



**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 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-Sep-2016 RM'000</b>	<b>Preceding Year Corresponding Quarter 30-Sep-2015 RM'000</b>	<b>Current Year to Date 30-Sep-2016 RM'000</b>	<b>Preceding Year Corresponding Period 30-Sep-2015 RM'000</b>
Revenue	54,474	69,137	116,194	129,155
Cost of sales	(44,913)	(45,997)	(93,333)	(88,340)
Gross profit	9,561	23,140	22,861	40,815
Other operating income and expenses	(4,509)	(7,829)	(8,936)	(15,236)
Finance costs	(71)	(13)	(279)	(13)
Profit before taxation	4,981	15,298	13,646	25,566
Income tax expense	(1,256)	(3,565)	(3,323)	(6,009)
Profit after taxation	3,725	11,733	10,323	19,557
Other Comprehensive Income, Net of Tax				
- Foreign currency translation differences for foreign operation	36	39	67	41
- Cash flow hedge	(1,588)	(8,591)	(5,554)	(6,392)
	(1,552)	(8,552)	(5,487)	(6,351)
Total Comprehensive Income	2,173	3,181	4,836	13,206
Profit after taxation attributable to :				
Owners of the Company	3,675	11,733	10,110	19,557
Non-controlling interest	50	-	213	-
	3,725	11,733	10,323	19,557
Total comprehensive income attributable to :				
Owners of the Company	2,123	3,181	4,623	13,206
Non-controlling interest	50	-	213	-
	2,173	3,181	4,836	13,206
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)	0.71	2.27	1.96	3.79
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.



**BOILERMECH HOLDINGS BERHAD**  
**Company No.897694-T**  
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**Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2016**

**Unaudited Condensed Consolidated Statement of Financial Position**

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>As at</b>	<b>As at</b>
	<b>30-Sep-2016</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	81,505	83,264
Investment property	6,518	6,583
Deferred tax assets	173	512
Goodwill	3,931	3,931
	<u>92,127</u>	<u>94,290</u>
<b>Current assets</b>		
Inventories	32,200	31,862
Amount owing by contract customers	26,838	39,330
Trade receivables	70,094	93,567
Other receivables, deposits and prepayments	4,199	5,130
Current tax assets	2,344	1,741
Derivative assets	-	6,757
Liquid investments	37,714	15,426
Fixed deposit with a licensed bank	-	121
Cash and bank balance	15,929	10,764
	<u>189,318</u>	<u>204,698</u>
<b>TOTAL ASSETS</b>	<u><u>281,445</u></u>	<u><u>298,988</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	51,600	51,600
Cash flow hedge reserve	(1,666)	3,888
Merger deficit	(21,810)	(21,810)
Foreign currency translation reserve	56	(11)
Retained profits	130,353	127,983
<b>Equity attributable to owners of the Company</b>	<u>158,533</u>	<u>161,650</u>
Non-controlling interests	8,246	7,973
<b>Total Equity</b>	<u>166,779</u>	<u>169,623</u>
<b>Non-current liabilities</b>		
Borrowings	5,677	6,048
Deferred tax liabilities	1,181	1,470
	<u>6,858</u>	<u>7,518</u>
<b>Current liabilities</b>		
Amount owing to contract customers	56,196	53,808
Trade payables	32,894	40,426
Other payables and accruals	14,492	9,833
Short-term borrowings	1,928	17,718
Current tax liabilities	41	62
Derivative liabilities	2,257	-
	<u>107,808</u>	<u>121,847</u>
<b>TOTAL LIABILITIES</b>	<u>114,666</u>	<u>129,365</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>281,445</u></u>	<u><u>298,988</u></u>
Net assets per share attributable to owners of the Company (RM) #	0.31	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**

Company No.897694-T

(Incorporated in Malaysia under the Companies Act,1965)

Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2016

**Unaudited Condensed Consolidated Statement of Cash Flows**

	Current Year to Date 30-Sep-2016 RM'000	Preceding Year Corresponding Period 30-Sep-2015 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	13,646	25,566
Adjustments for :		
Allowance for impairment losses on trade receivables	2,638	1,369
Bad debts written off	201	-
Equipment written off	9	-
Depreciation of property, plant and equipment	2,222	1,784
Depreciation of investment property	65	-
Interest expenses	279	13
Inventories written off	193	-
Unrealised gain on foreign exchange	(3,404)	(3,346)
Fair value loss on derivatives	3,460	3,131
Gain on disposal of equipment	(15)	-
Interest income	(590)	(241)
Write-back of allowance for impairment losses on trade receivables	(2,192)	(1,912)
Operating profit before working capital changes	16,512	26,364
Decrease/(Increase) in amount owing by contract customers	12,492	(11,880)
Increase in inventories	(531)	(3,786)
Decrease/(Increase) in trade and other receivables	26,837	(7,055)
(Decrease)/Increase in trade and other payables	(3,232)	2,084
Increase in amount owing to contract customers	2,388	1,375
Cash from operations	54,466	7,102
Interest paid	(279)	(13)
Income tax paid	(3,911)	(5,516)
<b>Net cash from operating activities</b>	50,276	1,573
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of equipment	15	-
Purchase of property, plant and equipment	(464)	(297)
Interest received	590	241
<b>Net cash from / (to) investing activities</b>	141	(56)
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>		
Repayment of term loan	(214)	-
Repayment of hire purchase obligations	(209)	-
(Repayment of) / Drawdown of bankers' acceptances	(738)	3,511
Repayment of revolving credits	(15,000)	-
Issuance of shares to non-controlling interests	60	-
Dividends paid	(7,740)	(9,030)
<b>Net cash for financing activities</b>	(23,841)	(5,519)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	26,576	(4,002)
<b>EFFECTS OF FOREIGN EXCHANGE</b>	756	457
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	26,311	26,581
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	53,643	23,036
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>		
Liquid Investments	37,714	7,365
Cash and bank balances	15,929	15,671
	53,643	23,036

**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.



**BOILERMECH HOLDINGS BERHAD**  
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**Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 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	Cash Flow Hedge Reserve RM'000	Merger Deficit RM'000	Foreign Currency Translation Reserve 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	-	-	-	-	10,110	10,110	213	10,323
Other comprehensive income for the financial period:								
Cash flow hedge	-	(5,554)	-	-	-	(5,554)	-	(5,554)
Foreign currency translation differences for foreign operation	-	-	-	67	-	67	-	67
Total comprehensive income for the financial period	-	(5,554)	-	67	10,110	4,623	213	4,836
Transactions with owners of the Company:								
- Distribution of dividends	-	-	-	-	(7,740)	(7,740)	-	(7,740)
- Issuance of shares by a subsidiary to non-controlling interests	-	-	-	-	-	-	60	60
Total transactions with owners	-	-	-	-	(7,740)	(7,740)	60	(7,680)
<b>Balance at 30/9/2016</b>	<b>51,600</b>	<b>(1,666)</b>	<b>(21,810)</b>	<b>56</b>	<b>130,353</b>	<b>158,533</b>	<b>8,246</b>	<b>166,779</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	-	-	-	-	19,557	19,557	-	19,557
Other comprehensive income for the financial period:								
Cash flow hedge	-	(6,392)	-	-	-	(6,392)	-	(6,392)
Foreign currency translation differences for foreign operation	-	-	-	41	-	41	-	41
Total comprehensive income for the financial period	-	(6,392)	-	41	19,557	13,206	-	13,206
Distributions to owners of the Company:								
Dividends	-	-	-	-	(9,030)	(9,030)	-	(9,030)
Total transactions with owners	-	-	-	-	(9,030)	(9,030)	-	(9,030)
<b>Balance at 30/9/2015</b>	<b>51,600</b>	<b>(11,166)</b>	<b>(21,810)</b>	<b>19</b>	<b>116,773</b>	<b>135,416</b>	<b>-</b>	<b>135,416</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.



# BOILERMECH HOLDINGS BERHAD

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## Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 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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## Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2016

### 7. Dividend

On 27<sup>th</sup> May 2016, 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.

The said dividend was approved by shareholders at Boilermech's Annual General Meeting held on 18<sup>th</sup> August 2016 and was paid on 15<sup>th</sup> September 2016.

### 8. Segmental Reporting

	6- MONTHS FINANCIAL PERIOD ENDED 30-SEPTEMBER 2016			
	BIO-ENERGY SYSTEMS *	WATER TREATMENT	OTHERS	GROUP
	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>				
External sales	104,255	11,939	-	116,194
Inter-segment sales	-	-	-	-
	<u>104,255</u>	<u>11,939</u>	<u>-</u>	<u>116,194</u>
Adjustments and eliminations				<u>-</u>
Consolidated revenue				<u>116,194</u>
<b>RESULTS</b>				
Segments results	13,742	749	(566)	13,925
Finance costs				(279)
Profit before taxation				<u>13,646</u>
Income tax expense				<u>(3,323)</u>
Consolidated Profit after taxation				<u>10,323</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 2016 RM'000	Current Year to-Date 30-SEPT 2016 RM'000
Local	24,250	49,940
Export	30,224	66,254
Total	<u>54,474</u>	<u>116,194</u>



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## Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 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-SEPT 2016 RM'000</b>
<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-SEPT 2016 RM'000</b>
<b>Purchase of Property, plant and equipment</b>	
Approved and contracted for	<u>371</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-SEPT 2016 RM'000</b>
Sales to related parties	403
Purchase from related party	<u>142</u>



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## Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2016

### 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 2016	30 September 2015		
	RM'000	RM'000	RM'000	%
Revenue	54,474	69,137	(14,663)	(21.2%)
PBT	4,981	15,298	(10,317)	(67.4%)
PBT Margin (%)	9.1%	22.1%		

Cumulative Quarters	Current year to date	Preceding year to date	Variance	Variance
	Quarter 2	Quarter 2		
	30 September 2016	30 September 2015		
	RM'000	RM'000	RM'000	%
Revenue	116,194	129,155	(12,961)	(10.0%)
PBT	13,646	25,566	(11,920)	(46.6%)
PBT Margin (%)	11.7%	19.8%		

For the current quarter and current year to date under review, the Group registered revenue of RM54.47 million and RM116.19 million respectively.

