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BOILERMECH HOLDINGS BERHAD (Company No. 897694-T) | annual report 2011

together
we strike forward
annual report 2011



BOILERMECH
BOILERMECH HOLDINGS BERHAD
(Company No. 897694-T)



Four strong arms,
one common goal.

This epitomizes the value of

teamwork

that we place in our relationships
with our stakeholders and
our people. Together, we will
achieve great things.



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corporate information

BOARD OF DIRECTORS

Dr. Chia Song Kun
Non-Independent Non-Executive Chairman

Leong Yew Cheong
Managing Director

Wong Wee Voo
Executive Director

Chia Lik Khai
Executive Director

Chia Seong Fatt
(Alternate Director to Chia Lik Khai)

Low Teng Lum
Independent Non-Executive Director

Mohd Yusof bin Hussian
Independent Non-Executive Director

AUDIT COMMITTEE

Low Teng Lum
Chairman, Independent Non-Executive Director

Dr. Chia Song Kun
Member, Non-Independent Non-Executive Chairman

Mohd Yusof bin Hussian
Member, Independent Non-Executive Director

REMUNERATION COMMITTEE

Dr. Chia Song Kun
Chairman, Non-Independent Non-Executive Chairman

Low Teng Lum
Member, Independent Non-Executive Director

Leong Yew Cheong
Member, Managing Director

NOMINATION COMMITTEE

Dr. Chia Song Kun
Chairman, Non-Independent Non-Executive Chairman

Low Teng Lum
Member, Independent Non-Executive Director

Mohd Yusof bin Hussian
Member, Independent Non-Executive Director

COMPANY SECRETARIES

Tan Bee Hwee (Maicsa 7021024)
Wong Wai Foong (Maicsa 7001358)

REGISTERED OFFICE

Level 18, The Garden North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2264 8888
Fax: 03-2282 2733

HEAD OFFICE

Lot 875, Jalan Subang 8
Taman Perindustrian Subang
47620 Subang Jaya
Selangor Darul Ehsan
Tel : 03-8023 9137
Fax: 03-8023 2127
Website: www.boilermech.com.my

PRINCIPAL BANKERS

Malayan Banking Berhad (3813-K)
HSBC Bank Malaysia Berhad (127776-V)
OCBC Bank (M) Berhad (295400-W)

AUDITORS

Messrs Crowe Horwath (AF1018)
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 03-2166 0000
Fax: 03-2166 1000

SPONSOR

OSK Investment Bank Berhad (14152-V)
20th Floor Plaza OSK, Jalan Ampang
50450 Kuala Lumpur
Tel : 03-2333 8333
Fax: 03-2175 3217

SHARE REGISTRAR

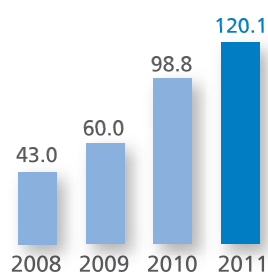
Bina Management (M) Sdn Bhd (50164-V)
Lot 10 The Highway Centre, Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7784 3992
Fax: 03-7784 1988

STOCK EXCHANGE LISTING

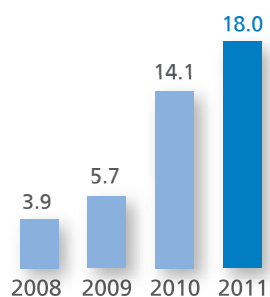
ACE Market of Bursa Malaysia Securities Berhad
Stock name: BoilerM
Stock code: 0168

financial highlights

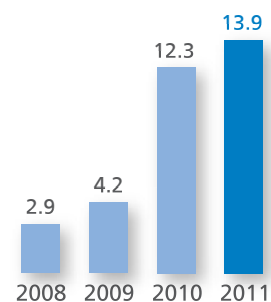
REVENUE
RM Million



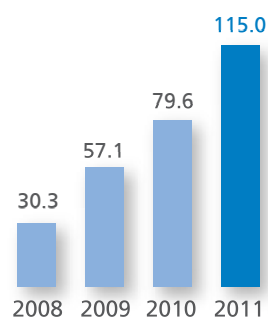
PROFIT BEFORE TAXATION
RM Million



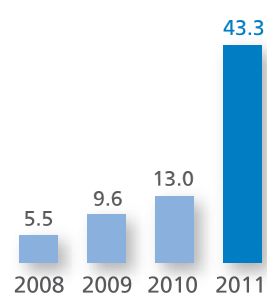
PROFIT AFTER TAXATION
RM Million



TOTAL ASSETS
RM Million



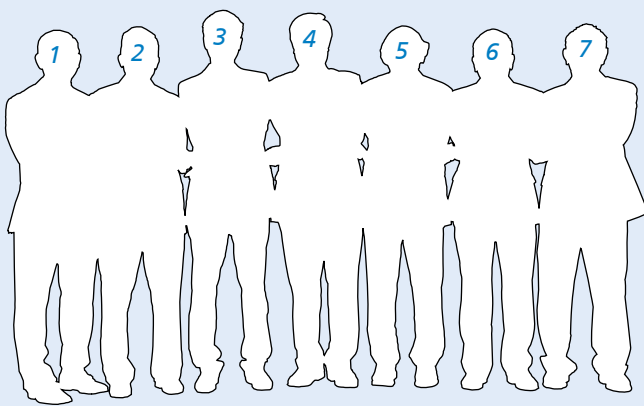
NET TANGIBLE ASSETS
RM Million



	2011 RM Mil	2010 RM Mil	2009 RM Mil	2008 RM Mil
Revenue	120.10	98.80	60.00	43.00
Profit before taxation	18.00	14.10	5.70	3.90
Profit after taxation	13.90	12.30	4.20	2.90
Total Assets	115.00	79.60	57.10	30.30
Net Tangible Assets	43.30	13.00	9.60	5.50



board of directors



1. **Chia Seong Fatt**
Director (Alternate to Chia Lik Khai)
2. **Mohd Yusof bin Hussian**
Independent Non-Executive Director
3. **Chia Lik Khai**
Executive Director
4. **Dr. Chia Song Kun**
Non-Independent Non-Executive Chairman
5. **Leong Yew Cheong**
Managing Director
6. **Wong Wee Voo**
Executive Director
7. **Low Teng Lum**
Independent Non-Executive Director

directors' profile



Dr. Chia Song Kun

*Non-Independent
Non-Executive Chairman*

Chia Song Kun, a Malaysian aged 61, is the Non-Independent Non-Executive Chairman of the Company. He was appointed to the Board on 4 March 2011. He is also the Chairman of the Nomination Committee and Remuneration Committee and a member of the Audit Committee.

He graduated with a Bachelor of Science (Honours) degree majoring in Mathematics from University of Malaya in 1972 and obtained a Master's degree in Business Administration in 1988 from the same university.

He began his career in 1973 as a tutor in University of Malaya and subsequently joined University Teknologi MARA, Shah Alam, Selangor Darul Ehsan as a lecturer where he served for eleven (11) years until 1984. He left the educational institution in 1984 to set up CBG Holdings Sdn Bhd to commence the business of distributing fishmeal and other feed-meal raw materials.

He was a founder member of Inti Universal Holdings Berhad (presently known as Inti Universal Holdings Sdn Bhd), one of the leading private colleges in Malaysia. On 5 July 2008, he was conferred the honorary degree of Doctor of Laws (Hon LLD) by the Honorary Awards Board of the University of Hertfordshire in recognition of his outstanding contribution to the development of business and education in Malaysia.

He is also the founder and Managing Director of QL Resources Berhad which is listed in the Main Board of Bursa Malaysia Securities Berhad. Together with the help of his family members, he successfully nurtured, developed and transformed the QL Group into a diversified agricultural based group with an annual turnover of more than RM1.7 billion.

He is the director and substantial shareholder of CBG Holdings Sdn Bhd, a major shareholder of QL Resources Berhad which in turn is a substantial shareholder of the Company by virtue of its shareholdings in QL Green Resources Sdn Bhd ("QLGR"). He is also the director of QLGR.

Dr. Chia Song Kun is the father of Mr. Chia Lik Khai and brother-in law to Mr. Chia Seong Fatt.

There was only one (1) Board Meeting held during the financial period ended 30 April 2011; Dr. Chia attended the said meeting.

Save for the disclosure in Item 5 (Material Contracts involving Directors and Shareholders of the section on "Other Disclosure Requirement") in this Annual Report, he has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past ten years.



Leong Yew Cheong
Managing Director

Leong Yew Cheong, a Malaysian aged 57, is the Managing Director and was appointed to the Board on 26 October 2010. He is also a member of the Remuneration Committee. He holds a Bachelor of Science in Mechanical Engineering from the University of Huddersfield, United Kingdom. He brings with him approximately thirty one (31) years of experience in the boiler manufacturing industry and has

strong business contacts with customers operating in the palm oil industry and other end-user industries, as well as supplies of spare parts and boiler components.

He began his career in 1980 as a project engineer in a boiler manufacturing company and was responsible for the designing, installation and commissioning of boilers. During his tenure, he held various positions including Operations Manager and General Manager. He played an instrumental role in achieving many key achievements/milestones including the spearheading of a team of engineers to design and install its first biomass boiler that utilises treated empty fruit bunches, rice husk and palm shell. He left the said company as its Executive Director.

He is presently responsible for overseeing the overall operation

of the Group with emphasis on strategic business planning and development.

He has no family relationship with any director and/or major shareholder of the Company.

There was only one (1) Board Meeting held during the financial period ended 30 April 2011; Mr. Leong attended the said meeting.

Mr. Leong Yew Cheong has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within the past ten years.

Wong Wee Voo, a Malaysian, aged 60, is the Executive Director of the Company. He was appointed to the Board on 26 October 2010. He brings with him approximately twenty four (24) years of experience in the boiler industry.

His career started in early 1970s where he was first attached with Cold Storage Malaysia Berhad and subsequently with ICI Paints (Malaysia) Sdn Bhd. His exposure to the boiler industry began when he joined East Asiatic Group of companies to promote and market insulation and refractory materials for boilers and furnaces. He later joined a boiler manufacturing company where he assumed various positions within the company

throughout his tenure there and was assigned to oversee the sales and marketing of boilers in the Asian Pacific and the Central American region. He left the company as the Deputy General Manager (Sales).

