



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

Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2015

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Dec-2015 RM'000	Preceding Year Corresponding Quarter 31-Dec-2014 RM'000	Current Year to Date 31-Dec-2015 RM'000	Preceding Year Corresponding Period 31-Dec-2014 RM'000
Revenue	63,478	66,130	192,633	208,158
Cost of sales	(47,046)	(48,647)	(135,386)	(157,910)
Gross profit	16,432	17,483	57,247	50,248
Other operating income and expenses	(9,047)	(4,845)	(24,283)	(8,407)
Finance costs	(29)	-	(42)	-
Profit before taxation	7,356	12,638	32,922	41,841
Income tax expense	(766)	(2,997)	(6,775)	(10,728)
Profit after taxation	6,590	9,641	26,147	31,113
Other Comprehensive Income, Net of Tax				
- Foreign currency translation differences for foreign operation	19	(16)	60	(16)
- Cash flow hedge	8,022	(3,966)	1,630	(5,667)
	8,041	(3,982)	1,690	(5,683)
Total Comprehensive Income	14,631	5,659	27,837	25,430
Profit after taxation attributable to : Owners of the Company	6,590	9,641	26,147	31,113
Total comprehensive income attributable to : Owners of the Company	14,631	5,659	27,837	25,430
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)	1.28	1.87	5.07	6.03
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
	31-Dec-2015	31-Mar-2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	75,359	75,848
Deferred tax assets	193	163
	<u>75,552</u>	<u>76,011</u>
Current assets		
Inventories	34,130	29,577
Amount owing by contract customers	32,887	28,347
Trade receivables	69,889	63,733
Other receivables, deposits and prepayments	5,098	2,758
Tax refundable	1,749	2,197
Liquid investments	10,395	12,943
Cash and bank balances	24,657	13,638
	<u>178,805</u>	<u>153,193</u>
TOTAL ASSETS	<u><u>254,357</u></u>	<u><u>229,204</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	51,600	51,600
Foreign currency translation reserve	38	(22)
Cash flow hedge reserve	(3,144)	(4,774)
Merger deficit	(21,810)	(21,810)
Retained profits	123,363	106,246
Total equity	<u>150,047</u>	<u>131,240</u>
Current liabilities		
Amount owing to contract customers	46,075	39,194
Trade payables	39,247	38,351
Other payables and accruals	13,037	14,221
Provision for taxation	-	7
Borrowings	1,000	-
Derivative liabilities	4,951	6,191
	<u>104,310</u>	<u>97,964</u>
TOTAL LIABILITIES	<u>104,310</u>	<u>97,964</u>
TOTAL EQUITY AND LIABILITIES	<u><u>254,357</u></u>	<u><u>229,204</u></u>
Net assets per share attributable to owners of the Company (RM)	0.29	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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Company No.897694-T
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Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2015

Unaudited Condensed Consolidated Statement of Cash Flows

	Current Year to Date 31-Dec-2015 RM'000	Preceding Year Corresponding Period 31-Dec-2014 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	32,922	41,841
Adjustments for :		
Equipment written off	-	5
Allowance for impairment losses on trade receivables	2,202	1,322
Depreciation of property, plant and equipment	2,705	1,772
Interest expenses	42	-
Unrealised gain on foreign exchange	(166)	(1,549)
Fair value loss on derivatives	390	1,935
Gain on disposal of equipment	-	(10)
Interest income	(368)	(1,271)
Write-back of allowance for impairment losses on trade receivables	(2,825)	(4,080)
Operating profit before working capital changes	34,902	39,965
Increase in amount owing by contract customers	(4,540)	(7,072)
Increase in inventories	(4,553)	(1,538)
Increase in trade and other receivables	(7,933)	(10,369)
Decrease in trade and other payables	(208)	(255)
Increase / (Decrease) in amount owing to contract customers	6,881	(12,794)
Cash from operations	24,549	7,937
Interest paid	(42)	-
Income tax paid	(6,364)	(8,276)
Net cash from / (for) operating activities	18,143	(339)
CASH FLOW FOR INVESTING ACTIVITIES		
Proceeds from disposal of equipment	-	10
Purchase of property, plant and equipment	(2,206)	(25,125)
Interest received	368	1,271
Net cash for investing activities	(1,838)	(23,844)
CASH FLOW FOR FINANCING ACTIVITIES		
Drawdown from borrowings	1,000	-
Dividends paid	(9,030)	(7,740)
Net cash for financing activities	(8,030)	(7,740)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	8,275	(31,923)
EFFECTS OF FOREIGN EXCHANGE	196	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	26,581	74,049
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	35,052	42,126
CASH AND CASH EQUIVALENTS COMPRISE		
Liquid Investments	10,395	29,342
Cash and bank balances	24,657	12,784
	35,052	42,126