The revenue in current quarter decreased by RM14.66 million, representing a decrease of 21.2%, as compared to the revenue achieved in the preceding year corresponding quarter. The revenue in current year to date decreased by RM12.96 million, representing a decrease of 10.0%. The decrease in revenue was mainly due to the decrease in activity levels affected by current market condition and the slowdown in palm oil industry.

The PBT in current quarter decreased by RM10.32 million, which represents a decrease of 67.4%, as compared to the preceding year corresponding quarter while the PBT on current year to date reduced by RM11.92 million, which represents a decrease of 46.6% as compared to the same period of the preceding year corresponding year to date.

PBT margin for current quarter stood at 9.1% as compared to 22.1% PBT margin in the preceding year corresponding quarter. The PBT margin for the current 6 month period stood at 11.7% as compared to the 19.8% recorded for the 6 month period of the preceding year. The PBT margin for current year Quarter 2 and current 6 month period were lower by 13.0% and 8.1% respectively as a result of lower project margin due to increase in competition and the increase in operating expenses mainly due to the consolidation of new business.





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## Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2016

### 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 2016	30 June 2016		
	RM'000	RM'000	RM'000	%
Revenue	54,474	61,720	(7,246)	(11.7%)
PBT	4,981	8,665	(3,684)	(42.5%)
PBT Margin (%)	9.1%	14.0%		

The Revenue in current quarter was lower by RM7.24 million, representing a decrease of 11.7%, as compared to the preceding quarter. This was due to the decrease in activity levels as explained earlier.

The PBT in current quarter decreased by RM3.68 million as compared to the preceding quarter. PBT margin was lower at 9.1% as compared to 14.0% in preceding quarter as a result of lower project margin of a few completed projects.

### 3. Prospects

Market environment is expected to remain challenging to the group for 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.

### 5. Income Tax Expense

The taxation figures are as follows:

	Current Year Quarter 30-SEPT 2016 RM'000	Current Year to-Date 30-SEPT 2016 RM'000
Current tax	(1,256)	(3,323)

### 6. Status of Corporate Proposals

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



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## Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2016

### 7. Borrowings

	<u>Secured / Unsecured</u>	RM'000
Short term borrowing:-		
Banker Acceptance	Secured	1,124
Hire Purchase Creditor (Short Term)	Secured	400
Term Loan (Short Term)	Secured	404
		1,928
		1,928
	<u>Secured / Unsecured</u>	RM'000
Long term borrowing:-		
Hire Purchase Creditor (Long Term)	Secured	688
Term Loan (Long Term)	Secured	4,989
		5,677
		5,677

### 8. Derivatives Financial Instruments

As at 30 Sept 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	93,847	2,257

### 9. Material Litigation

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

### 10. Dividend

On 27<sup>th</sup> May 2016, 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.

The said dividend was approved by shareholders at Boilermech's Annual General Meeting held on 18<sup>th</sup> August 2016 and was paid on 15<sup>th</sup> September 2016.



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## Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2016

### 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-2016	30-Sept-2015	30-Sept-2016	30-Sept-2015
Profit after Taxation attributable to owners of the Company (RM'000)	3,675	11,733	10,110	19,557
Weighted average number of ordinary shares in issue ('000)	516,000	516,000	516,000	516,000
Basic earnings per share (sen)	0.71	2.27	1.96	3.79

#### 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 profit of the Group :

	As at 30-SEPT 2016 RM'000
- Realised	128,444
- Unrealised	1,909
Total group retained profits as per consolidated accounts	130,353



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## Unaudited Interim Financial Statements for the 2nd Quarter Ended 30 September 2016

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

Income / (Expenses)	Current Year Quarter 30-SEPT 2016 RM'000	Current Year to-Date 30-SEPT 2016 RM'000
Interest income	387	590
Other income including investment income	120	248
Interest expense	(71)	(279)
Depreciation and amortisation	(1,140)	(2,287)
Provision for / (Reversal of) and write off of receivables	874	(647)
Provision for and write off of inventories	(118)	(193)
Gain or (loss) on disposal of equipment	11	15
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	1,028	6,595
Gain or (loss) on derivatives	(555)	(3,460)
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 November 2016.