He is primarily responsible for the sales and marketing, and human resource and administrative functions of the Group.

He has no family relationship with any director and/or major shareholder of the Company.

There was only one (1) Board Meeting held during the financial period ended 30 April 2011; Mr. Wong attended the said meeting.



Wong Wee Voo
Executive Director

Mr. Wong Wee Voo has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within the past ten years.

directors' profile

cont'd



Chia Lik Khai
Executive Director

Chia Lik Khai, a Malaysian aged 32, is the Executive Director of the Company. He was appointed to the Board on 26 October 2010. He graduated from the MBA program of Wharton Business School, University of Pennsylvania, United States where he focused on Entrepreneurship and Corporate Finance. He also received Master of Science and Bachelor of Science in Electrical Engineering from University of Michigan, Ann Arbor, United States. His graduate studies specialised in Communication Integrated Circuits design and advanced semiconductor.

Prior to 2009, he was with McKinsey & Company in Shanghai, where he was an affiliate of the Global Energy & Materials and High-Tech practice. During his tenure, he focused on serving global clients in renewable energy, consumer products and high-tech sectors on strategy, mergers and acquisitions as well as sales and marketing topics.

He also possesses extensive management experience in high-tech telecommunications and internet commerce. He spent seven (7) years in the semiconductor industry with Agilent and Avago Technologies in Silicon Valley, where he assumed multiple roles as R&D staff, New Product Manager and Marketing Manager. In his capacity as Product Marketing Manager in Avago Technologies, he managed multiple wireless product lines and Greater China regional business.

He subsequently joined QL Resources Berhad as Group Corporate Development Director and was appointed as the Executive Director

of a few subsidiaries of QL Resources Berhad in 2009. He is also a Non-Independent Non-Executive Director of Eita Resources Berhad. He is also the Executive Director of QL Green Resources Sdn Bhd, a substantial shareholder of the Company.

He is presently responsible for overseeing the overall corporate planning and finance function of the Group.

Mr. Chia Lik Khai is the son of Dr. Chia Song Kun and the nephew to Mr. Chia Seong Fatt.

There was only one (1) Board Meeting held during the financial period ended 30 April 2011; Mr. Chia attended the said meeting.

Save for the disclosure in Item 5 (Material Contracts involving Directors and Shareholders of the Section on "Other Disclosure Requirement" in this Annual Report, he has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past ten years.

Chia Seong Fatt, a Malaysian aged 56, is an Alternate Director to Executive Director, Chia Lik Khai. He was appointed to the Board on 4 March 2011. He obtained his Bachelor of Science (Honours) degree majoring in Chemistry from University of London in 1979.

He practiced as an industrial chemist for three (3) years before pursuing further studies in University of Malaysia. In 1984, he graduated from the aforementioned university with a Masters degree in Business Administration. He served for seven (7) years as Managing Director in Sri Tawau Farming Sdn Bhd, a company involved in layer farming. The company is an associated company of Lay Hong Berhad, a company listed on the Main Market of Bursa Securities.

In 1991, he was appointed as Managing Director of QL Farms Sdn

Bhd, a subsidiary of QL Group. He was appointed as the Executive Director of QL Resources Berhad in 2000.

He is the director and substantial shareholder of Farsathy Holdings Sdn Bhd, a major shareholder of QL Resources Berhad which in turn is a substantial shareholder of the Company by virtue of its shareholdings in QL Green Resources Sdn Bhd ("QLGR"). He is also the director of QLGR.

Mr. Chia Seong Fatt is the brother-in-law to Dr. Chia Song Kun and the uncle to Mr. Chia Lik Khai.

There was only one (1) Board Meeting held during the financial period ended 30 April 2011; Mr. Chia did not attend the said meeting, since he is an Alternate Director to Mr. Chia Lik Khai.



Chia Seong Fatt
Director
(Alternate Director to Chia Lik Khai)

Save for the disclosure in Item 5 (Material Contracts involving Directors and Shareholders) of the Section on "Other Disclosure Requirement" in this Annual Report, he has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past ten years.

directors' profile cont'd

Low Teng Lum, a Malaysian aged 57, is the Independent Non-Executive Director of the Company. He was appointed to the Board on 27 October 2010. He is also the Chairman of the Audit Committee and member of the Nomination and Remuneration Committees.

He obtained his qualifications from the Association of Chartered Certified Accountants and Institute of Chartered Secretaries and Administrators, both of the United Kingdom, in 1977. He attended the Applied Management Program of Swedish Institute of Management in 1990. In 1996, he obtained his Master in Public Administration from the John Fitzgerald Kennedy School of Government, Harvard University.

He is a Chartered Accountant of the Malaysian Institute of Accountants, fellow member of the Association of Chartered Certified Accountants ("ACCA"), and Associate member of the Institute of Chartered Secretaries and Administrators, Malaysian Institute of Taxation and Association of Corporate Treasurers, United

Kingdom. He is also a member of the Malaysian Alliance of Corporate Directors and its training faculty.

He has been a member of Taxation and Trade committees of the Malaysian International Chamber of Commerce and Industry since 2002 and 2005 respectively. He was a founding committee member of the Confederation of Malaysian Brewers.

Over the course of his career, he has held various accounting and financial positions in Arthur Young & Company (presently known as Ernst & Young), Guthrie Malaysia Holdings Berhad, Palmco Holdings Berhad, Guinness Anchor Berhad and General Corporation Berhad. During his 14 year tenure with Southern Steel Berhad, he was promoted from Finance Manager to General Manager (Commercial), Senior General Manager (Rod Division) and Chief Operating Officer (Steel Business Unit). He retired from Guinness Anchor Berhad in April 2011, as both the Finance Director and member of the Board of Directors, after 10 years of service.



Low Teng Lum
Independent Non-Executive Director

He has no family relationship with any director and/or major shareholder of the Company.

There was only one (1) Board Meeting held during the financial period ended 30 April 2011; Mr. Low attended the said meeting.

Mr. Low Teng Lum has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within the past ten years.



Mohd Yusof bin Hussian
Independent Non-Executive Director

Mohd Yusof bin Hussian, a Malaysian aged 62, is the Independent Non-Executive Director of the Company. He was appointed to the Board on 4 March 2011. He is also a member of the Audit Committee and Nomination Committee.

He is a graduate of Universiti Teknologi MARA, fellow member of the Association of Chartered Certified Accountants (UK) and a member of the Chartered Institute of Purchasing and Supply (UK) and a Chartered

Accountant of the Malaysian Institute of Accountants. He is also a Certified Financial Planner. He was formerly a member of the ACCA Malaysian Advisory Committee.

He started his career with Coopers & Lybrand from 1971 to 1976 as an external auditor. Later he joined PTM Thompson Advertising Sdn Bhd, an affiliate of J. Walter Thompson Group in USA, as Finance and Administration Manager cum Company Secretary. He left the company and joined Shell Malaysia in 1986. During his tenure there, he held various positions within the company and the refinery which included amongst others, Internal Auditor, Treasurer, Finance and Services Manager and Procurement Contract Manager. He resigned as a Special Project Manager from the company and refinery in 1999 on early retirement.

He is presently also an Independent Non-Executive Chairman of CIMB Aviva Assurance Berhad and CIMB Aviva Takaful Berhad, subsidiaries of

CIMB Group Holdings Berhad. He also holds directorships in INTI Universal Holdings Sdn Bhd and Proton Commerce Sdn Bhd, an associate company of Proton Holdings Berhad. He was recently appointed as an Independent Non-Executive Director of UDA Holdings Berhad.

En. Yusof is a major shareholder and the principal consultant of his family owned company which specialises in training and consultancy.

He has no family relationship with any director and/or major shareholder of the Company.

There was only one (1) Board Meeting held during the financial period ended 30 April 2011; En. Yusof attended the said meeting.

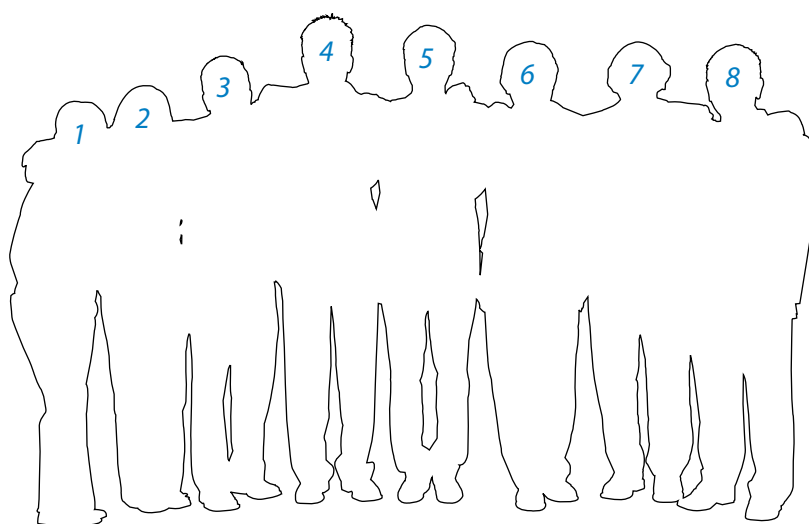
En. Yusof has no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within the past ten years.

management team





1. **Chan Van Chee**
Financial Controller
2. **Sylvia Goh**
Commercial Manager
3. **Lai Yee Kein**
Design Manager
4. **Gan Chih Soon**
Senior Operations Manager
5. **Chia Lik Khai**
Executive Director
6. **Tee Seng Chun**
*Executive Director,
Boilermech Sdn Bhd*
7. **Leong Yew Cheong**
Managing Director
8. **Wong Wee Voo**
Executive Director

