



**BOILERMECH HOLDINGS BERHAD**  
**Company No.897694-T**  
**(Incorporated in Malaysia under the Companies Act,1965)**

**Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 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 30-Jun-2016 RM'000</b>	<b>Preceding Year Corresponding Quarter 30-Jun-2015 RM'000</b>	<b>Current Year to Date 30-Jun-2016 RM'000</b>	<b>Preceding Year Corresponding Period 30-Jun-2015 RM'000</b>
Revenue	61,720	60,018	61,720	60,018
Cost of sales	(48,420)	(42,343)	(48,420)	(42,343)
Gross profit	13,300	17,675	13,300	17,675
Other operating income and expenses	(4,427)	(7,407)	(4,427)	(7,407)
Finance costs	(208)	-	(208)	-
Profit before taxation	8,665	10,268	8,665	10,268
Income tax expense	(2,067)	(2,444)	(2,067)	(2,444)
Profit after taxation	6,598	7,824	6,598	7,824
Other Comprehensive Income, Net of Tax				
- Foreign currency translation differences for foreign operation	31	2	31	2
- Cash flow hedge	(3,966)	2,199	(3,966)	2,199
	(3,935)	2,201	(3,935)	2,201
Total Comprehensive Income	2,663	10,025	2,663	10,025
Profit after taxation attributable to :				
Owners of the Company	6,435	7,824	6,435	7,824
Non-controlling interest	163	-	163	-
	6,598	7,824	6,598	7,824
Total comprehensive income attributable to :				
Owners of the Company	2,500	10,025	2,500	10,025
Non-controlling interest	163	-	163	-
	2,663	10,025	2,663	10,025
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	1.52	1.25	1.52
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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**Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2016**

**Unaudited Condensed Consolidated Statement of Financial Position**

	<b>UNAUDITED</b> <b>As at</b> <b>30-Jun-2016</b>	<b>AUDITED</b> <b>As at</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	82,294	83,264
Investment property	6,551	6,583
Deferred tax assets	164	512
Goodwill	3,931	3,931
	92,940	94,290
<b>Current assets</b>		
Inventories	31,172	31,862
Amount owing by contract customers	27,954	39,330
Trade receivables	62,531	93,567
Other receivables, deposits and prepayments	5,378	5,130
Current tax assets	1,958	1,741
Derivative assets	-	6,757
Liquid investments	34,776	15,426
Fixed deposit with a licensed bank	-	121
Cash and bank balance	28,147	10,764
	191,916	204,698
<b>TOTAL ASSETS</b>	<b>284,856</b>	<b>298,988</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	51,600	51,600
Cash flow hedge reserve	(78)	3,888
Merger deficit	(21,810)	(21,810)
Foreign currency translation reserve	20	(11)
Retained profits	134,418	127,983
<b>Equity attributable to owners of the Company</b>	<b>164,150</b>	<b>161,650</b>
Non-controlling interests	8,136	7,973
<b>Total Equity</b>	<b>172,286</b>	<b>169,623</b>
<b>Non-current liabilities</b>		
Borrowings	5,891	6,048
Deferred tax liabilities	1,140	1,470
	7,031	7,518
<b>Current liabilities</b>		
Amount owing to contract customers	50,990	53,808
Trade payables	41,141	40,426
Other payables and accruals	11,577	9,833
Short-term borrowings	1,627	17,718
Current tax liabilities	90	62
Derivative liabilities	114	-
	105,539	121,847
<b>TOTAL LIABILITIES</b>	<b>112,570</b>	<b>129,365</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>284,856</b>	<b>298,988</b>
Net assets per share attributable to owners of the Company (RM) #	0.32	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 1st Quarter Ended 30 June 2016

