



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

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2015

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-Sep-2015 RM'000	Preceding Year Corresponding Quarter 30-Sep-2014 RM'000	Current Year to Date 30-Sep-2015 RM'000	Preceding Year Corresponding Period 30-Sep-2014 RM'000
Revenue	69,137	67,886	129,155	142,028
Cost of sales	(45,997)	(50,774)	(88,340)	(109,263)
Gross profit	23,140	17,112	40,815	32,765
Other operating income and expenses	(7,829)	(1,628)	(15,236)	(3,562)
Finance costs	(13)	-	(13)	-
Profit before taxation	15,298	15,484	25,566	29,203
Income tax expense	(3,565)	(4,089)	(6,009)	(7,731)
Profit after taxation	11,733	11,395	19,557	21,472
Other Comprehensive Income, Net of Tax				
- Foreign currency translation differences for foreign operation	39	-	41	-
- Cash flow hedge	(8,591)	(2,776)	(6,392)	(1,701)
	(8,552)	(2,776)	(6,351)	(1,701)
Total Comprehensive Income	3,181	8,619	13,206	19,771
Profit after taxation attributable to : Owners of the Company	11,733	11,395	19,557	21,472
Total comprehensive income attributable to : Owners of the Company	3,181	8,619	13,206	19,771
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)	2.27	2.21	3.79	4.16
Diluted (sen)	N/A	N/A	N/A	N/A

Notes :

N/A - Not applicable

(a) 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 2015 and the accompanying explanatory notes attached to this interim financial statements.

(b) The basic earnings per share in the previous financial year had been restated to conform with the current year's presentation as a result of the bonus issue during the previous financial year



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Unaudited Condensed Consolidated Statement of Financial Position

	UNAUDITED	AUDITED
	As at	As at
	30-Sep-2015	31-Mar-2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	74,368	75,848
Deferred tax assets	182	163
	<u>74,550</u>	<u>76,011</u>
Current assets		
Inventories	33,363	29,577
Amount owing by contract customers	40,227	28,347
Trade receivables	67,270	63,733
Other receivables, deposits and prepayments	10,169	2,758
Tax refundable	1,678	2,197
Liquid investments	7,365	12,943
Cash and bank balances	15,671	13,638
	<u>175,743</u>	<u>153,193</u>
TOTAL ASSETS	<u><u>250,293</u></u>	<u><u>229,204</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	51,600	51,600
Foreign currency translation reserve	19	(22)
Cash flow hedge reserve	(11,166)	(4,774)
Merger deficit	(21,810)	(21,810)
Retained profits	116,773	106,246
Total equity	<u>135,416</u>	<u>131,240</u>
Current liabilities		
Amount owing to contract customers	40,569	39,194
Trade payables	41,676	38,351
Other payables and accruals	13,407	14,221
Provision for taxation	-	7
Borrowings	3,511	-
Derivative liabilities	15,714	6,191
	<u>114,877</u>	<u>97,964</u>
TOTAL LIABILITIES	<u>114,877</u>	<u>97,964</u>
TOTAL EQUITY AND LIABILITIES	<u><u>250,293</u></u>	<u><u>229,204</u></u>
Net assets per share attributable to owners of the Company (RM) #	0.26	0.25

Notes :

- # The net assets per share in the previous financial year had been restated to conform with the current year's presentation as a result of the bonus issue during the previous financial year
- (a) 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 2015 and the accompanying explanatory notes attached to this interim financial statements.



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Unaudited Condensed Consolidated Statement of Cash Flows

	Current Year to Date 30-Sep-2015 RM'000	Preceding Year Corresponding Period 30-Sep-2014 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	25,566	29,203
Adjustments for :		
Equipment written off	-	5
Allowance for impairment losses on trade receivables	1,369	662
Depreciation of property, plant and equipment	1,784	1,148
Interest expenses	13	-
Unrealised gain on foreign exchange	(3,346)	(340)
Fair value loss on derivatives	3,131	534
Gain on disposal of equipment	-	(10)
Interest income	(241)	(890)
Write-back of allowance for impairment losses on trade receivables	(1,912)	(3,011)
Operating profit before working capital changes	26,364	27,301
(Increase) / Decrease in amount owing by contract customers	(11,880)	1,785
(Increase) / Decrease in inventories	(3,786)	2,628
Increase in trade and other receivables	(7,055)	(16,885)
Increase / (Decrease) in trade and other payables	2,084	(461)
Increase / (Decrease) in amount owing to contract customers	1,375	(5,685)
Cash from operations	7,102	8,683
Interest paid	(13)	-
Income tax paid	(5,516)	(4,193)
Net cash from operating activities	1,573	4,490
CASH FLOW FOR INVESTING ACTIVITIES		
Proceeds from disposal of equipment	-	10
Purchase of property, plant and equipment	(297)	(5,072)
Interest received	241	890
Net cash for investing activities	(56)	(4,172)
CASH FLOW FOR FINANCING ACTIVITIES		
Drawdown from borrowings	3,511	-
Dividends paid	(9,030)	-
Net cash for financing activities	(5,519)	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(4,002)	318
EFFECTS OF FOREIGN EXCHANGE	457	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	26,581	74,049
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	23,036	74,367
CASH AND CASH EQUIVALENTS COMPRISE		
Liquid Investments	7,365	55,511
Cash and bank balances	15,671	18,856
	23,036	74,367