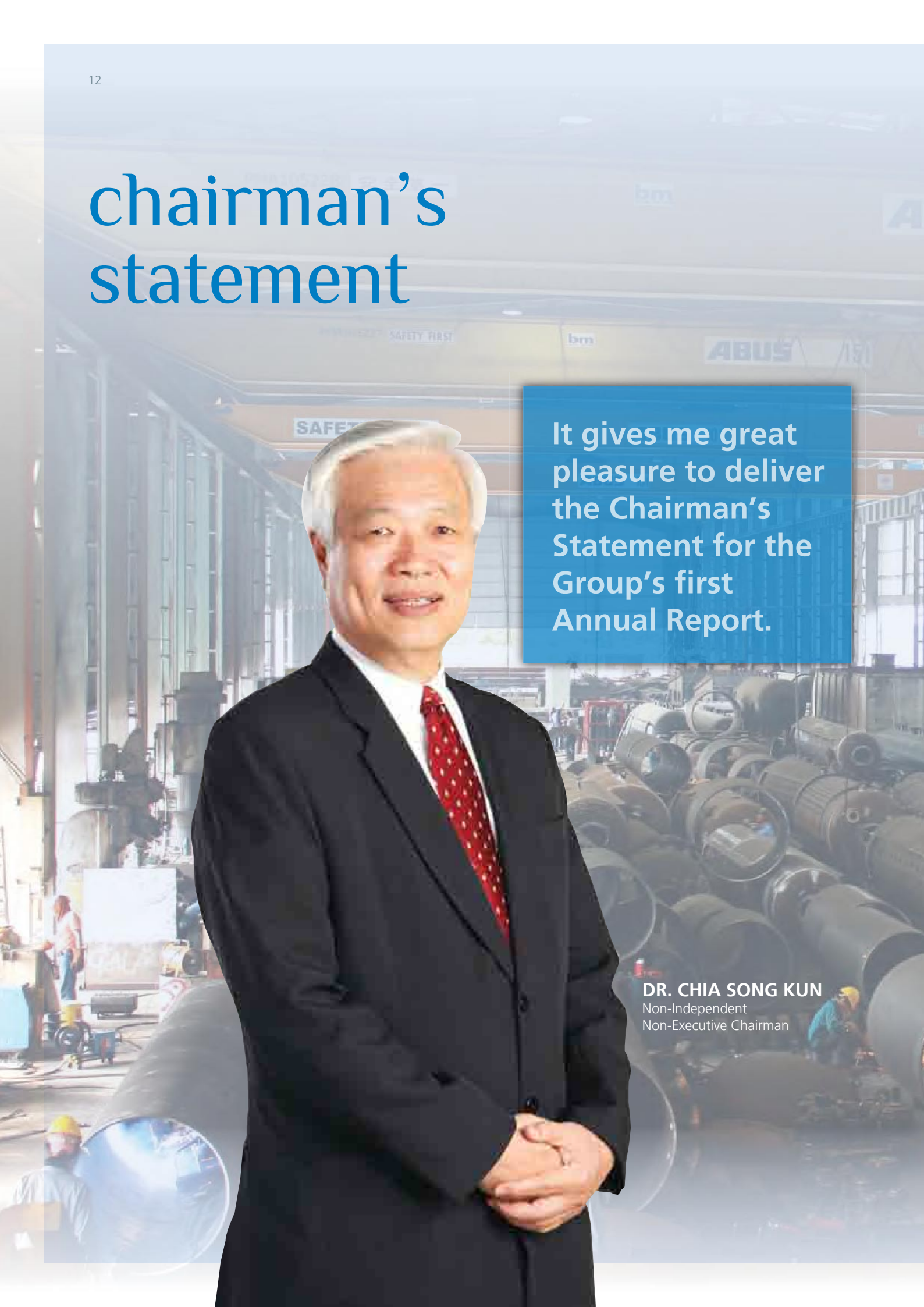


chairman's statement

It gives me great pleasure to deliver the Chairman's Statement for the Group's first Annual Report.

DR. CHIA SONG KUN

Non-Independent
Non-Executive Chairman



The Group prides itself in being the leader in the design, manufacture, installation and commissioning and repairs of biomass boilers. Our principal customers are within the palm oil sector although there has been increasing demand from other customers from the non-palm oil sectors which use bio mass as fuel to generate steam and power.

Boilers are an integral and vital component of a palm oil mill. As more plantation land matures, more palm oil mills are required. Between 1985 and 2011⁽¹⁾, palm oil plantation acreage grew from 1.4 million hectares to 5.0 million hectares in Malaysia, with East Malaysia exhibiting greater growth from 0.2 million hectares to 2.4 million hectares. Indonesia which is the world's largest crude palm oil producer with a total plantation of 7.8 million hectares⁽²⁾ also offers great potential. That augurs well for the Group for the manufacture of boilers for new palm oil mills as well as the existing mills which need upgrades and major repairs.

The demand for boilers from the palm oil mills remains strong and the Group's progress has been impressive. Over a span of 4 years (2008-2011), its revenue grew from RM43 million to RM120.1 million, a compound annual growth rate of 40.9 % with a corresponding profit after tax growth from RM2.9 million in 2008 to RM13.9 million in 2011. Revenue increased from RM98.8 million in 2010 to RM120.1 million in 2011 resulting in a gain of 21.5%.

Consequently, the Group registered another record after tax profit of RM13.9 million for the financial period ended 30 April 2011. This was an increase of 12.5% over the previous financial year ended 30 April 2010.

The improved performance resulted from the increased delivery of boilers from 35 units to 45 units in the current period, as well as the increased number commissioned and fully billed from 18 units in the previous year to 42 units.

Underpinning the Group's performance is the team spirit in the Group led by an experienced management team, the ability to provide customized designs and engineering solutions and the timely delivery and commitment to project completion.

The prospects of the Group remain good, with an order book recognizable as revenue of RM209 million as at 30 April 2011. However, the main drivers to growth lies with added production capacity, continued product innovation and the development of biomass power generation and biomass renewable energy opportunities. To that end, the Group embarked on an Initial Public Offering and the listing of its shares in the ACE Market of Bursa Malaysia Securities Berhad. The Group was listed on 5 May 2011 and raised RM11.517 million for its expansion of production facilities and other plans.

On behalf of the Board of Directors, I would like to extend our appreciation to all our shareholders, customers, business associates and suppliers for their invaluable support to our Group.

I would also like to extend our appreciation to the management and staff for their dedication, commitment and hard work to achieve the admirable results for 2011.

Dr. Chia Song Kun
Chairman

Note

⁽¹⁾ Oil palm planted area as at June 2011, Malaysian Palm Oil Board (Economics & Industry Development Division).

⁽²⁾ Oil palm planted area as at October 2010, USDA Foreign Agricultural Service Report (Global Agricultural Information Network) dated 28 January 2011.

review of operations

by managing director



2011 is yet another record year of revenue and profit growth. The Group has been registering record growth since it commenced business in 2005.

In 2011, the Group's revenue passed the RM100 million mark when it recorded RM120.0 million compared to RM98.8 million in the previous year. Profit after tax also grew strongly from RM12.3 million in 2010 to RM13.9 million.

BUSINESS REVIEW

The Group continues to secure orders at a strong pace. Orders valued at RM160.0 million were secured in 2011 compared to RM132.7 million previously; the average unit price per unit of boiler also increased from RM2.5 million to RM3.02 million. This is a good indication of the Group's ability to secure bigger and more technically challenging projects. It is also testimony of our established track record and reputation in the market place. Since 2008, we have secured orders totaling RM476 million. As at 30 April 2011, our outstanding order book recognizable as revenue stood at RM209 million.

Currently the Group's main markets are Malaysia and Indonesia. Together, they account for 92% of the Group's revenue in 2011. While we will continue with our penetration efforts in these markets, we intend to intensify our efforts in other palm producing countries.

Having a great management team is central to our success. Success comes when all team members work as one. Having a strong order book without the ability to design well, manufacture and install and commission the projects on time, would have been ineffectual.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board places great importance on a sound system of internal control in safeguarding the Group's assets and the shareholders' investments. The system of internal control covers risk management and financial and organizational controls.

One of the key controls which we have put in place is the implementation of a hedging policy against our exposure to the volatile US dollar.

We are also in the process of putting in place an Enterprise Resource Planning system to strengthen our business process and to manage our resources more effectively.

PROSPECTS

The Group's prospects remain good as it continues to build up its order books. We have also put in place plans to increase our production capacity to support the increased order books.

We have raised RM11.517 million through our Initial Public Offering on 5 May 2011 of which RM4.0 million was allocated for business expansion plans which include RM3.0 million for the expansion of production capacity. To date, we have utilized RM7.517 million to pay off part of the Group's term loan (RM2.5 million) and listing expenses (RM1.7 million) while RM3.317 million has been used as working capital.

We are also actively exploring opportunities in the biomass renewable energy sectors. We shall be keeping you apprised of developments when such opportunities arise.

Leong Yew Cheong

Group Managing Director



corporate governance statement

The Board of Directors (“the Board”) of Boilermech Holdings Berhad (“the Company”) and its subsidiary (“the Group”) is committed to a high standard of business ethics and corporate governance towards the achievement of its strategic goals and in enhancing shareholders’ value.

The Board is pleased to report the Company’s application of the underlying principles set out in the Malaysian Code of Corporate Governance (Revised 2007) (“the Code”) and the extent that the Company has complied with the Code. This Corporate Governance Statement covers the Company’s corporate governance practices from its date of incorporation (8 April 2010) until 30 April 2011. The Company was listed on 5 May 2011.

BOARD OF DIRECTORS

Board Composition and Balance

The Group recognizes the important role played by a strong Board in the stewardship of its direction and operations and ultimately in the long term enhancement of shareholders’ value whilst taking into accounts the interest of other stakeholders. The Board has therefore taken meticulous care in selecting the right candidate as a Board member.

The Group is led and managed by an experienced Board, comprising members with a wide range of experience and qualifications. A brief profile of the individual member of the Board is set out in the Directors’ Profile of this Annual Report.

The Board comprises a Non-Independent, Non-Executive Chairman, a Managing Director, two Executive Directors and two Independent Non-Executive Directors.

The Chairman does not hold any executive powers and is primarily responsible for the Board’s effectiveness and the conduct of the Board. This is distinct from the responsibilities of the Managing Director who is involved with the day to day running of the Group’s business and the implementation of its business plans and strategies as approved by the Board. The Managing Director is supported by two Executive Directors.

