



BOILERMECH HOLDINGS BERHAD

(Registration No. 201001013463 (897694-T))

(Incorporated in Malaysia)

Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2020

8. Segmental Reporting

	3- MONTHS FINANCIAL PERIOD ENDED 30-JUN 2020		
	BIO-ENERGY SYSTEMS *	WATER TREATMENT ^	GROUP
	RM'000	RM'000	RM'000
REVENUE			
External sales	27,380	4,648	32,028
RESULTS			
Segments results	3,271	316	3,587
Finance costs			(46)
Profit before taxation			3,541
Income tax expense			(1,057)
Consolidated Profit after taxation			2,484

* Bio-Energy segment consist of Bio-Energy (BE) and Solar Energy (SE) segment.

BE segment is principally engaged in Engineering, Procurement & Construction (EPC) including design, manufacturing, installation and repair for biomass boiler, oil & Gas boilers and heat recovery steam generators.

SE segment is principally engaged in Engineering, Procurement & Construction (EPC) for solar PV system for Commercial & industrial, Residential and Independent Power Plant (IPP)

^ Water Treatment is principally engaged in Engineering, Procurement & Construction (EPC) activities for Industrial effluent treatment system, Palm Oil mill effluent treatment & Biogas capture system, Membrane system for process water and tertiary treatment, and supply Water treatment chemical.

Geographical Segments for Revenue

	Current year Quarter 30-JUN 2020 RM'000	Current Year to-Date 30-JUN 2020 RM'000
Local	18,717	18,717
Export	13,311	13,311
Total	32,028	32,028

9. Changes in the Composition of the Group

On 22 May 2020, the company acquired 420,000 shares in Tera VA Sdn Bhd ("TERA"), representing 60% of the issued share capital of TERA.

Tera VA Sdn Bhd is principally engaged in Engineering, Procurement & Construction (EPC) for solar PV system for Commercial & industrial, Residential and Independent Power Plant (IPP).

Save as disclosed above, there were no other changes in the composition of the Group during the current quarter under review



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10. Contingent Liabilities

The Company provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiaries.

Possible obligation that arise from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events is a contingent liability and shall be disclosed unless the possibility of any outflow in settlement is remote.

There were no contingent liabilities require disclosure as at the end of the financial period.

11. Capital Commitments

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

	Current Year to-Date 30-JUN 2020 RM'000
Purchase of Property, plant and equipment	
Approved and contracted for	300

12. 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 30-JUN 2020 RM'000
Sales to related parties	635
Purchase from related party	75



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

1. Review of Performance

	Current year Quarter 1	Preceding year Quarter 1	Variance	Current year Quarter 1	Preceding year Quarter 1	Variance
	01.04.20 to 30.06.20	01.04.19 to 30.06.19		01.04.20 to 30.06.20	01.04.19 to 30.06.19	
	Revenue	Revenue		Profit Before Tax	Profit Before Tax	
	RM'000	RM'000	%	RM'000	RM'000	%
Bio-Energy Systems	27,380	53,514	(48.8%)	3,264	8,351	(60.9%)
Water Treatment	4,648	7,276	(36.1%)	277	406	(31.8%)
Total	32,028	60,790	(47.3%)	3,541	8,757	(59.6%)

The Group registered a lower revenue of RM32.03 million, a decrease of 47.3% for the quarter under review due to the limited business operations during Movement Control Orders imposed by government to contain COVID-19 pandemic

In tandem with the decrease in revenue, the quarter's PBT also suffer a decrease of 59.6%.

Bio-Energy Segment

The revenue for the current quarter decreased by 48.8% as compared to preceding year corresponding quarter, mainly due to the lower project delivery which was affected by Movement Control Orders imposed by government to contain COVID-19 pandemic .

The PBT in the current quarter decreased by 60.9% which was in tandem with the decrease in revenue.

Water Treatment Segment

The revenue for the current quarter decreased by 36.1% as compared to preceding year corresponding quarter. The decrease in revenue was also due to the reason mentioned above.

The PBT for the current quarter decreased by RM0.13 million (31.8%), in tandem with the decrease in revenue.