Note :

- (a) 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 2015 and the accompanying explanatory notes attached to this interim financial statements.



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Unaudited Condensed Consolidated Statements of Changes in Equity

	←		Non-distributable			→		
	Share Capital	Share Premium	Foreign Currency Translation Reserve	Cash Flow Hedge Reserve	Merger Deficit	Distributable Retained Profits	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1/4/2015	51,600	-	(22)	(4,774)	(21,810)	106,246	131,240	
Profit after taxation for the financial period	-	-	-	-	-	19,557	19,557	
Other comprehensive income for the financial period:								
Cash flow hedge	-	-	-	(6,392)	-	-	(6,392)	
Foreign currency translation differences for foreign operation	-	-	41	-	-	-	41	
Total comprehensive income for the financial period	-	-	41	(6,392)	-	19,557	13,206	
Distributions to owners of the Company:								
Dividend	-	-	-	-	-	(9,030)	(9,030)	
Total transactions with owners	-	-	-	-	-	(9,030)	(9,030)	
Balance at 30/9/2015	51,600	-	19	(11,166)	(21,810)	116,773	135,416	
Balance at 1/4/2014	25,800	7,619	-	134	(21,810)	93,013	104,756	
Profit after taxation for the financial period	-	-	-	-	-	21,472	21,472	
Other comprehensive income for the financial period:								
Cash flow hedge	-	-	-	(1,701)	-	-	(1,701)	
Total comprehensive income for the financial period	-	-	-	(1,701)	-	21,472	19,771	
Distributions to owners of the Company:								
Dividend	-	-	-	-	-	(7,740)	(7,740)	
Total transactions with owners	-	-	-	-	-	(7,740)	(7,740)	
Balance at 30/9/2014	25,800	7,619	-	(1,567)	(21,810)	106,745	116,787	

Note :

- (a) 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 2015 and the accompanying explanatory notes attached to this interim financial statements.



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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 2015 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 2015 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

On 21 May 2015, the Board of Directors proposed a final single tier dividend of 1.75 sen per ordinary share of RM0.10 each amounting to RM9,030,000 in respect of FYE 31 March 2015.

The said dividend was approved by shareholders at Boilermech's Annual General Meeting held on 20 August 2015 and was paid on 18 September 2015.

8. Segmental Reporting

	6- MONTHS FINANCIAL PERIOD ENDED 30-SEPTEMBER 2015		
	BIO-ENERGY SYSTEMS *	OTHERS	GROUP
	RM'000	RM'000	RM'000
REVENUE			
External sales	129,155	-	129,155
Inter-segment sales	-	-	-
	<u>129,155</u>	<u>-</u>	<u>129,155</u>
Adjustments and eliminations			<u>-</u>
Consolidated revenue			<u>129,155</u>
RESULTS			
Segments results	26,336	(757)	25,579
Finance costs			<u>(13)</u>
Profit before taxation			25,566
Income tax expense			<u>(6,009)</u>
Consolidated Profit after taxation			<u>19,557</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-SEPT 2015 RM'000	Current Year to-Date 30-SEPT 2015 RM'000
Local	22,861	47,057
Export	46,276	82,098
Total	<u>69,137</u>	<u>129,155</u>



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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 30-SEPT 2015 RM'000
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary	<u>63,848</u>

11. Capital Commitments

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

	Current Year to-Date 30-SEPT 2015 RM'000
Purchase of Property, plant and equipment	
Approved and contracted for	<u>95</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.

