



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 2013

Unaudited Condensed Consolidated Statements Of Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-Jun-2013 RM'000	Preceding Year Corresponding Quarter 31-Jul-2012 RM'000	Current Year to Date 30-Jun-2013 RM'000	Preceding Year Corresponding Period 31-Jul-2012 RM'000
Revenue	51,530	42,047	51,530	42,047
Cost of sales	(39,791)	(32,995)	(39,791)	(32,995)
Gross profit	11,739	9,052	11,739	9,052
Other operating income and expenses	(3,204)	(1,678)	(3,204)	(1,678)
Finance costs	(14)	(21)	(14)	(21)
Profit before taxation	8,521	7,353	8,521	7,353
Income tax expense	(2,183)	(1,920)	(2,183)	(1,920)
Profit after taxation	6,338	5,433	6,338	5,433
Other Comprehensive Income, Net of Tax				
- Cash flow hedge	(720)	(1,088)	(720)	(1,088)
	(720)	(1,088)	(720)	(1,088)
Total Comprehensive Income	5,618	4,345	5,618	4,345
Profit after taxation attributable to :				
Owners of the Company	6,338	5,433	6,338	5,433
Total comprehensive income attributable to :				
Owners of the Company	5,618	4,345	5,618	4,345
Weighted average no. of ordinary shares in issue ('000)	258,000	258,000	258,000	258,000
Earnings per share attributable to owners of the Company:				
Basic (sen)	2.46	2.11	2.46	2.11
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 period ended 31 March 2013 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
	30-Jun-2013	31-Mar-2013
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,646	40,726
	<u>41,646</u>	<u>40,726</u>
Current assets		
Inventories	21,631	19,316
Amount owing by contract customers	11,962	9,878
Trade receivables	59,343	61,722
Other receivables, deposits and prepayments	4,208	5,155
Tax refundable	11	57
Liquid investments	40,742	27,035
Cash and bank balances	26,241	13,108
	<u>164,138</u>	<u>136,271</u>
TOTAL ASSETS	<u><u>205,784</u></u>	<u><u>176,997</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	25,800	25,800
Share premium	7,619	7,619
Cash flow hedge reserve	(774)	(54)
Merger deficit	(21,810)	(21,810)
Retained profits	73,495	67,157
Total equity	<u>84,330</u>	<u>78,712</u>
Non-current liabilities		
Term loan	576	683
Deferred tax liabilities	804	813
	<u>1,380</u>	<u>1,496</u>
Current liabilities		
Amount owing to contract customers	78,011	63,322
Trade payables	34,664	28,627
Other payables and accruals	4,654	3,869
Amount owing to related company	12	24
Provision for taxation	864	384
Term loan	440	440
Derivative liabilities	1,429	123
	<u>120,074</u>	<u>96,789</u>
TOTAL LIABILITIES	<u>121,454</u>	<u>98,285</u>
TOTAL EQUITY AND LIABILITIES	<u><u>205,784</u></u>	<u><u>176,997</u></u>
Net assets per share attributable to owners of the Company (RM) #	0.33	0.31

Notes :

The net assets per share is computed based on 258,000,000 ordinary shares of RM0.10 each

- (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 2013 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-Jun-2013 RM'000	Preceding Year Corresponding Period 31-Jul-2012 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	8,521	7,353
Adjustments for :		
Depreciation of property, plant and equipment	590	365
Equipment written off	-	3
Fair value loss on derivatives	587	34
Impairment losses on trade receivables	1,459	996
Interest expenses	14	21
Unrealised gain on foreign exchange	(382)	(304)
Gain on disposal of equipment	-	(10)
Interest income	(238)	(245)
Write-back of impairment losses on trade receivables	(689)	(435)
Operating profit before working capital changes	9,862	7,778
(Increase) / Decrease in amount owing by contract customers	(2,084)	3,181
Increase in inventories	(2,315)	(1,534)
Decrease / (Increase) in trade and other receivables	2,934	(4,602)
Increase in trade and other payables	6,825	6,113
Increase in amount owing to contract customers	14,689	1,338
Cash from operations	29,911	12,274
Interest paid	(14)	(21)
Income tax paid	(1,666)	(957)
Net cash from operating activities	28,231	11,296
CASH FLOW FOR INVESTING ACTIVITIES		
Proceeds from disposal of equipment	-	10
Purchase of property, plant and equipment	(1,510)	(377)
Interest received	238	245
Net cash for investing activities	(1,272)	(122)
CASH FLOW FOR FINANCING ACTIVITIES		
Repayment of term loan	(107)	(103)
Advances to a related company	(12)	-
Net cash for financing activities	(119)	(103)
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,840	11,071
EFFECTS OF FOREIGN EXCHANGE	-	(17)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	40,143	38,178
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	66,983	49,232
CASH AND CASH EQUIVALENTS COMPRISE		
Liquid Investments	40,742	43,409
Cash and bank balances	26,241	5,823
	66,983	49,232

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 2013 and the accompanying explanatory notes attached to this interim financial statements.