The Board acknowledges the importance of Independent Non-Executive Directors in bringing impartiality to the Board’s deliberations and decision. Indeed, the Board took time in ensuring the right candidates are chosen for their skills, experience, expertise and their potential contribution to the Group and the Company particularly in the field of risk management and corporate governance. The Chairman of the Audit Committee, Mr. Low Teng Lum has been tasked with addressing any concern regarding corporate governance. These concerns, if any, may be conveyed to him directly.

Appointment and Re-election of Board Members

The members of the Board are appointed in a formal and transparent manner as endorsed by the Code on Corporate Governance. The Nomination Committee will make recommendations to the Board who will then go through the list of candidates identified and arrive at a decision on the appointment of the Director. The Company Secretary will then ensure that all appointments are properly made and that all legal and regulatory obligations are met.

BOARD OF DIRECTORS cont'd**Appointment and Re-election of Board Members** cont'd

The Articles of Association of the Company requires that all Directors shall retire on the first Annual General Meeting of the Company which is to be held on 6 October 2011, and at each subsequent annual general meeting, one third ($\frac{1}{3}$) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest one-third ($\frac{1}{3}$), shall retire from office and an election of the Directors shall take place, provided always that all Directors shall retire once at least in each three (3) years.

Duties and Responsibilities of the Board

The Board retains full and effective control over the affairs of the Group and Company. This includes responsibility for determining the Group's and the Company's development and overall strategies which are as follows:

- (a) Reviewing and providing guidance on the Group's and the Company's corporate strategy and adopting a strategic plan for the Group and Company.
- (b) Monitoring and overseeing the performance and the conduct of the Group's business and to evaluate whether the business is being properly managed.
- (c) Identifying and implementing appropriate systems to manage the Group's principal risks.
- (d) Ensuring and reviewing the adequacy and soundness of the Group's financial system, internal control system and the management information system.
- (e) Succession planning, including appointing, training, fixing the compensation and where appropriate, replacing senior management.
- (f) Developing and implementing an investor relations and shareholder communication programme for the Company.

Board Meeting and Supply of Information

The Company sets out a schedule of dates for the meetings of the Board and shareholders for the year and is circulated to the Directors to help them to plan ahead.

The Board Meetings are scheduled for every quarter with additional meetings to be convened as and when required.

The agendas for the Board meetings are circulated in advance and the Directors are supplied with reports, documents and information on pertinent issues which will be deliberated and discussed by the Board before decisions are made. All proceedings at the Board meetings are minuted.

corporate governance statement cont'd

BOARD OF DIRECTORS cont'd

Board Meeting and Supply of Information cont'd

Since the incorporation of the Company on 8 April 2010 until 30 April 2011, there was only one (1) Board Meeting held. The attendance of the Board Meeting by the Directors was as follows:

Name of Director Attendance	Designation	Board meeting
Dr. Chia Song Kun	<i>Chairman</i>	1/1
Leong Yew Cheong	<i>Managing Director</i>	1/1
Wong Wee Voo	<i>Executive Director</i>	1/1
Chia Lik Khai	<i>Executive Director</i>	1/1
Chia Seong Fatt (<i>alternate to Chia Lik Khai</i>)	<i>Alternate Director</i>	Nil
Low Teng Lum	Non-Executive Independent Director	1/1
Mohd. Yusof bin Hussian	Non-Executive Independent Director	1/1

In furtherance to their duties as Directors, whenever independent professional advice is required, external independent experts may be engaged at the Group's expenses.

All Directors have access to the advice and services of the Company Secretary.

Board Committees

The Board delegates certain responsibilities to the following Board Committees. Each Committee operates under their respective terms of reference. These Committees have the authority to examine particular issues and report to the Board their recommendations. The ultimate responsibility for the final decision on most matters lies with the entire Board.

Board Committee	Key Functions
Audit Committee	As set forth in the Audit Committee Report on page 25 to page 28 of this Annual Report
Remuneration Committee	Please see below
Nomination Committee	Please see below

Remuneration Committee (RC)

The RC is responsible to recommend the framework on terms of employment and remuneration of all Executive Directors. The RC was formed on 27 October 2010 and the members as at 30 April 2011 are:

Chia Song Kun (*Chairman*)

Low Teng Lum

Leong Yew Cheong

BOARD OF DIRECTORS cont'd**Remuneration Committee (RC)** cont'd

As it was recently formed, it did not review the remuneration of the Executive Directors for the financial period ended 30 April 2011. Nevertheless, it will be reviewing and recommending the remuneration of the Executive Directors for the coming financial year ending 30 April 2012, the first financial year after its listing on 5 May 2011.

The details of the Directors' remuneration for the financial period ended 30 April 2011, are shown in Note 37 of the Consolidate Financial Statements. The Company does not disclose each Director's remuneration separately as required by the Code as the Board is of the view that the disclosure of the remuneration bands of the Company's Directors is sufficient.

Nomination Committee (NC)

The NC was formed on 27 October 2010 and the members as at 30 April 2011 are:

Chia Song Kun (*Chairman*)

Low Teng Lum

Mohd Yusof bin Hussian

The NC is empowered by the Board to recommend suitable new directors to the Board. The NC also assesses the effectiveness of the Board as a whole, the Committees of the Board, and the contribution of each Director.

The Nomination Committee did not meet for the financial period ended 30 April 2011 as the Company was listed thereafter on 5 May 2011.

Directors' Training

All Directors have attended the Mandatory Accreditation Programme conducted by Bursa Training Sdn Bhd within the stipulated timeframe required by the Listing Requirements.

The Board shall on a continuous basis, evaluate the training needs of the Directors to enable them to effectively discharge their duties as directors.

SHAREHOLDERS**Dialogue with Shareholders and Investors**

The Board is committed to ensuring that the shareholders and all other stakeholders are kept well informed on a timely basis of the major developments of the Company. Such developments are communicated by way of:

- the Annual Report
- the various disclosures and announcements made to Bursa Malaysia Securities Berhad, including the Quarterly and Annual Results
- the web-site at www.boilermech.com which shareholders as well as members of the public are invited to access the latest information of the Group.

corporate governance statement cont'd

SHAREHOLDERS cont'd

Annual General Meeting

The Company's Annual General Meeting ("AGM") serves as a principal forum for dialogue with the shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Company is scheduled to hold its first AGM on 6 October 2011.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial period ended 30 April 2011, primarily through the financial statements and the quarterly results to the shareholders as well as the Chairman's Statement in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial processes and the quality of its financial reporting.

The Directors are responsible to ensure that the financial statements are drawn up in accordance with the provision of the Companies Act 1965 and the applicable accounting standards in Malaysia. In presenting the financial statements, the Company adopted the appropriate accounting policies and applied them consistently, supported by reasonable judgments and estimates.

Internal control

The Statement on Internal Control furnished in the Annual Report provides an overview of the internal controls within the Group.

Relationship with the Auditors

The Board via the Audit Committee maintains an appropriate and transparent relationship with the Group's external auditors.

The Audit Committee also meets the external auditors to review audit plans, audit findings and to facilitate exchange of views on issues requiring attention. The Audit Committee also meets the external auditors without the presence of the Executive Directors and Management. The role of the Audit Committee in relation to the auditors is described in the Audit Committee Report set out in this Annual Report.

The Board has appointed KPMG Business Advisory Sdn Bhd to provide internal audit services to the Group.

other disclosure requirements

The Company was incorporated on 8 April 2010 and acquired its sole wholly owned subsidiary, Boilermech Sdn Bhd (“BSB”) on 21 October 2010. The following disclosures refer to transactions incurred during the period from 8 April 2010 (date of incorporation of the Company) to 30 April 2011 (“financial period”), unless otherwise stated.

1. PROPOSED UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

The details of the proposed utilisation of proceeds from the Company’s Initial Public Offering are as follows:

Purpose	Proposed utilisation	Utilisation up to 18 August 2011	Estimated time frame for utilisation
	RM’000	RM’000	
Business expansion plans	4,000	-	Within two (2) years after listing
Repayment of term loan	2,500	2,500	-
Working capital	3,317	3,317	-
Estimated listing expenses	1,700	1,700	-
Total	11,517	7,517	

2. IMPOSITION OF SANCTIONS/PENALTIES

The Group paid the following penalties during from 1 May 2010 to 30 April 2011:

- A penalty of RM10,000 was imposed on the absence of a Certificate of Fitness (“CF”) on the warehouse situated on the present premises. The property was purchased from the previous owner without a CF on the said building; subsequently, a CF was applied and obtained on 26 August 2010.
- Tax penalties were incurred for under-estimation of tax profits for Year of Assessment 2010 (RM172,916) and late submission of the tax return for Year of Assessment 2009 (RM6,000)

3. NON-AUDIT FEES

The Group incurred RM24,600 during the period, 1 May 2010 to 30 April 2011 for services to an affiliate of our External Auditors.

4. VARIATION OF ACTUAL PROFIT FROM THE UNAUDITED RESULTS.

There has been no material variance of ten percent (10%) or more between the audited results for the financial period ended 30 April 2011 and the unaudited results previously announced.

other disclosure requirements
cont'd

5. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS FOR THE PERIOD 1 MAY 2010 TO 30 APRIL 2011

The following material contracts were entered during the financial period by the Group (or were subsisting as at 30 April 2011) involving Directors and major Shareholders interests:

Date ^(a)	Parties	General nature	Consideration ^(c) /Billings ^(b) RM	Mode of satisfaction of consideration & Billings	Relationship between director/major shareholder and contracting party
10 Sept 2009	QL Endau Fishmeal Sdn Bhd ("QLEF")* and Boilermech Sdn Bhd	Sale of one (1) unit boiler to QLEF	1,410,700 ^(c) ; 222,400 ^(b)	Cash	Subsidiary of QL Resources Berhad (see Note below)
1 Mar 2010	PT Pipit Mutiara Indah ("PTPM") and Boilermech Sdn Bhd	Sale of one (1) unit boiler to PTPM	2,775,000 ^(c) ; 1,665,000 ^(b)	Cash	Subsidiary of QL Resources Berhad (see Note below)
8 Apr 2010	QL Plantation Sdn Bhd ("QLP") and Boilermech Sdn Bhd	Sale of one (1) unit of boiler to QLP	3,212,000 ^(c) ; 2,572,000 ^(b)	Cash	Subsidiary of QL Resources Berhad (see Note below)
1 Nov 2010	QL Resources Berhad ("QLRB") and Boilermech Sdn Bhd	Management fees to QLRB	63,200 ^(d)	Cash	See Note below

Note

^(a) Date of contract/commencement of arrangement.