**Unaudited Condensed Consolidated Statement of Cash Flows**

	Current Year to Date 30-Jun-2016 RM'000	Preceding Year Corresponding Period 30-Jun-2015 RM'000
<b>CASH FLOW FROM/(FOR) OPERATING ACTIVITIES</b>		
Profit before taxation	8,665	10,268
Adjustments for :		
Allowance for impairment losses on trade receivables	2,047	2,031
Bad debts written off	201	-
Depreciation of property, plant and equipment	1,115	821
Depreciation of investment property	32	-
Interest expenses	208	-
Inventories written off	75	-
Unrealised gain on foreign exchange	(2,397)	(37)
Fair value loss/(gain) on derivatives	2,905	(201)
Gain on disposal of equipment	(4)	-
Interest income	(203)	(99)
Write-back of allowance for impairment losses on trade receivables	(727)	(1,608)
Operating profit before working capital changes	11,917	11,175
Decrease in amount owing by contract customers	11,376	2,044
Decrease in inventories	615	398
Decrease/(Increase) in trade and other receivables	31,826	(22,051)
Increase in trade and other payables	2,165	1,341
(Decrease)/Increase in amount owing to contract customers	(2,818)	6,896
Cash from/(for) operations	55,081	(197)
Interest paid	(208)	-
Income tax paid	(2,238)	(3,041)
<b>Net cash from/(for) operating activities</b>	<b>52,635</b>	<b>(3,238)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of equipment	4	-
Purchase of property, plant and equipment	(141)	(90)
Interest received	203	99
<b>Net cash from investing activities</b>	<b>66</b>	<b>9</b>
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>		
Repayment of term loan	(100)	-
Repayment of hire purchase obligations	(104)	-
Repayment of bankers' acceptances	(1,044)	-
Repayment of revolving credits	(15,000)	-
<b>Net cash for financing activities</b>	<b>(16,248)</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>36,453</b>	<b>(3,229)</b>
<b>EFFECTS OF FOREIGN EXCHANGE</b>	<b>159</b>	<b>205</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>62,923</b>	<b>23,557</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Liquid Investments	34,776	14,700
Cash and bank balances	28,147	8,857
	<b>62,923</b>	<b>23,557</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 1st Quarter Ended 30 June 2016**

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

	←————— Attributable to owners of the Company —————→					Distributable	Total	Non	Total
	Share	Cash Flow Hedge	Merger	Foreign Currency	Non-distributable				
	Capital	Reserve	Deficit	Translation Reserve	Reserve	Profits	RM'000	Interests	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	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>	
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	-	-	-	-	7,824	7,824	-	7,824	
Other comprehensive income for the financial period:									
Cash flow hedge	-	2,199	-	-	-	2,199	-	2,199	
Foreign currency translation differences for foreign operation	-	-	-	2	-	2	-	2	
Total comprehensive income for the financial period	-	2,199	-	2	7,824	10,025	-	10,025	
<b>Balance at 30/6/2015</b>	<b>51,600</b>	<b>(2,575)</b>	<b>(21,810)</b>	<b>(20)</b>	<b>114,070</b>	<b>141,265</b>	<b>-</b>	<b>141,265</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.



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 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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### 7. Dividend

The Board of Directors proposed a final single tier dividend of 1.50 sen per ordinary share of RM0.10 each amounting to RM7,740,000 in respect of FYE 31 March 2016 subject to approval from shareholders at the forthcoming Annual General Meeting.

### 8. Segmental Reporting

	3- MONTHS FINANCIAL PERIOD ENDED 30-JUNE 2016			
	BIO-ENERGY SYSTEMS *	WATER TREATMENT	OTHERS	GROUP
	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>				
External sales	55,548	6,172	-	61,720
Inter-segment sales	-	-	-	-
	<u>55,548</u>	<u>6,172</u>	<u>-</u>	<u>61,720</u>
Adjustments and eliminations				<u>-</u>
Consolidated revenue				<u>61,720</u>
<b>RESULTS</b>				
Segments results	8,538	584	(249)	8,873
Finance costs				<u>(208)</u>
Profit before taxation				8,665
Income tax expense				<u>(2,067)</u>
Consolidated Profit after taxation				<u>6,598</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 30-JUNE 2016 RM'000	Current Year to-Date 30-JUNE 2016 RM'000
Local	25,690	25,690
Export	36,030	36,030
Total	<u>61,720</u>	<u>61,720</u>