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Unaudited Condensed Consolidated Statement of Changes in Equity

	←	Non-distributable			→		
	Share Capital RM'000	Share Premium RM'000	Cash Flow Hedge Reserve RM'000	Merger Deficit RM'000	Distributable Retained Profits RM'000	Total RM'000	
Balance at 1/4/2013	25,800	7,619	(54)	(21,810)	67,157	78,712	
Dividends	-	-	-	-	-	-	
Total comprehensive income for the financial period	-	-	(720)	-	6,338	5,618	
Balance at 30/6/2013	25,800	7,619	(774)	(21,810)	73,495	84,330	
Balance at 1/5/2012	25,800	7,619	801	(21,810)	47,292	59,702	
Dividends	-	-	-	-	-	-	
Total comprehensive income for the financial period	-	-	(1,088)	-	5,433	4,345	
Balance at 31/7/2012	25,800	7,619	(287)	(21,810)	52,725	64,047	

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 2013 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 interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

The interim financial report should be read in conjunction with the audited consolidated financial statements of the Company for the financial period ended 31 March 2013 and the accompanying explanatory notes attached to this interim financial report.

During the financial period 31 March 2013, the Group changed its financial year end from 30 April to 31 March.

The Group has adopted the Malaysia Financial Reporting Standards ("MFRS") framework issued by MASB.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report for the Company and its subsidiary preceding annual audited financial statements for the financial period ended 31 March 2013 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

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

8. Segmental Reporting

	3- MONTHS FINANCIAL PERIOD ENDED 30-JUNE-2013		
	BIO-RENEWABLE ENERGY SYSTEMS *	OTHERS	GROUP
	RM'000	RM'000	RM'000
REVENUE			
External sales	51,530	-	51,530
Inter-segment sales	-	-	-
	<u>51,530</u>	<u>-</u>	<u>51,530</u>
Adjustments and eliminations			-
Consolidated revenue			<u>51,530</u>
RESULTS			
Segments results	8,674	(139)	8,535
Finance costs			(14)
Profit before taxation			<u>8,521</u>
Income tax expense			<u>(2,183)</u>
Consolidated Profit after taxation			<u>6,338</u>

* Bio-renewable energy systems comprises manufacturing and repair of bio-renewable energy systems and trading of related parts and accessories.

Geographical Segments for Revenue

	Current year Quarter 30 June 2013 RM'000	Current Year to- Date 30 June 2013 RM'000
Local	24,671	24,671
Export	26,859	26,859
Total	<u>51,530</u>	<u>51,530</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-June-2013 RM'000
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary	35,847

11. Capital Commitments

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

	Current Year to-Date 30-June-2013 RM'000
Property, plant and equipment	
Approved but not contracted for Purchase of property and equipment	<u>600</u>
Approved and contracted for Purchase of property and equipment	<u>3,068</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.



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13. Related Party Disclosures

(a) 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.

Key management personnel are defined as those person having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

(b) In addition to balances detailed elsewhere in the financial statements, the Group carried out the following transactions with its related parties during the interim financial period:

(i) Key management personnel

	Current Year to-Date 30- June-2013 RM'000
Short-term employee benefits	<u>784</u>

(ii) Entities controlled by key management personnel, directors and/or substantial shareholders

	Current Year to-Date 30- June-2013 RM'000
Sales to related parties	1,999
Purchase from related party	105
Management fee to related party	<u>36</u>



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

1. Review of Performance

Individual Quarter	Current year Quarter 1 (3 Months)	Preceding year Quarter 1 (3 Months)	Variance	Variance
	30 June 2013	31 July 2012		
	RM'000	RM'000	RM'000	%
Revenue	51,530	42,047	9,483	22.6%
PBT	8,521	7,353	1,168	15.9%
PBT Margin (%)	16.5%	17.5%		

For the current quarter and current year to date under review, the Group registered revenue of RM51.53 million.

