



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

Unaudited Interim Financial Statements for the 4th Quarter Ended 31 March 2016

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

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	Current Year Quarter 31-Mar-2016 RM'000	Preceding Year Corresponding Quarter 31-Mar-2015 RM'000	Current Year to Date 31-Mar-2016 RM'000	Preceding Year Corresponding Period 31-Mar-2015 RM'000
Revenue	67,476	69,717	260,109	277,875
Cost of sales	(51,243)	(47,127)	(186,629)	(205,037)
Gross profit	16,233	22,590	73,480	72,838
Other operating income and expenses	(9,976)	(12,264)	(34,259)	(20,672)
Finance costs	(117)	-	(159)	-
Profit before taxation	6,140	10,326	39,062	52,166
Income tax expense	(1,442)	(2,284)	(8,217)	(13,012)
Profit after taxation	4,698	8,042	30,845	39,154
Other Comprehensive Income, Net of Tax				
- Foreign currency translation differences for foreign operation	(49)	(5)	11	(21)
- Cash flow hedge	7,567	759	9,197	(4,908)
	7,518	754	9,208	(4,929)
Total Comprehensive Income	12,216	8,796	40,053	34,225
Profit after taxation attributable to :				
Owners of the Company	4,571	8,042	30,718	39,154
Non-controlling interest	127	-	127	-
	4,698	8,042	30,845	39,154
Total comprehensive income attributable to :				
Owners of the Company	12,089	8,796	39,926	34,225
Non-controlling interest	127	-	127	-
	12,216	8,796	40,053	34,225
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)	0.89	1.56	5.95	7.59
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.



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Unaudited Condensed Consolidated Statement of Financial Position

	UNAUDITED	AUDITED
	As at	As at
	31-Mar-2016	31-Mar-2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	89,847	75,848
Deferred tax assets	172	163
Goodwill	3,681	-
	93,700	76,011
Current assets		
Inventories	31,877	29,577
Amount owing by contract customers	39,329	28,347
Trade receivables	94,406	63,733
Other receivables, deposits and prepayments	5,105	2,758
Tax refundable	2,207	2,197
Derivative assets	6,757	-
Liquid investments	15,409	12,943
Deposits with a licensed bank	138	-
Cash and bank balances	10,577	13,638
	205,805	153,193
	299,505	229,204
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity		
Share capital	51,600	51,600
Foreign currency translation reserve	(11)	(22)
Cash flow hedge reserve	4,423	(4,774)
Merger deficit	(21,810)	(21,810)
Retained profits	127,934	106,246
	162,136	131,240
Equity attributable to owners of the Company		
Non-controlling interests	8,140	-
	170,276	131,240
Non-current liabilities		
Borrowings	6,100	-
Deferred tax liabilities	1,579	-
	7,679	-
Current liabilities		
Amount owing to contract customers	53,808	39,194
Trade payables	40,215	38,351
Other payables and accruals	9,797	14,221
Provision for taxation	63	7
Borrowings	17,667	-
Derivative liabilities	-	6,191
	121,550	97,964
	129,229	97,964
TOTAL LIABILITIES		
TOTAL EQUITY AND LIABILITIES		
	299,505	229,204
Net assets per share attributable to owners of the Company (RM)	0.31	0.25

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



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Unaudited Interim Financial Statements for the 4th Quarter Ended 31 March 2016

Unaudited Condensed Consolidated Statement of Cash Flows

	Current Year to Date 31-Mar-2016 RM'000	Preceding Year Corresponding Period 31-Mar-2015 RM'000
CASH FLOW FROM / (FOR) OPERATING ACTIVITIES		
Profit before taxation	39,062	52,166
Adjustments for :		
Equipment written off	7	5
Allowance for impairment losses on trade receivables	3,141	3,005
Allowance for slow moving inventories	395	-
Depreciation of property, plant and equipment	3,726	2,516
Interest expenses	159	-
Inventories written off / (back)	-	58
Unrealised loss / (gain) on foreign exchange	4,309	(1,864)
Fair value (gain) / loss on derivatives	(3,751)	1,462
Loss / (Gain) on disposal of equipment	1	(80)
Interest income	(533)	(1,455)
Write-back of allowance for impairment losses on trade receivables	(3,473)	(4,282)
Operating profit before working capital changes	43,043	51,531
Increase in amount owing by contract customers	(7,154)	(13,073)
Decrease / (Increase) in inventories	111	(1,019)
Increase in trade and other receivables	(28,584)	(10,456)
(Decrease) / Increase in trade and other payables	(5,184)	1,570
Increase / (Decrease) in amount owing to contract customers	14,430	(19,328)
Cash from operations	16,662	9,225
Interest paid	(144)	-
Income tax paid	(7,869)	(14,329)
Net cash from / (for) operating activities	8,649	(5,104)
CASH FLOW FOR INVESTING ACTIVITIES		
Proceeds from disposal of equipment	2	80
Purchase of property, plant and equipment	(2,364)	(36,136)
Interest received	533	1,455
Acquisition of new subsidiary company, net of cash	(13,124)	-
Net cash for investing activities	(14,953)	(34,601)
CASH FLOW FROM / (FOR) FINANCING ACTIVITIES		
Drawdown from borrowings	15,430	-
Repayment of borrowings	(67)	-
Dividends paid	(9,030)	(7,740)
Net cash from / (for) financing activities	6,333	(7,740)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	29	(47,445)
EFFECTS OF FOREIGN EXCHANGE	(486)	(23)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	26,581	74,049
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	26,124	26,581
CASH AND CASH EQUIVALENTS COMPRISE		
Liquid Investments	15,409	12,943
Deposits with a licensed bank	138	-
Cash and bank balances	10,577	13,638
	26,124	26,581