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 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 30-JUNE 2016 RM'000</b>
<b>Group</b>	
Corporate guarantee given by a subsidiary to licensed banks for credit facilities granted to companies of which certain directors of the subsidiary have interest	<u>5,600</u>
<b>Company</b>	
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary	<u>48,847</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 2016 RM'000</b>
<b>Purchase of Property, plant and equipment</b>	
Approved and contracted for	<u>279</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 2016 RM'000</b>
Sales to related parties	347
Purchase from related party	71



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## Unaudited Interim Financial Statements for the 1st Quarter Ended 30 June 2016

### 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 2016	30 June 2015		
	RM'000	RM'000	RM'000	%
Revenue	61,720	60,018	1,702	2.8%
PBT	8,665	10,268	(1,603)	(15.6%)
PBT Margin (%)	14.0%	17.1%		

For the current quarter and current year to date under review, the Group registered revenue of RM61.72 million.

The revenue in current quarter increased by RM1.70 million, representing an increase of 2.8%, as compared to the revenue achieved in the preceding year corresponding quarter. The increase was partially contributed by the new subsidiary acquired.

The PBT in current quarter decreased by RM1.60 million, which represents a decrease of 15.6%, as compared to the preceding year corresponding quarter.

PBT margin for current quarter stood at 14.0% as compared to 17.1% PBT margin in the preceding year corresponding quarter. The lower margins for current quarter was mainly due to lower project margin.

#### 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 2016	31 March 2016		
	RM'000	RM'000	RM'000	%
Revenue	61,720	67,476	(5,776)	(8.5%)
PBT	8,665	6,659	2,006	30.1%
PBT Margin (%)	14.0%	9.9%		

The Revenue in current quarter was lower by RM5.78 million, representing a decrease of 8.5%, as compared to the preceding quarter. This was due to the decrease in activity levels despite additional contribution from the newly acquired subsidiary.

The PBT in current quarter increased by RM2.01 million as compared to the preceding quarter. PBT margin was higher at 14.0% as compared to 9.9% in preceding quarter. The higher margin was mainly due to the impact of foreign exchange.





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### 3. Prospects

Under current challenging market environment, the Board is cautiously optimistic on the prospects of the Group.

### 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 2016 RM'000	Current Year to-Date 30-JUNE 2016 RM'000
Current tax	(2,067)	(2,067)

### 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	818
Hire Purchase Creditor (Short Term)	Secured	407
Term Loan (Short Term)	Secured	402
		<u>1,627</u>
	<u>Secured / Unsecured</u>	RM'000
Long term borrowing:-		
Hire Purchase Creditor (Long Term)	Secured	785
Term Loan (Long Term)	Secured	5,106
		<u>5,891</u>



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### 8. Derivatives Financial Instruments

As at 30 June 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	105,995	114

### 9. Material Litigation

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

### 10. Dividend

The Board of Directors proposed a final single tier dividend of 1.50 sen per ordinary share of RM0.10 each amounting to RM7,740,000 in respect of FYE 31 March 2016 subject to approval from shareholders at the forthcoming Annual General Meeting.

### 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	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period
	30-June-2016	30-June-2015	30-June-2016	30-June-2015
Profit after Taxation attributable to owners of the Company (RM'000)	6,435	7,824	6,435	7,824
Weighted average number of ordinary shares in issue ('000)	516,000	516,000	516,000	516,000
Basic earnings per share (sen)	1.25	1.52	1.25	1.52

#### 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 2016

### 12. Realised and Unrealised profits

Total retained profit of the Group :

	As at 30-JUNE 2016 RM'000
- Realised	132,844
- Unrealised	1,574
Total group retained profits as per consolidated accounts	134,418

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

Income / (Expenses)	Current Year Quarter 30-JUNE 2016 RM'000	Current Year to-Date 30-JUNE 2016 RM'000
Interest income	203	203
Other income including investment income	128	128
Interest expense	(208)	(208)
Depreciation and amortisation	(1,147)	(1,147)
Provision for / (Reversal of) and write off of receivables	(1,521)	(1,521)
Provision for and write off of inventories	(75)	(75)
Gain or (loss) on disposal of equipment	4	4
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	5,567	5,567
Gain or (loss) on derivatives	(2,905)	(2,905)
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 17 August 2016.