	Current Year to-Date 30-SEPT 2015 RM'000
Sales to related parties	1,637
Purchase from related party	<u>375</u>



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

1. Review of Performance

Individual Quarters	Current year Quarter 2	Preceding year Quarter 2	Variance	Variance
	30 September 2015	30 September 2014		
	RM'000	RM'000	RM'000	%
Revenue	69,137	67,886	1,251	1.8%
PBT	15,298	15,484	(186)	(1.2%)
PBT Margin (%)	22.1%	22.8%		

Cumulative Quarters	Current year to date	Preceding year to date	Variance	Variance
	Quarter 2	Quarter 2		
	30 September 2015	30 September 2014		
	RM'000	RM'000	RM'000	%
Revenue	129,155	142,028	(12,873)	(9.1%)
PBT	25,566	29,203	(3,637)	(12.5%)
PBT Margin (%)	19.8%	20.6%		

For the current quarter and current year to date under review, the Group registered revenue of RM69.14 million and RM129.16 million respectively.

The revenue in current year Quarter 2 increased by RM1.25 million, representing an improvement of 1.8%, as compared to the revenue achieved in the preceding year corresponding quarter. The revenue in current year to date decreased by RM12.88 million, representing a decrease of 9.1%. The decrease in revenue was mainly due to the decrease in deliveries of boilers.

The PBT in current year Quarter 2 decreased by RM0.19 million, which represents a decrease of 1.2%, as compared to the preceding year corresponding quarter while the PBT in current year to date reduced by RM 3.63 million, which represents a decrease of 12.5% as compared to the preceding year corresponding year to date.

PBT margin for current year Quarter 2 stood at 22.1% as compared to 22.8% PBT margin in the preceding year corresponding quarter. The PBT margin for the current 6 month period stood at 19.8% as compared to the 20.6% PBT margin recorded for the 6 month period of the preceding year. The PBT margin for current year Quarter 2 and current 6 month period were marginally lower by 0.7% and 0.8% respectively.



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2. Material Changes To The Results Of The Preceding Quarter

Individual Quarter	Current year Quarter 2 (3 Months)	Current year Quarter 1 (3 Months)	Variance	Variance
	30 September 2015	30 June 2015		
	RM'000	RM'000	RM'000	%
Revenue	69,137	60,018	9,119	15.2%
PBT	15,298	10,268	5,030	49.0%
PBT Margin (%)	22.1%	17.1%		

The Revenue in current year Quarter 2 was improved by RM9.12 million, representing an increase of 15.2%, as compared to the current year Quarter 1.

The PBT in current year Quarter 2 increased by RM5.03 million as compared to the current year Quarter 1. PBT margin was higher at 22.1% as compared to 17.1% in current year Quarter 1. This was contributed by certain higher margin projects, recovery of doubtful debts provided in previous periods as well as lower operating expenses in the current quarter.

3. Prospects

The Board is cautiously optimistic on the prospects of the Group as the Company's order book remains positive and the financial performance continues to be positive.

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-SEPT 2015 RM'000	Current Year to-Date 30-SEPT 2015 RM'000
Current tax	(3,565)	(6,009)



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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

The Group's borrowings as at 30 September 2015 are as follows:

	RM'000
Secured short term borrowing:-	
Bankers' acceptance	3,511

The borrowings are secured by:-

- a) a first legal charge over a leasehold land and building
- b) a corporate guarantee of the Company

There were no unsecured debts during the current quarter under review and financial year-to-date.

The Group does not have any foreign borrowing or debt securities as at the date of this interim report.

8. Derivatives Financial Instruments

As at 30 September 2015, 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	111,183	15,714

9. Material Litigation

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

10. Dividend

On 21 May 2015, the Board of Directors proposed a final single tier dividend of 1.75 sen per ordinary share of RM0.10 each amounting to RM9,030,000 in respect of FYE 31 March 2015.

The said dividend was approved by shareholders at Boilermech's Annual General Meeting held on 20 August 2015 and was paid on 18 September 2015.



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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-Sept-2015	30-Sept-2014	30-Sept-2015	30-Sept-2014
Profit after Taxation attributable to owners of the Company (RM'000)	11,733	11,395	19,557	21,472
Weighted average number of ordinary shares in issue ('000)	516,000	516,000	516,000	516,000
Basic earnings per share (sen)	2.27	2.21	3.79	4.16

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 profits of the Group :

	As at 30-SEPT 2015 RM'000
- Realised	114,456
- Unrealised	2,317
Total group retained profits as per consolidated accounts	116,773



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

Income / (Expenses)	Current Year Quarter 30-SEPT 2015 RM'000	Current Year to-Date 30-SEPT 2015 RM'000
Interest income	142	241
Other income including investment income	32	46
Interest expense	(13)	(13)
Depreciation and amortization	(963)	(1,784)
(Provision for) / Reversal of and (write off) of receivables	966	543
Provision for and write off of inventories	-	-
Gain or (loss) on disposal of equipment	-	-
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	(933)	(3,633)
Gain or (loss) on derivatives	(3,332)	(3,131)
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 19 November 2015.