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 3rd Quarter Ended 31 December 2015

Unaudited Condensed Consolidated Statements of Changes in Equity

	←	Non-distributable			→	Distributable	
	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Cash Flow Hedge Reserve RM'000	Merger Deficit RM'000	Retained Profits RM'000	Total 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	-	-	-	-	-	26,147	26,147
Other comprehensive income for the financial period:							
Cash flow hedge	-	-	-	1,630	-	-	1,630
Foreign currency translation differences for foreign operation	-	-	60	-	-	-	60
Total comprehensive income for the financial period	-	-	60	1,630	-	26,147	27,837
Distributions to owners of the Company:							
Dividend	-	-	-	-	-	(9,030)	(9,030)
Total transactions with owners	-	-	-	-	-	(9,030)	(9,030)
Balance at 31/12/2015	51,600	-	38	(3,144)	(21,810)	123,363	150,047
Balance at 1/4/2014	25,800	7,619	-	134	(21,810)	93,013	104,756
Profit after taxation for the financial period	-	-	-	-	-	31,113	31,113
Other comprehensive income for the financial period:							
Foreign currency translation differences for foreign operation	-	-	(16)	-	-	-	(16)
Cash flow hedge	-	-	-	(5,667)	-	-	(5,667)
Total comprehensive income for the financial period	-	-	(16)	(5,667)	-	31,113	25,430
Distributions to owners of the Company:							
Issuance of shares - Bonus issue	25,800	(7,619)	-	-	-	(18,181)	-
Dividend	-	-	-	-	-	(7,740)	(7,740)
Total transactions with owners	25,800	(7,619)	-	-	-	(25,921)	(7,740)
Balance at 31/12/2014	51,600	-	(16)	(5,533)	(21,810)	98,205	122,446

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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(Company No.897694-T)

(Incorporated in Malaysia under the Companies Act, 1965)

Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2015

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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(Company No.897694-T)

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Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2015

7. Dividend

There was no dividend declared and paid during the current quarter under review.

8. Segmental Reporting

	9- MONTHS FINANCIAL PERIOD ENDED 31-DECEMBER 2015		
	BIO-ENERGY SYSTEMS *	OTHERS	GROUP
	RM'000	RM'000	RM'000
REVENUE			
External sales	192,633	-	192,633
Inter-segment sales	-	-	-
	<u>192,633</u>	<u>-</u>	<u>192,633</u>
Adjustments and eliminations			<u>-</u>
Consolidated revenue			<u>192,633</u>
RESULTS			
Segments results	34,002	(1,038)	32,964
Finance costs			<u>(42)</u>
Profit before taxation			<u>32,922</u>
Income tax expense			<u>(6,775)</u>
Consolidated Profit after taxation			<u>26,147</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-DEC 2015 RM'000	Current Year to-Date 31-DEC 2015 RM'000
Local	25,939	72,996
Export	37,539	119,637
Total	<u>63,478</u>	<u>192,633</u>



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Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2015

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 31-DEC 2015 RM'000
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary	48,847

11. Capital Commitments

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

	Current Year to-Date 31-DEC 2015 RM'000
Purchase of Property, plant and equipment	
Approved and contracted for	39

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-DEC 2015 RM'000
Sales to related parties	3,032
Purchase from related party	392



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(Company No.897694-T)

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Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2015

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

1. Review of Performance

Individual Quarters	Current year Quarter 3	Preceding year Quarter 3	Variance	Variance
	31 December 2015	31 December 2014		
	RM'000	RM'000	RM'000	%
Revenue	63,478	66,130	(2,652)	(4.0%)
PBT	7,356	12,638	(5,282)	(41.8%)
PBT Margin (%)	11.6%	19.1%		

Cumulative Quarters	Current year to date	Preceding year to date	Variance	Variance
	Quarter 3	Quarter 3		
	31 December 2015	31 December 2014		
	RM'000	RM'000	RM'000	%
Revenue	192,633	208,158	(15,525)	(7.5%)
PBT	32,922	41,841	(8,919)	(21.3%)
PBT Margin (%)	17.1%	20.1%		

For the current quarter and current year to date under review, the Group registered revenue of RM63.47 million and RM192.63 million respectively.