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 Interim Financial Statements for the 4th Quarter Ended 31 March 2016

Unaudited Condensed Consolidated Statements of Changes in Equity

	Attributable to owners of the Company					Distributable Retained Profits RM'000	Total RM'000	Non Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Cash Flow Hedge Reserve RM'000	Merger Deficit RM'000				
Balance at 1/4/2015	51,600	-	(22)	(4,774)	(21,810)	106,246	131,240	-	131,240
Profit after taxation for the financial period	-	-	-	-	-	30,718	30,718	127	30,845
Other comprehensive income for the financial period:									
Cash flow hedge	-	-	-	9,197	-	-	9,197	-	9,197
Foreign currency translation differences for foreign operation	-	-	11	-	-	-	11	-	11
Total comprehensive income for the financial period	-	-	11	9,197	-	30,718	39,926	127	40,053
Distributions to owners of the Company:									
Dividend	-	-	-	-	-	(9,030)	(9,030)	-	(9,030)
Total transactions with owners	-	-	-	-	-	(9,030)	(9,030)	-	(9,030)
Non-controlling interest of a new subsidiary acquired	-	-	-	-	-	-	-	8,013	8,013
Balance at 31/03/2016	51,600	-	(11)	4,423	(21,810)	127,934	162,136	8,140	170,276
Balance at 1/4/2014	25,800	7,619	-	134	(21,810)	93,013	104,756	-	104,756
Profit after taxation for the financial period	-	-	-	-	-	39,154	39,154	-	39,154
Other comprehensive income for the financial period:									
Foreign currency translation differences for foreign operation	-	-	(22)	-	-	-	(22)	-	(22)
Cash flow hedge	-	-	-	(4,908)	-	-	(4,908)	-	(4,908)
Total comprehensive income for the financial period	-	-	(22)	(4,908)	-	39,154	34,224	-	34,224
Distributions to owners of the Company:									
Issuance of shares - Bonus issue	25,800	(7,619)	-	-	-	(18,181)	-	-	-
Dividend	-	-	-	-	-	(7,740)	(7,740)	-	(7,740)
Total transactions with owners	25,800	(7,619)	-	-	-	(25,921)	(7,740)	-	(7,740)
Balance at 31/03/2015	51,600	-	(22)	(4,774)	(21,810)	106,246	131,240	-	131,240

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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Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 March 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 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

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

	12- MONTHS FINANCIAL PERIOD ENDED 31-MARCH 2016			
	BIO-ENERGY SYSTEMS *	WATER TREATMENT	OTHERS	GROUP
	RM'000	RM'000	RM'000	RM'000
REVENUE				
External sales	257,555	2,554	-	260,109
Inter-segment sales	-	-	-	-
	<u>257,555</u>	<u>2,554</u>	<u>-</u>	<u>260,109</u>
Adjustments and eliminations				<u>-</u>
Consolidated revenue				<u>260,109</u>
RESULTS				
Segments results	40,460	291	(1,530)	39,221
Finance costs				(159)
Profit before taxation				<u>39,062</u>
Income tax expense				(8,217)
Minority Interest				<u>(127)</u>
Consolidated Profit after taxation				<u>30,718</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 31-MAR 2016 RM'000	Current Year to-Date 31-MAR 2016 RM'000
Local	28,065	101,061
Export	39,411	159,048
Total	<u>67,476</u>	<u>260,109</u>



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9. Changes in the Composition of the Group

On 2 March 2016, the company acquired 698,287 ordinary shares of RM1.00 each in Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK"), representing 60.23% of the issued and paid up share capital of TEK. TEK and its subsidiaries are principally engaged in business as general trader and contractor of water treatment chemical and equipment

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

10. Contingent Liabilities

	Current Year to-Date 31-MAR 2016 RM'000
Group	
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>12,100</u>
Company	
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary	<u>48,847</u>

11. Capital Commitments

There were no capital commitment at the end of the current quarter that have not provided for in the financial statements.

