-Energy Systems	47,991	39,324	22.0%	6,694	6,018	11.2%
Water Treatment	6,344	6,111	3.8%	20	275	(92.7%)
<b>Total</b>	<b>54,335</b>	<b>45,435</b>	<b>19.6%</b>	<b>6,714</b>	<b>6,293</b>	<b>6.7%</b>

The Group registered revenue of RM54.34 million in the current quarter and current year to date under review. The revenue in the current quarter increased by RM8.90 million, representing an increase of 19.6%.

The PBT in the current quarter increased by RM0.42 million, representing an increase of 6.7%.

#### Bio-Energy Segment

The revenue in the current quarter has increased by RM8.67 million, representing an increase of 22.0% as compared to preceding year corresponding quarter. This was mainly due to the increase in project delivery and execution.

The PBT in the current quarter increased by RM0.68 million in line with the higher revenue.

#### Water Treatment Segment

The revenue in the current quarter marginally increased by 3.8% as compared to preceding year corresponding quarter.

The PBT in the current quarter decreased by RM0.26 million despite the increase in revenue. This was mainly due to the higher operating expenses in current quarter.





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

Individual Quarter	Current year Quarter 1	Preceding year Quarter 4	Variance	Current year Quarter 1	Preceding year Quarter 4	Variance
	(3 Months)	(3 Months)		(3 Months)	(3 Months)	
	1.4.18 to 30.6.18	1.1.18 to 31.3.18		1.4.18 to 30.6.18	1.1.18 to 31.3.18	
	<b>Revenue</b>	<b>Revenue</b>		<b>Profit Before Tax</b>	<b>Profit Before Tax</b>	
	RM'000	RM'000	%	RM'000	RM'000	%
Bio-Energy Systems	47,991	53,997	(11.1%)	6,694	7,585	(11.7%)
Water Treatment	6,344	14,092	(55.0%)	20	2,594	(99.2%)
<b>Total</b>	<b>54,335</b>	<b>68,089</b>	<b>(20.2%)</b>	<b>6,714</b>	<b>10,179</b>	<b>(34.0%)</b>

The Group revenue in the current quarter was lower by RM13.75 million, representing a decrease of 20.2%, as compared to the preceding quarter.

As a result of the lower revenue, the PBT in current quarter decreased by RM3.47 million, representing a decrease of 34.0% as compared to the preceding quarter.

#### Bio-Energy Segment

The revenue in the current quarter decreased by 11.1%, as compared to the preceding quarter. This was due to the decrease in project delivery partially affected by the festive season.

The PBT in the current quarter has decrease by 11.7% in line with the decrease in revenue as compared to the preceding quarter

#### Water Treatment Segment

The revenue in the current quarter decreased by 55.0% as compared to the preceding quarter. The PBT has decreased by RM2.57 million. This was mainly due to the decrease in project sales and lower delivery in the current quarter.

### 3. Prospects

Despite the challenging business operating environment, with the improvement of book order since last financial year, the Board is optimistic with the performance in 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.



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### 5. Income Tax Expense

The taxation figures are as follows:

	Current Year Quarter 30-JUNE 2018 RM'000	Current Year to-Date 30-JUNE 2018 RM'000
Current tax	1,718	1,718
Deferred tax	122	122
	1,840	1,840

The effective tax rates of the Group for the current quarter under review were higher than the statutory tax rate of 24%. This was mainly due to underprovision of tax in the previous financial year being taken up during the quarter, as well as 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 30-JUNE 2018 RM'000	As at 31-MAR 2018 RM'000
Short term borrowings:-		
<u>Secured</u>		
Banker Acceptance	712	657
Revolving Credit	1,500	1,500
Hire Purchase Creditor	380	372
Term Loan	411	410
	3,003	2,939
Long term borrowings:-		
<u>Secured</u>		
Hire Purchase Creditor	728	738
Term Loan	4,274	4,376
	5,002	5,114
Total borrowings	8,005	8,053

The Group borrowings consist of :-

	As at 30-JUNE 2018 RM'000	As at 31-MAR 2018 RM'000
Fixed rate	3,320	3,267
Floating rate	4,685	4,786
	8,005	8,053

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



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2018

### 8. Material Litigation

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

### 9. Dividend

On 23 May 2018, 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 30-JUNE 2018	Preceding Year Corresponding Quarter 30-JUNE 2017	Current Year to-date 30-JUNE 2018	Preceding Year Corresponding Period 30-JUNE 2017
Profit after Taxation attributable to owners of the Company (RM'000)	4,932	4,666	4,932	4,666
Weighted average number of ordinary shares in issue ('000)	516,000	516,000	516,000	516,000
Basic earnings per share (sen)	0.96	0.90	0.96	0.90

#### 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.



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2018

### 11. Trade Receivables

	As at 30-JUNE 2018 RM'000	As at 31-MAR 2018 RM'000
Trade receivables – third party	51,668	61,934
Trade receivables – related party	1,220	1,197
Retention receivables	6,759	6,996
	<u>59,647</u>	<u>70,127</u>
Allowance for impairment loss	(7,996)	(7,359)
	<u>51,651</u>	<u>62,768</u>

The ageing analysis of the Group is as follows:-

	As at 30-JUNE 2018 RM'000	As at 31-MAR 2018 RM'000
Not past due	14,440	28,457
Past due	37,211	34,311
	<u>51,651</u>	<u>62,768</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 30-JUNE 2018 RM'000	Current Year to-Date 30-JUNE 2018 RM'000
Interest income	667	667
Other income including investment income	115	115
Interest expense	(104)	(104)
Depreciation and amortisation	(1,115)	(1,115)
(Provision for) / Reversal of and (write off) of receivables	(637)	(637)
Provision for and write off of inventories	-	-
Gain or (loss) on disposal and write off of equipment	36	36
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	3,507	3,507
Gain or (loss) on derivatives	(3,363)	(3,363)
Exceptional Items (with details)	Not Applicable	Not Applicable



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2018

### 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 August 2018.