^(b) Billings made are for the period 1 May 2010 to 30 April 2011.

^(c) Contracted values are paid progressively based on the billings schedules.

^(d) The Group paid management fees to QL Resources Berhad for the provision of management services commencing November 2010 at RM10,000 per month. This was later raised to RM10,800 per month effective from January 2011.

^(e) The project was completed during the period 1 May 2010 to 30 April 2011.

other disclosure requirements
cont'd

5. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS FOR THE PERIOD 1 MAY 2010 TO 30 APRIL 2011 cont'd

Dr. Chia Song Kun, the Non-Independent Non-Executive Chairman, Mr. Chia Lik Khai, the Executive Director and Mr. Chia Seong Fatt, Alternate Director to Chia Lik Khai are directors within the QL Resources Berhad Group while Dr. Chia Song Kun and Mr. Chia Seong Fatt have significant shareholdings (directly or indirectly) in QL Resources Berhad. QL Resources Berhad's wholly owned subsidiary QL Green Resources Sdn Bhd is a major shareholder of the Boilermech Holdings Berhad.

6. MATERIAL CONTRACTS RELATING TO LOANS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS FOR THE PERIOD 1 MAY 2010 TO 30 APRIL 2011

There are no contracts relating to loans involving the Directors' or major shareholders' interest.

7. RECURRENT RELATED PARTY TRANSACTIONS (RRPT) OF REVENUE NATURE

Please refer to Note 38 of the Notes to the Financial Statements on page 79 of this Annual Report.

8. REVALUATION POLICY ON LANDED PROPERTIES

Financial Reporting Standards 116 provides that revalued assets shall be valued at their fair value and the carrying amount shall not materially differ from its fair value. As such the property owned by the Group shall be revalued at least once every five (5) years.

9. CORPORATE SOCIAL RESPONSIBILITY

The report on Corporate Social Responsibility of the Group is furnished on page 24 of this Annual Report.

corporate social responsibility statement

The Group recognizes the importance of being a responsible citizen. In addition to improving the workplace and staff welfare, the Group pays particular attention to promoting environmental sustainability.

It is the Group's fundamental belief that the sustainability and proper utilisation of resources will lead to a better living environment. This belief led us to the manufacture of boilers using biomass materials as fuel, in the creation of steam and power. The promotion of biomass resource utilisation for energy generation is what we practice everyday. Promotion of the utilisation of biomass resources addresses two major environmental concerns, firstly in utilizing and eliminating resources which otherwise would be polluting to the environment and secondly in generating energy from non-fossil sources thereby reducing carbon footprint.

As part of our continuous effort to enhance environmental protection, we develop and encourage more efficient emission control systems by way of development and cost reduction of new products. We are also continually seeking improvements in combustion technology to maximize our energy efficiency. Simply, our business innovation and promotion directly contributes to environmental sustainability.

audit committee report

The Audit Committee was formed on 27 October 2010 and its members are as follows:

Name	Designation	Directorship
Mr. Low Teng Lum	Chairman	Independent Non-Executive Director
Dr. Chia Song Kun	Member	Non-Independent Non-Executive Director
En. Mohd Yusof bin Hussian	Member	Independent Non-Executive Director

ATTENDANCE OF MEETINGS

As the Company was only recently listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 5 May 2011, the Audit Committee has not met during the financial period.

TERMS OF REFERENCE

A. Membership

1. The Audit Committee comprises at least three (3) Directors, the majority of whom are Independent. All members of the Committee shall be Non-Executive Directors.
2. At least one (1) member of the Audit Committee:
 - 2.1 must be a member of the Malaysian Institute of Accountants;
 - 2.2 if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience; and
 - (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - 2.3 fulfils such other requirements as prescribed or approved by the Exchange.
3. No alternate Director shall be appointed as a member of the Audit Committee.
4. The Board shall review the terms of office and performance of the Audit Committee and each of its members at least once a year to determine whether the Committee and members have carried out their duties in accordance with their terms of reference.
5. In the event of any vacancy in the Audit Committee resulting in the non-compliance of item 1 and 2 above, the Board shall fill the vacancy within three months from the date of the vacancy.
6. The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Director.

audit committee report cont'd

TERMS OF REFERENCE cont'd

B. Secretary

The Company Secretary shall be the Secretary of the Audit Committee. The Secretary shall record, prepare and circulate the minutes of the meetings of the Audit Committee to the Board of Directors and ensure that the minutes are properly kept and produced for inspection if required.

C. Meetings and Attendance

1. The Audit Committee shall meet at least four (4) times annually. A majority of the members in attendance must be Independent Directors in order to form a quorum for the meeting.
2. Non-member Directors and employees of the Company shall not attend any Audit Committee meetings unless specifically invited by the Audit Committee.
3. The Audit Committee shall meet the External Auditors at least twice a year without the presence of the management or Executive Directors.
4. The Audit Committee shall report to the Board.

D. Authority

1. The Audit Committee has the authority to investigate any matter within its terms of reference, at the cost of the listed corporation and with the following:
 - (a) the resources which are required to perform its duties;
 - (b) full and unrestricted access to any information pertaining to the Company;
 - (c) direct communication channels with the External Auditors and the Internal Auditors;
 - (d) ability to obtain independent professional or other advice; and
 - (e) ability to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the listed corporation, whenever deemed necessary.
2. The Internal Auditor shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit. All proposals by Management regarding the appointment, transfer and removal of the Internal Auditor of the Company shall require prior approval of the Audit Committee. Any inappropriate restrictions on audit scope are to be reported to the Audit Committee.

E. Functions

1. To review the quarterly and annual financial statements of the Company, before the approval of the Board of Directors, focussing particularly on:
 - any significant changes to accounting policies and practices
 - significant adjustments arising from the audits

TERMS OF REFERENCE cont'd**E. Functions** cont'd

- compliance with accounting standards and other legal requirements
 - the going concern assumption
2. To review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
 3. To review, on an annual basis, the principal risks identified by Management and the methodology employed in the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner.
 4. To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored.
 5. To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures.
 6. To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the organisation.
 7. To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the Company.

Specifically:

- to review the internal audit plans and to be satisfied with their consistency with the results of the risk assessment made, the adequacy of coverage and the audit methodologies employed
 - to be satisfied that the internal audit function within the Company has the proper resources and authority to enable them to complete their mandates and approved audit plans
 - to review status reports from internal audit and ensure that appropriate action is taken on the recommendations of the internal audit function. To recommend any broader reviews deemed necessary as a consequence of the issues or concerns identified
 - to review the effectiveness of the Internal Auditor and to approve the reappointment, termination or replacement of the incumbent and the appointment of any other Internal Auditor
 - to ensure internal audit has full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties
 - to request and review any special audit which it deems necessary
8. To review with the External Auditors the nature and scope of their audit plan, their evaluation of the system of internal controls and report.
 9. To review any matters concerning the appointment and reappointment, audit fee and any questions of resignation or dismissal of the External Auditors and Internal Auditors.

audit committee report cont'd

TERMS OF REFERENCE cont'd

E. Functions cont'd

10. To review and evaluate factors related to the independence of the External Auditors and assist them in preserving their independence.
11. To be advised of significant use of the External Auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their position as auditors are not deemed to be compromised.
12. To review the External Auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.
13. To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal and External Auditors and from the consultations of the Audit Committee itself.
14. To prepare the annual Audit Committee Report to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of an internal audit function and summary of the activities of that function for inclusion in the annual report.
15. To review the Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the annual report.
16. To review ordinary and extraordinary dividend payments.
17. To review the assistance given by the employees of the Company to the External Auditors.
18. To recommend the nomination of a person or persons as External Auditors.

SUMMARY OF ACTIVITIES

As the Audit Committee was only formed on 27 October 2010, no activities were carried out during the financial period ended 30 April 2011.

ACTIVITIES OF INTERNAL AUDIT FUNCTION

The Company approved the outsourcing of its internal audit function to KPMG Business Advisory Sdn Bhd on 19 August 2011. Therefore, no internal audit activities were carried out during the financial year.

statement on internal control

BOARD RESPONSIBILITY

The Board of Directors (“the Board”) recognizes the importance of a sound system of internal control in safeguarding the Group’s assets and the shareholders’ investments. In discharging its stewardship responsibility, the Board is responsible for and relies on an effective system of internal control which enables it to:

- Identify and manage the Group’s principal risks.
- Ensure due compliance with applicable laws, rules, regulations and guidelines.

The Board acknowledges its responsibility in maintaining a system on internal control which covers risk management and financial, organizational and compliance controls. It is the Board’s belief that the system should be designed to manage but not to eliminate risks entirely; the system should also be dynamic and respond to the changing circumstances. As such, the Board has in place an on-going process for identifying the principal risks which could significantly impact on the Group’s strategy, business direction and its business objectives. Such processes shall be regularly reviewed by the Board. The processes are in conformance with Principle D 11 of Part 1 of the Code on Corporate Governance as well as The Statement of Internal Control-Guidance for Directors of Public Listed Companies.

The key elements of the internal control process involve the following:

RISK MANAGEMENT

There is an on-going process of identifying the major risks that could potentially and significantly impact on the Group’s business objectives and has assigned management to manage such risks and maintain them at an acceptable level.

Part of the risk management process involves the establishment of an organizational structure with clear lines of accountability and delegated authority.

AUDIT COMMITTEE AND INTERNAL AUDIT

The Audit Committee performs the oversight role in maintaining the integrity of the Group’s system of internal control.