The revenue in current year Quarter 3 reduced by RM2.65 million, representing a decrease of 4.0%, as compared to the revenue achieved in the preceding year corresponding quarter. The revenue in current year to date reduced by RM15.52 million, representing a decrease of 7.5%. The decrease in revenue was mainly due to the decrease in activity levels.

The PBT in current year Quarter 3 decreased by RM5.28 million, which represents a decrease of 41.8%, as compared to the preceding year corresponding quarter while the PBT in current year to date reduced by RM 8.92 million, which represents a decrease of 21.3% as compared to the preceding year corresponding year to date.

PBT margin for current year Quarter 3 stood at 11.6% as compared to 19.1% PBT margin in the preceding year corresponding quarter. The PBT margin for the current 9 month period stood at 17.1% as compared to the 20.1% PBT margin recorded for the 9 month period of the preceding year. The PBT margin for current year Quarter 3 and current 9 month period were lower by 7.5% and 3.0% respectively. The lower margin for current year Quarter 3 and cumulative 9 months PBT was mainly due to lower project margin mix and impact of foreign exchange.



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Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2015

2. Material Changes To The Results Of The Preceding Quarter

Individual Quarter	Current year Quarter 3 (3 Months)	Current year Quarter 2 (3 Months)	Variance	Variance
	31 December 2015	30 September 2015		
	RM'000	RM'000	RM'000	%
Revenue	63,478	69,137	(5,659)	(8.2%)
PBT	7,356	15,298	(7,942)	(51.9%)
PBT Margin (%)	11.6%	22.1%		

The Revenue in current year Quarter 3 was reduced by RM5.65 million, representing a decrease of 8.2%, as compared to the current year Quarter 2.

The PBT in current year Quarter 3 reduced by RM7.94 million as compared to the current year Quarter 2. PBT margin was lower at 11.6% as compared to 22.1% in current year Quarter 2. This was mainly due to lower project margin mix 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-DEC 2015 RM'000	Current Year to-Date 31-DEC 2015 RM'000
Current tax	(766)	(6,775)

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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Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2015

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 31 December 2015 are as follows:

	RM'000
Unsecured short term borrowing:-	
Revolving Credit	1,000
	<hr/>

There were no secured 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 31 December 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	109,565	4,951

9. Material Litigation

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

10. Dividend

There was no dividend declared and paid during the current quarter under review.



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Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2015

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 31-DEC 2015	Preceding Year Corresponding Quarter 31-DEC 2014	Current Year to-date 31-DEC 2015	Preceding Year Corresponding Period 31-DEC 2014
Profit after Taxation attributable to owners of the Company (RM'000)	6,590	9,641	26,147	31,113
Weighted average number of ordinary shares in issue ('000)	516,000	516,000	516,000	516,000
Basic earnings per share (sen)	1.28	1.87	5.07	6.03

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-DEC 2015 RM'000
- Realised	121,487
- Unrealised	1,876
Total group retained profits as per consolidated accounts	123,363



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(Company No.897694-T)

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Unaudited Interim Financial Statements for the 3rd Quarter Ended 31 December 2015

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

Income / (Expenses)	Current Year Quarter 31-DEC 2015 RM'000	Current Year to-Date 31-DEC 2015 RM'000
Interest income	127	368
Other income including investment income	44	90
Interest expense	(29)	(42)
Depreciation and amortization	(921)	(2,705)
(Provision for) / Reversal of and (write off) of receivables	80	623
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)	(7,605)	(11,238)
Gain or (loss) on derivatives	2,741	(390)
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 24 February 2016.