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1. Material Changes To The Results Of The Preceding Quarter

	Current year Quarter 1 (3 Months)	Preceding year Quarter 4 (3 Months)	Variance	Current year Quarter 1 (3 Months)	Preceding year Quarter 4 (3 Months)	Variance
	01.04.20 to 30.06.20	01.01.20 to 31.03.20		01.04.20 to 30.06.20	01.01.20 to 31.03.20	
	Revenue	Revenue		Profit Before Tax	Profit Before Tax	
	RM'000	RM'000	%	RM'000	RM'000	%
Bio-Energy Systems	27,380	48,648	(43.7%)	3,264	7,344	(55.6%)
Water Treatment	4,648	11,163	(58.4%)	277	1,266	(78.1%)
Total	32,028	59,811	(46.5%)	3,541	8,610	(58.9%)

The Group revenue for the current quarter decreased by RM27.78 million, representing a decrease of 46.5%, as compared to the preceding quarter due to the limited business operations during Movement Control Orders imposed by government to contain COVID-19 pandemic.

The PBT for the current quarter decreased by 58.9% as compared to the preceding quarter, in tandem with the decrease in revenue.

Bio-Energy Segment

The revenue for the current quarter decreased by 43.7% as compared to the preceding quarter, mainly due to lower project deliveries which was affected by the continued Movement Control Orders imposed by government since March 2020 to contain the COVID-19 pandemic.

The PBT for the current quarter decreased by 55.6%, in tandem with the lower revenue recorded.

Water Treatment Segment

The revenue and PBT for the current quarter decreased by 58.4% and 78.1% respectively as compared to the preceding quarter due to reasons cited above.

2. Prospects

With the project order book on hand and the rebound of CPO price, as well as the solar energy projects secured by Tera VA, barring any unforeseen resurgence of Covid-19, the Board is confident in delivering satisfactory financial results in this financial year.

3. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in any public document.



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4. Income Tax Expense

The taxation figures are as follows:

	Current Year Quarter 30-JUN 2020 RM'000	Current Year to-Date 30-JUN 2020 RM'000
Current tax	1,073	1,073
Deferred tax	(16)	(16)
	1,057	1,057

5. Status of Corporate Proposals

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

6. Borrowings and lease liability

	As at 30-JUN 2020 RM'000	As at 31-MAR 2020 RM'000
Short term: -		
<u>Secured</u>		
Banker Acceptance	1,829	827
Revolving Credit	1,500	1,500
Term Loan	625	428
	3,954	2,755
<u>Unsecured</u>		
Lease liabilities	390	331
	4,344	3,086
Long term: -		
<u>Secured</u>		
Lease liabilities	799	764
Term Loan	7,756	3,533
	8,555	4,297
Total borrowings and lease liabilities	12,899	7,383

The Group borrowings and lease liability consist of: -

Fixed rate	4,518	3,415
Floating rate	8,381	3,968
	12,899	7,383

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 2020

7. Financial Instruments

As at 30 June 2020, the outstanding derivatives are as follows: -

Type of Derivatives	Contract / Notional Value	Fair Value
	RM'000	RM'000
Foreign Exchange Contracts - Less than one year	96,705	96,834

8. Material Litigation

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

9. Dividend

On 25 June 2020, the Board of Directors has proposed a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 in respect of FYE 31 March 2020, which is subject to the approval of 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-JUN 2020	Preceding Year Corresponding Quarter 30-JUN 2019	Current Year Quarter 30-JUN 2020	Preceding Year Corresponding Quarter 30-JUN 2019
Profit after Taxation attributable to owners of the Company (RM'000)	2,342	6,462	2,342	6,462
Weighted average number of ordinary shares in issue ('000)	516,000	516,000	516,000	516,000
Basic earnings per share (sen)	0.45	1.25	0.45	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.



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12. Trade Receivables

	As at 30-JUN 2020 RM'000	As at 31-MAR 2020 RM'000
Trade receivables – third party	60,461	63,915
Trade receivables – related party	993	1,373
Retention receivables	6,743	7,451
	<u>68,197</u>	<u>72,739</u>
Allowance for impairment loss	(9,702)	(10,236)
	<u>58,495</u>	<u>62,503</u>

The ageing analysis of the Group is as follows: -

	As at 30-JUN 2020 RM'000	As at 31-MAR 2020 RM'000
Not past due	20,786	13,067
Past due	37,709	49,436
	<u>58,495</u>	<u>62,503</u>

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

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

Income / (Expenses)	Current Year Quarter 30-JUN 2020 RM'000	Current Year to-Date 30-JUN 2020 RM'000
Interest income	368	368
Other income including investment income	175	175
Interest expense	(46)	(46)
Depreciation and amortisation	(979)	(979)
(Provision for) / Reversal of and (write off) of receivables	552	552
Provision for and write off of inventories	(52)	(52)
Gain or (loss) on disposal and write off of equipment	-	-
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	(1,268)	(1,268)
Fair value gain or (loss) on derivatives	1,880	1,880
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 12 August 2020.