The Audit Committee has approved the appointment of KPMG Business Advisory Sdn Bhd (“the Internal Auditor”) on 19 August 2011 to provide internal audit services to the Group at an estimated cost of RM58,000 per year. As at 30 April 2011, there was no internal audit function within the Group. The Internal Auditor shall adopt a risk-based approach in developing its audit plan which addresses the core auditable areas based on their risk profile. Scheduled internal audits are expected to be carried out by the Internal Auditor based on the audit plan presented to the Audit Committee. The Internal Auditor is scheduled to report his findings to the Audit Committee on a quarterly basis, on areas of improvement and to follow up to determine the extent of the implementation of the recommendation.

statement on internal control

cont'd

OTHER ELEMENTS OF INTERNAL CONTROL

Other elements of Internal Control include:

- *Financial Results*

There is a monthly review of the financial performance of the Group. This is reviewed against performances in the past period and where comparable, on a year on year basis. The review is made in conjunction with an operations review for the relevant period.

The Audit Committee meets to review the financial results on a quarterly basis and recommends them to the Board for approval. Upon review, and on concurrence with the view of the Audit Committee, the Board then approves, adopts and announces the financial results of the Group to Bursa Securities.

The Board meets at least quarterly and has a formal agenda of matters for discussion. The Managing Director leads the discussion on the pertinent issues.

- *Operations Review and Monitoring*

The Groups' performance is constantly monitored by Management in conjunction with the financial results via the evaluation of comprehensive information and reports as well as key business indicators.

Conclusion

The Board is of the view that there is no significant weaknesses in the system of internal control of the Group that may result in material losses incurred by the Group for the financial period ended 30 April 2011. Nonetheless, the Board remains committed to strengthening the Group's control environment and processes. This is a continuous and on-going process and appropriate action plans will be put in place to enhance the Group's system of internal control as and when necessary.

statement of directors' responsibilities

The Directors are required under the Companies Act, 1965 to prepare financial statements which give a true and fair view of the state of affairs of the Group and Company at the end of the financial period and of the results of the Group and the Company for the financial period then ended.

In preparing those financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently.
- made judgments and estimates that are reasonable and prudent.
- prepared financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors are also responsible for safeguarding the assets of the Group and the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.



financial statements

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directors' report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period from 8 April 2010 (date of incorporation) to 30 April 2011.

CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

On 14 May 2010, the Company was converted from a private limited company to a public company limited by shares and assumed its present name, Boilermech Holdings Berhad.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activity of the subsidiary is set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial period	13,887,382	(1,557,125)
Attributable to:-		
Owners of the Company	13,887,382	(1,557,125)

DIVIDENDS

No dividend was paid since the date of incorporation and the directors do not recommend the payment of any dividend for the current financial period.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial period are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

The Company was incorporated with an authorised share capital of RM100,000 comprising 1,000,000 ordinary shares of RM0.10 each, of which 20 ordinary shares of RM0.10 each were subscribed for on the date of incorporation.

During the financial period,

- (a) the Company increased its authorised share capital from RM100,000 to RM50,000,000 by the creation of 499,000 new ordinary shares of RM0.10 each;

directors' report

cont'd

ISSUES OF SHARES AND DEBENTURES cont'd

(b) the Company increased its issued and paid-up share capital from RM2 to RM25,800,000 as part of its flotation scheme on the ACE Market of Bursa Malaysia Securities Berhad. The issued and paid-up share capital was increased in the following manner:-

(i) Acquisition of Boilermech Sdn. Bhd. ("BSB")

The Company increased its issued and paid-up share capital from RM2 to RM22,310,000 by the allotment of 223,099,980 new ordinary shares of RM0.10 each for the acquisition of BSB; and

(ii) Public Issue

Upon the completion of the Public Issue, the issued and paid-up share capital of the Company increased from RM22,310,000 to RM25,800,000 by the allotment of 34,900,000 new ordinary shares of RM0.10 each at an issue price of RM0.33 per ordinary share.

All the new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of the Company; and

(c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 41 to the financial statements. At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial period.

DIRECTORS

The directors who served since the date of incorporation are as follows:-

Leong Yew Cheong	<i>(Appointed on 26 October 2010)</i>
Wong Wee Voo	<i>(Appointed on 26 October 2010)</i>
Chia Lik Khai	<i>(Appointed on 26 October 2010)</i>
Low Teng Lum	<i>(Appointed on 27 October 2010)</i>
Chia Song Kun	<i>(Appointed on 4 March 2011)</i>
Mohd Yusof bin Hussain	<i>(Appointed on 4 March 2011)</i>

directors' report

cont'd

DIRECTORS cont'd

The directors who served since the date of incorporation are as follows:-

Chia Seong Fatt	<i>(Appointed on 26 October 2010, Resigned on 1 March 2011 and Re-Appointed as Alternate Director to Chia Lik Khai on 4 March 2011)</i>
Datuk Ir (Dr) Mohd Annas bin Mohd Nor	<i>(Appointed on 27 October 2010 and Demised on 15 November 2010)</i>
Tham Yee San	<i>(First Director and Resigned on 26 October 2010)</i>
Tai Lee Youn	<i>(First Director and Resigned on 26 October 2010)</i>

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial period in shares in the Company and its related corporations during the financial period are as follows:-

	Number of Ordinary Shares of RM0.10 Each			
	At 8.4.2010 Date of Incorporation	Allotment	Sold	At 30.4.2011
<i>Direct Interests</i>				
Leong Yew Cheong	-	46,474,412	(6,000,000)	40,474,412
Wong Wee Voo	-	31,536,085	(4,000,000)	27,536,085
Chia Lik Khai	-	200,000	-	200,000
Low Teng Lum	-	200,000	-	200,000
Chia Song Kun	-	200,000	-	200,000
Mohd Yusof bin Hussian	-	200,000	-	200,000
Chia Seong Fatt (Alternate to Chia Lik Khai)	-	100,000	-	100,000
<i>Indirect Interests</i>				
Leong Yew Cheong ⁽¹⁾	-	40,000	-	40,000
Chia Song Kun ⁽²⁾	-	90,381,818	-	90,381,818
Chia Seong Fatt (Alternate to Chia Lik Khai) ⁽³⁾	-	90,381,818	-	90,381,818

⁽¹⁾ Deemed interest via his daughter's shareholdings in the Company.

⁽²⁾ Deemed interest by virtue of shares held by QL Green Resources Sdn Bhd via his and his spouse shareholdings of more than fifteen percent (15%) in CBG Holdings Sdn Bhd, a major shareholder of QL Resources Berhad ("QL"). QL holds 100% equity interest in QL Green Resources Sdn Bhd.

⁽³⁾ Deemed interest by virtue of shares held by QL Green Resources Sdn Bhd via his and his spouse's shareholdings of more than fifteen percent (15%) in Farsathy Holdings Sdn Bhd, a major shareholder of QL. QL holds 100% equity interest in QL Green Resources Sdn Bhd.

DIRECTORS' INTERESTS cont'd

By virtue of their shareholdings in the Company, Leong Yew Cheong, Wong Wee Voo, Chia Song Kun and Chia Seong Fatt are deemed to have interests in shares in the subsidiary during the financial period to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965 in Malaysia.

DIRECTORS' BENEFITS

Since the date of incorporation, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 38 to the financial statements.

Neither during nor at the end of the financial period was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL PERIOD

The significant events during and subsequent to the financial period are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the Directors dated 19 August 2011.

Leong Yew Cheong

Wong Wee Voo

statement by directors

We, Leong Yew Cheong and Wong Wee Voo, being two of the directors of Boilermech Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 47 to 95 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 April 2011 and of their results and cash flows for the financial period ended on that date.

The supplementary information set out in Note 46, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the Directors dated 19 August 2011

Leong Yew Cheong

Wong Wee Voo

statutory declaration

I, Chan Van Chee, IC No. 730506-05-5418, being the officer primarily responsible for the financial management of Boilermech Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 47 to 95 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Chan Van Chee, IC No. 730506-05-5418
at Kuala Lumpur in the Federal Territory
on this 19 August 2011

Chan Van Chee

Before me

Datin Hajah Raihela Wanchik

No. W275

Commissioner for Oaths

independent auditors' report to the members of Boilermech Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Boilermech Holdings Berhad, which comprise the statements of financial position at 30 April 2011 of the Group and of the Company and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 47 to 95.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 April 2011 and of their financial performance and cash flows for the financial period then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.

independent auditors' report

to the members of Boilermech Holdings Berhad
cont'd

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS cont'd

- (b) We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit report on the financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 46 on page 96 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

James Chan Kuan Chee
Approval No: 2271/10/11 (J)
Chartered Accountant

19 August 2011

Kuala Lumpur

statements of financial position

at 30 april 2011

	Note	The Group		The Company
		2011 RM	2010 RM	2011 RM
ASSETS				
NON-CURRENT ASSETS				
Investment in a subsidiary	6	-	-	22,309,998
Property, plant and equipment	7	19,115,967	12,143,031	-
Other investment	8	20,000	50,000	-
		19,135,967	12,193,031	22,309,998
CURRENT ASSETS				
Inventories	9	10,095,755	9,418,001	-
Amount owing by contract customers	10	11,254,258	5,403,979	-
Trade receivables	11	28,388,711	33,057,355	-
Other receivables, deposits and prepayments	12	14,574,027	3,124,845	11,517,000
Tax refundable		343,758	-	-
Derivative assets	13	999,410	-	-
Short-term deposits with a licensed bank	14	13,000,000	14,000,000	-
Cash and bank balances		17,217,432	2,426,294	2
		95,873,351	67,430,474	11,517,002
TOTAL ASSETS		115,009,318	79,623,505	33,827,000

The annexed notes form an integral part of these financial statements.

statements of financial position

at 30 april 2011

cont'd

	Note	The Group		The Company
		2011 RM	2010 RM	2011 RM
EQUITY AND LIABILITIES				
EQUITY				
Share capital	15	25,800,000	22,310,000	25,800,000
Share premium	16	7,619,660	-	7,619,660
Revaluation reserve	17	4,861,772	-	-
Cash flow hedge reserve	18	491,771	-	-
Fair value reserve	19	(30,000)	-	-
Merger deficit	20	(21,809,998)	(21,809,998)	-
Retained profits/(Accumulated loss)		26,378,085	12,490,703	(1,557,125)
TOTAL EQUITY		43,311,290	12,990,705	31,862,535
NON-CURRENT LIABILITIES				
Long-term borrowings	21	4,265,393	4,673,919	-
Deferred tax liabilities	24	1,595,737	-	-
		5,861,130	4,673,919	-
CURRENT LIABILITIES				
Amount owing to contract customers	10	38,996,995	34,369,520	-
Trade payables	25	22,834,367	15,868,165	-
Other payables and accruals		3,570,094	813,800	903,715
Amount owing to a subsidiary	26	-	-	1,060,750
Amount owing to a related company	27	10,800	-	-
Dividend payable		-	8,000,000	-
Short-term borrowings	28	424,642	466,301	-
Provision for taxation		-	2,441,095	-
		65,836,898	61,958,881	1,964,465
TOTAL LIABILITIES		71,698,028	66,632,800	1,964,465
TOTAL EQUITY AND LIABILITIES		115,009,318	79,623,505	33,827,000
NET ASSETS PER ORDINARY SHARE (RM)	29	0.17	0.06	