The revenue in Current year Quarter 1 increased by RM9.48 million, representing an increase of 22.6%, as compared to the revenue achieved in the 3 months preceding year corresponding quarter.

This increase in revenue was mainly due to the increase in activity levels in manufacturing, deliveries and installation of boilers.

The PBT in Current year Quarter 1 increased by RM1.17 million, which was an improvement of 15.9%, as compared to the preceding year corresponding quarter.

PBT margin for Current year Quarter 1 stood at 16.5% as compared to 17.5% PBT margin in the previous year corresponding quarter. The lower margin for Current year Quarter 1 was mainly due to higher operating expenses recorded in the current quarter.



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2. Material Changes To The Results Of The Preceding Quarter

Individual Quarter	Current year Quarter 1 (3 Months)	Preceding year Quarter 4 (2 months)	Variance	Variance	*Preceding year Quarter 4 (Extrapolated 3 Months)	Variance	Variance
	30 June 2013	31 March 2013			31 March 2013		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	51,530	34,553	16,977	49.1%	51,830	(300)	(0.6%)
PBT	8,521	7,610	911	12.0%	11,415	(2,894)	(25.4%)
PBT Margin (%)	16.5%	22.0%			22.0%		

Note * Preceding year Quarter 4 which comprises of 2 months results was extrapolated to 3 months to enable comparison to Current year Quarter 1.

The Revenue in Current year Quarter 1 was slightly lower by RM0.3 million, representing a decrease of 0.6%, as compared to the extrapolated 3 months preceding year Quarter 4.

The PBT in Current year Quarter 1 decreased by RM2.89 million as compared to the extrapolated 3 months preceding year Quarter 4. As a result, PBT margin was lower at 16.5% compared to 22.0% in preceding year Quarter 4. This was mainly due to the incidence of higher profit margin from certain projects in the preceding year Quarter 4.

3. Prospects

The Board is optimistic on the prospects of the Group as the Company's order book remains strong 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- June-2013 RM'000	Current Year to-Date 30- June-2013 RM'000
Current tax	(2,183)	(2,183)



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6. Status of Corporate Proposal

(a) Utilisation of proceeds

The Company received proceeds of RM11.517 million from the public issue of 34,900,000 Shares, and the proceeds have been utilised in the following manner :-

	Proposed utilisation	Actual utilisation as at 20.8.2013	Intended timeframe for utilisation upon listing on 5 May 2011	Balance
	RM'000	RM'000		RM'000
Business expansion plans	4,000	2,680	within two (2) years	1,320 *
Repayment of term loan	2,500	2,500	within one (1) month	-
Working capital	3,317	3,317	within one (1) year	-
Estimated listing expenses	1,700	1,700	within one (1) year	-
	<u>11,517</u>	<u>10,197</u>		<u>1,320</u>

*On 19 March 2013, the Board had resolved to approve the extension of time for the utilisation of the remaining IPO proceeds for the business expansion plans until 5 May 2014.

7. Borrowings

The Group's borrowings as at 30 June 2013 are as follows:

	Secured RM'000
Short-term borrowings	
Term loans	440
Long-term borrowings	
Term loans	576
Total	<u>1,016</u>

The term loan is 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.



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8. Derivatives Financial Instruments

As at 30 June 2013, 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	83,701	1,429

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.

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 30-June-2013	Preceding Year Corresponding Quarter 31-July-2012	Current Year to-date 30-June-2013	Preceding Year Corresponding Period 31-July-2012
Profit after Taxation attributable to owners of the Company (RM'000)	6,338	5,433	6,338	5,433
Weighted average number of ordinary shares in issue ('000)	258,000	258,000	258,000	258,000
Basic earnings per share (sen)	2.46	2.11	2.46	2.11

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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12. Realised and unrealised profits

Disclosure of realised and Unrealised Profit/(Loss)

	Current Year Quarter 30- June-2013 RM'000	Current Year to-Date 30- June-2013 RM'000
Total retained profit of the Group :		
- Realised	6,542	73,061
- Unrealised	(204)	434
 Total group retained profits as per consolidated accounts	6,338	73,495

13. Notes to the statement of comprehensive income

Income / (Expenses)	Current Year Quarter 30- June-2013 RM'000	Current Year to-Date 30- June-2013 RM'000
Interest income	238	238
Other income including investment income	35	35
Interest expense	(14)	(14)
Depreciation and amortization	(590)	(590)
Provision for and write off of receivables	(770)	(770)
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)	1,011	1,011
Gain or (loss) on derivatives	(587)	(587)
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 20 August 2013.