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 2016 RM'000
Sales to related parties	3,968
Purchase from a related party	425



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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 4	Preceding year Quarter 4	Variance	Variance
	31 March 2016	31 March 2015		
	RM'000	RM'000	RM'000	%
Revenue	67,476	69,717	(2,241)	(3.2%)
PBT	6,140	10,326	(4,186)	(40.5%)
PBT Margin (%)	9.1%	14.8%		

Cumulative Quarters	Current year to date	Preceding year to date	Variance	Variance
	Quarter 4	Quarter 4		
	31 March 2016	31 March 2015		
	RM'000	RM'000	RM'000	%
Revenue	260,109	277,875	(17,766)	(6.4%)
PBT	39,062	52,166	(13,104)	(25.1%)
PBT Margin (%)	15.0%	18.8%		

For the current quarter and current year to date under review, the Group registered revenue of RM67.47 million and RM260.10 million respectively.

The revenue in current year Quarter 4 reduced by RM2.24 million, representing a decrease of 3.2%, as compared to the revenue achieved in the preceding year corresponding quarter. The revenue in current year to date reduced by RM17.76 million, representing a decrease of 6.4%. The decrease in revenue was mainly due to the decrease in activity levels.

The PBT in current year Quarter 4 decreased by RM4.18 million, which represents a decrease of 40.5%, as compared to the preceding year corresponding quarter while the PBT in current year to date reduced by RM 13.10 million, which represents a decrease of 25.1% as compared to the preceding year corresponding year to date.

PBT margin for current year Quarter 4 stood at 9.1% as compared to 14.8% PBT margin in the preceding year corresponding quarter. The PBT margin for the current 12 month period stood at 15.0% as compared to the 18.8% PBT margin recorded for the 12 month period of the preceding year. The lower PBT margin for current year Quarter 4 and cumulative 12 months was mainly due to lower project margin and impact of foreign exchange.



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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	Variance
	31 March 2016	31 December 2015		
	RM'000	RM'000	RM'000	%
Revenue	67,476	63,478	3,998	6.3%
PBT	6,140	7,356	(1,216)	(16.5%)
PBT Margin (%)	9.1%	11.6%		

The revenue in current year Quarter 4 increased by RM3.99 million, representing an increase of 6.3%, as compared to the current year Quarter 3. The increase in revenue was partially contributed by the new subsidiary acquired, Teknologi Enviro-Kimia (M) Sdn Bhd.

The PBT in current year Quarter 4 reduced by RM1.21 million as compared to the preceding quarter. However, PBT margin was lower at 9.1% as compared to 11.6% in current year Quarter 3. This was mainly due to lower project margin and impact of foreign exchange.

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 31-MAR 2016 RM'000	Current Year to-Date 31-MAR 2016 RM'000
Current tax	(1,442)	(8,217)

The effective tax rates of the Group for the current quarter under review were lower than the statutory tax rate of 24%. This was mainly due to over provision of tax in the previous financial year being taken up during the current quarter.



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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
	31-MAR 2016	31-MAR 2015	31-MAR 2016	31-MAR 2015
Profit after Taxation attributable to owners of the Company (RM'000)	4,571	8,042	30,718	39,154
Weighted average number of ordinary shares in issue ('000)	516,000	516,000	516,000	516,000
Basic earnings per share (sen)	0.89	1.56	5.95	7.59

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 31-MAR 2016 RM'000
- Realised	126,438
- Unrealised	1,495
Total group retained profits as per consolidated accounts	127,934



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

Income / (Expenses)	Current Year Quarter 31-MAR 2016 RM'000	Current Year to-Date 31-MAR 2016 RM'000
Interest income	165	533
Other income including investment income	46	136
Interest expense	(117)	(159)
Depreciation and amortization	(1,021)	(3,726)
(Provision for) / Reversal of and (write off) of receivables	(291)	332
Provision for and write off of inventories	(395)	(395)
Gain or (loss) on disposal of equipment	(1)	(1)
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	(7)	(7)
Foreign exchange gain or (loss)	(8,514)	(19,752)
Gain or (loss) on derivatives	4,141	3,751
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 27 May 2016.