The annexed notes form an integral part of these financial statements.

statements of comprehensive income

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011

	Note	The Group		The Company
		8.4.2010 to 30.4.2011# RM	1.5.2009 to 30.4.2010 RM	8.4.2010 to 30.4.2011 RM
REVENUE	30	120,154,515	98,782,815	-
COST OF SALES		(93,688,707)	(77,497,341)	-
GROSS PROFIT		26,465,808	21,285,474	-
OTHER INCOME		2,176,797	168,474	-
		28,642,605	21,453,948	-
SELLING AND MARKETING EXPENSES		(2,213,515)	(827,432)	-
ADMINISTRATIVE EXPENSES		(3,841,852)	(2,366,855)	(180,548)
OTHER EXPENSES		(4,306,161)	(3,865,046)	(1,376,577)
FINANCE COSTS		(260,238)	(298,927)	-
PROFIT/(LOSS) BEFORE TAXATION	31	18,020,839	14,095,688	(1,557,125)
INCOME TAX EXPENSE	32	(4,133,457)	(1,756,268)	-
PROFIT/(LOSS) AFTER TAXATION		13,887,382	12,339,420	(1,557,125)
OTHER COMPREHENSIVE INCOME, NET OF TAX				
- Fair value changes of available-for-sale financial assets		(8,500)	-	-
- Cash flow hedge		491,771	-	-
- Revaluation of property		6,482,362	-	-
- Income tax expense to component of other comprehensive income	33	(1,620,590)	-	-
		5,345,043	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL PERIOD/YEAR		19,232,425	12,339,420	(1,557,125)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Company		13,887,382	12,339,420	(1,557,125)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-				
Owners of the Company		19,232,425	12,339,420	(1,557,125)
EARNINGS PER SHARE (SEN)				
- Basic	34	6.21 sen	5.53 sen	
- Diluted	34	Not applicable	Not applicable	

Note:-

The financial statements of the subsidiary, namely Boilermech Sdn Bhd ("BSB") has been consolidated using the merger method of accounting. Accordingly, the results of the Group incorporated the results of BSB from 1 May 2010 to 30 April 2011.

The annexed notes form an integral part of these financial statements.

statements of changes in equity

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011

	Non-Distributable				Distributable			Total
	Share Capital	Share Premium	Share Revaluation Reserve	Cash Flow Hedge Reserve	Fair Value Reserve	Merger Deficit	Retained Profits	
THE GROUP	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 8.4.2010	2	-	-	-	-	-	-	2
- date of incorporation								
Allotment of shares pursuant to the listing scheme:								
- acquisition of a subsidiary	22,309,998	-	-	-	(21,500)	(21,809,998)	12,490,703	12,969,203
- public issue	3,490,000	8,027,000	-	-	-	-	-	11,517,000
Listing expenses	-	(407,340)	-	-	-	-	-	(407,340)
Total comprehensive income for the financial period	-	-	4,861,772	491,771	(8,500)	-	13,887,382	19,232,425
Balance at 30.4.2011	25,800,000	7,619,660	4,861,772	491,771	(30,000)	(21,809,998)	26,378,085	43,311,290
THE COMPANY								
Balance at 8.4.2010								
- date of incorporation								
Allotment of shares pursuant to the listing scheme:								
- acquisition of a subsidiary								
- public issue								
Listing expenses								
Total comprehensive expenses for the financial period								
Balance at 30.4.2011								

The annexed notes form an integral part of these financial statements.

statements of cash flows

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011

	Note	The Group		The Company
		8.4.2010 to 30.4.2011# RM	1.5.2009 to 30.4.2010 RM	8.4.2010 to 30.4.2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation		18,020,839	14,095,688	(1,557,125)
Adjustments for:-				
Depreciation of property, plant and equipment		1,161,197	957,248	-
Equipment written off		695	-	-
Impairment loss on trade receivables		1,240,865	2,189,041	-
Interest expense		260,238	298,927	-
Listing expenses		1,376,577	-	1,376,577
Unrealised loss on foreign exchange		231,967	216,078	-
Fair value gain on derivatives		(507,639)	-	-
Dividend income		-	(1,500)	-
Gain on disposal of equipment		(1,333)	(86,838)	-
Interest income		(170,797)	(24,129)	-
Write-back of impairment loss on trade receivables		(1,289,798)	-	-
Write-back of inventories		-	(71,132)	-
Operating profit/(loss) before working capital changes		20,322,811	17,573,383	(180,548)
(Increase)/Decrease in amount owing by contract customers		(5,850,279)	1,492,836	-
(Increase)/Decrease in inventories		(677,754)	4,197,643	-
Decrease/(Increase) in trade and other receivables		4,756,939	(22,453,567)	-
Increase/(Decrease) in trade and other payables		9,531,005	(569,881)	903,715
Increase in amount owing to contract customers		4,627,475	11,550,955	-
CASH FROM OPERATIONS		32,710,197	11,791,369	723,167
Interest paid		(260,238)	(298,927)	-
Income tax paid		(6,943,163)	(1,520,599)	-
NET CASH FROM OPERATING ACTIVITIES		25,506,796	9,971,843	723,167
BALANCE CARRIED FORWARD		25,506,796	9,971,843	723,167

The annexed notes form an integral part of these financial statements.

statements of cash flows

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

	Note	The Group		The Company
		8.4.2010 to 30.4.2011 # RM	1.5.2009 to 30.4.2010 RM	8.4.2010 to 30.4.2011 RM
BALANCE BROUGHT FORWARD		25,506,796	9,971,843	723,167
CASH FLOWS FOR INVESTING ACTIVITIES				
Proceeds from disposal of equipment		20,000	431,600	-
Purchase of property, plant and equipment	35	(1,671,133)	(4,047,207)	-
Dividend received		-	1,500	-
Interest received		170,797	24,129	-
NET CASH FOR INVESTING ACTIVITIES		(1,480,336)	(3,589,978)	-
CASH FLOWS FOR FINANCING ACTIVITIES				
Proceeds from issuance of shares		-	2	2
Listing expenses paid		(1,783,917)	-	(1,783,917)
Repayment of hire purchase obligations		(184,284)	(128,876)	-
Repayment of term loan		(265,901)	(256,141)	-
Advances from a subsidiary		-	-	1,060,750
Advances from a related company		10,800	-	-
Dividends paid		(8,000,000)	(1,000,000)	-
NET CASH FOR FINANCING ACTIVITIES		(10,223,302)	(1,385,015)	(723,165)
NET INCREASE IN CASH AND CASH EQUIVALENTS		13,803,158	4,996,850	2
Effect of foreign exchange in cash and cash equivalents		(12,020)	(114,592)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		16,426,294	11,544,036	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	36	30,217,432	16,426,294	2

Note:-

- # The financial statements of the subsidiary, namely BSB has been consolidated using the merger method of accounting. Accordingly, the cashflows of the Group incorporated the cashflows of BSB from 1 May 2010 to 30 April 2011.

The annexed notes form an integral part of these financial statements.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : Level 18, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur,
Wilayah Persekutuan.

Principal place of business : Lot 875 Jalan Subang 8,
Taman Perindustrian Subang,
47620 Subang Jaya,
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 19 August 2011.

2. CONVERSION OF PRIVATE COMPANY TO PUBLIC COMPANY

On 14 May 2010, the Company was converted from a private limited company to a public company limited by shares and assumed its present name, Boilermech Holdings Berhad.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activity of the subsidiary is set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

4. BASIS OF PREPARATION

The financial statements of the subsidiary, BSB have been consolidated using the merger method of accounting as disclosed in Note 5(b) to the financial statements. Accordingly, the results of the Group incorporated the results of BSB from 1 May 2010 to 30 April 2011.

The financial statements of the Group for the financial period from 8 April 2010 to 30 April 2011 are prepared on the assumption that the Group had been in existence since 1 May 2009.

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

- (a) During the current financial period, the Group has adopted all new and revised FRSs issued by the Malaysian Accounting Standards Board ("MASB") which became effective at the beginning of the current financial period.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

4. BASIS OF PREPARATION cont'd

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

4. BASIS OF PREPARATION cont'd

- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:- cont'd

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities within Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

- (i) The revised FRS 3 introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial period but may impact the accounting of its future transactions or arrangements.
- (ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will be no financial impact on the financial statements of the Group for the current financial period but may impact the accounting of its future transactions or arrangements.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) *Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) *Impairment of Non-financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) *Construction Contracts*

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

(a) Critical Accounting Estimates and Judgements cont'd

(iv) Construction Contracts cont'd

- *Contract Revenue*

Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

- *Contract Costs*

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

(v) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vii) Impairment of Available-for-Sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

(a) Critical Accounting Estimates and Judgements cont'd

(viii) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(ix) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair values of these assets and liabilities would affect profit and/or equity.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to 30 April 2011.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

The acquisition of BSB by the Company has been accounted for as a business combination amongst entities under common control. Accordingly, the financial statements of the Group have been consolidated using the merger method of accounting.

Under the merger method of accounting, the result of the subsidiary is presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiary to ensure consistency of accounting policies with those of the Group.

The gain or loss on the disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets.

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(d) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

(d) Financial Instruments cont'd

(i) Financial Assets cont'd

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognise the inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

- *Held-to-Maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-Maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-Sale Financial Assets*

Available-for-Sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

(d) Financial Instruments cont'd

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognise the inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Hedge Activities

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

- **Hedge accounting**

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

(d) Financial Instruments cont'd

(iv) Hedge Activities cont'd

- *Fair value hedges*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the statement of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

- *Cash flow hedges*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Hedge accounting is discontinued prospectively when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

- *Hedges of net investments in foreign operations*

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on the disposal of the foreign operation.

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

(e) Investment in a Subsidiary

Investment in a subsidiary is stated at cost in the statement of financial position of the Company, and is reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investment in a subsidiary, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

(f) Property, Plant and Equipment

Property and equipment, other than leasehold land and buildings, are stated at cost less accumulated depreciation and impairment losses, if any.

Leasehold land and buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Leasehold land and buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease period
Building	3.33%
Computers	20%
Furniture, fittings and office equipment	10% - 20%
Machinery	20%
Motor vehicles	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

(f) Property, Plant and Equipment cont'd

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

(g) Impairment

(i) *Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

(g) Impairment cont'd

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statement of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(h) Assets Under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(f) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(j) Amounts Owning by/to Contract Customers

The amounts owing by/to contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

(k) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

(m) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(n) Related Parties

A party is related to an entity if:-

- (i) directly, or indirectly through one or more intermediaries, the party:-
 - controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(o) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(p) Revenue Recognition

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales tax, returns and trade discounts.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

5. SIGNIFICANT ACCOUNTING POLICIES cont'd

(p) Revenue Recognition cont'd

(ii) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) Construction Contracts

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

(iv) Interest Income

Interest income is recognised on an accrual basis.

(q) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

6. INVESTMENT IN A SUBSIDIARY

	The Company 2011 RM
Unquoted shares in Malaysia, at cost	22,309,998

The details of the subsidiary are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest	Principal Activity
Boilermech Sdn Bhd ("BSB")	Malaysia	100%	Engaged in the business of manufacturing, repairing and servicing of boilers.

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At	Additions	Reclassification	Revaluation	Disposal	Written Off	Depreciation Charge	At
	1.5.2010							30.4.2011
	RM	RM	RM	RM	RM	RM	RM	RM
NET BOOK VALUE								
Leasehold land	6,577,795	-	-	4,460,009	-	-	(164,241)	10,873,563
Building	1,680,000	-	2,217,647	2,022,353	-	-	(160,476)	5,759,524
Computers	61,485	72,017	-	-	-	-	(43,322)	90,180
Furniture, fittings and office equipment	194,096	36,185	-	-	-	(695)	(38,299)	191,287
Machinery	1,201,159	657,400	-	-	(18,667)	-	(441,768)	1,398,124
Motor vehicles	1,032,044	84,336	-	-	-	-	(313,091)	803,289
Capital work-in-progress	1,396,452	821,195	(2,217,647)	-	-	-	-	-
	12,143,031	1,671,133	-	6,482,362	(18,667)	(695)	(1,161,197)	19,115,967

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

7. PROPERTY, PLANT AND EQUIPMENT cont'd

The Group	At 1.5.2009 RM	Additions RM	Disposal RM	Depreciation Charge RM	At 30.4.2010 RM
NET BOOK VALUE					
Leasehold land	6,691,205	-	-	(113,410)	6,577,795
Building	1,740,000	-	-	(60,000)	1,680,000
Computers	78,707	25,819	-	(43,041)	61,485
Furniture, fittings and Office equipment	80,918	147,856	-	(34,678)	194,096
Machinery	31,640	1,481,674	-	(312,155)	1,201,159
Motor vehicles	265,364	1,505,406	(344,762)	(393,964)	1,032,044
Capital work-in-progress	-	1,396,452	-	-	1,396,452
	8,887,834	4,557,207	(344,762)	(957,248)	12,143,031

The Group	At Cost RM	At Valuation RM	Accumulated Depreciation RM	Net Book Value RM
At 30.4.2011				
Leasehold land	-	11,000,000	(126,437)	10,873,563
Building	-	5,900,000	(140,476)	5,759,524
Computers	287,223	-	(197,043)	90,180
Furniture, fittings and office equipment	291,221	-	(99,934)	191,287
Machinery	2,190,173	-	(792,049)	1,398,124
Motor vehicles	1,641,953	-	(838,664)	803,289
	4,410,570	16,900,000	(2,194,603)	19,115,967

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

7. PROPERTY, PLANT AND EQUIPMENT cont'd

The Group	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
AT 30.4.2010			
Leasehold land	6,804,615	(226,820)	6,577,795
Building	1,800,000	(120,000)	1,680,000
Computers	215,206	(153,721)	61,485
Furniture, fittings and office equipment	256,134	(62,038)	194,096
Machinery	1,560,774	(359,615)	1,201,159
Motor vehicles	1,557,616	(525,572)	1,032,044
Capital work-in-progress	1,396,452	-	1,396,452
	<u>13,590,797</u>	<u>(1,447,766)</u>	<u>12,143,031</u>

- (a) The leasehold land and building of the Group have been pledged to a licensed bank as security for banking facilities granted to the Group.
- (b) Included in the assets of the Group at the end of the reporting period were motor vehicles with a total net book value of RM547,813 (2010 - RM783,055) which were acquired under hire purchase terms.
- (c) During the financial period, the Group's leasehold land and building were revalued by an independent professional valuer based on the cost method and comparison method of valuation. The surpluses arising from revaluations, net of deferred taxation, have been credited to other comprehensive income and accumulated in equity under the revaluation reserve.
- (d) If the leasehold land and building were measured using the cost model, the carrying amounts would be as follows:-

	The Group	
	2011 RM	2010 RM
Leasehold land	6,464,384	6,577,795
Building	3,758,445	1,680,000
	<u>10,222,829</u>	<u>8,257,795</u>

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

8. OTHER INVESTMENT

	The Group	
	2011 RM	2010 RM
Quoted shares in Malaysia	20,000	50,000
Represented by:-		
At cost	-	50,000
At fair value	20,000	-
	20,000	50,000
Market value of quoted shares	20,000	28,500

Upon adoption of FRS 139 during the financial period, the Group designated its investment in quoted shares that were previously measured using the cost model as available-for-sale financial assets and are measured at fair value.

9. INVENTORIES

	The Group	
	2011 RM	2010 RM
At cost:-		
Raw materials	10,095,755	9,418,001

None of the inventories is stated at net realisable value.

10. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	The Group	
	2011 RM	2010 RM
Costs incurred on contracts to date	81,822,104	80,821,527
Attributable profits	15,506,464	14,927,144
	97,328,568	95,748,671
Progress billings	(125,071,305)	(124,714,212)
	(27,742,737)	(28,965,541)
The amounts owing comprise the following:-		
Amount owing by contract customers	11,254,258	5,403,979
Amount owing to contract customers	(38,996,995)	(34,369,520)
	(27,742,737)	(28,965,541)

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

11. TRADE RECEIVABLES

	The Group	
	2011 RM	2010 RM
Trade receivables	27,781,992	32,522,448
Retention receivables	2,746,827	2,723,948
	30,528,819	35,246,396
Allowance for impairment losses	(2,140,108)	(2,189,041)
	28,388,711	33,057,355
Allowance for impairment losses:-		
At 8.4.2010/1.5.2009	(2,189,041)	-
Addition for the financial period/year	(1,240,865)	(2,189,041)
Write-back during the financial period/year	1,289,798	-
At 30.4.2011/2010	(2,140,108)	(2,189,041)

The Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company
	2011 RM	2010 RM	2011 RM
Other receivables	11,539,289	126,796	11,517,000
Deposits	2,110,170	2,998,049	-
Prepayments	924,568	-	-
	14,574,027	3,124,845	11,517,000

Included in other receivables are shares subscription monies which are held by the placement agents pursuant to the public offering amounting to RM11,517,000. The sum was remitted to the Company subsequent to the end of the reporting period.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

13. DERIVATIVE ASSETS

	The Group	
	Contract/ Notional Amount 2011 RM	Assets 2011 RM
FORWARD FOREIGN CURRENCY CONTRACTS		
- Cash flow hedge	17,396,600	491,771
- Fair value through profit or loss	23,700,560	507,639
	41,097,160	999,410

(a) Cash Flow Hedge

At 30 April 2011, the Group held forward currency contracts designated as hedges of expected future sales denominated in United States Dollar to customers for which the Group has firm commitments over the next 12 months.

The terms of the forward currency contracts have been negotiated to match the terms of the commitments. There were no highly probable transactions for which hedge accounting had previously been used, which are no longer expected to occur. No amount was recognised for ineffectiveness in other expenses in the profit or loss for the current financial period.

The cash flow hedge of the expected future transactions were assessed to be highly effective and the related net unrealised gain of RM491,771 was included in other comprehensive income in respect of these contracts.

(b) Fair Value Through Profit or Loss

The Group uses forward currency contracts to manage some of the Group's sales denominated in United States Dollar. These forward currency contracts are not designated as cash flow hedge and are entered into for periods consistent with the currency transaction exposure. Such derivatives do not qualify for hedge accounting.

During the financial period, the Group recognised a gain of RM507,639 arising from fair value changes of its forward currency contracts.

The method and assumptions applied in determining the fair value of these derivatives are disclosed in Note 43(d)(v) to the financial statements.

14. SHORT-TERM DEPOSITS WITH A LICENSED BANK

The weighted average effective interest rate of the short-term deposits at the end of the reporting period was 1.73% (2010 - 1.36%) per annum. The short-term deposits have maturity periods ranging from 7 to 14 days (2010 - 14 to 31 days).

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

15. SHARE CAPITAL

The movements in the authorised share capital of the Company are as follows:-

	Par Value RM	2011 Number Of Shares	Share Capital RM	Par Value RM	2010 [#] Number Of Shares	Share Capital RM
ORDINARY SHARES						
At 8.4.2010 (date of incorporation)/ 1.5.2009	0.10	1,000,000	100,000	0.10	1,000,000	100,000
Increase during the financial period/ year	0.10	499,000,000	49,900,000	0.10	499,000,000	49,900,000
At 30.4.2011 /2010	0.10	500,000,000	50,000,000	0.10	500,000,000	50,000,000

The movements in the issued and paid-up share capital of the Company are as follows:-

	Par Value RM	2011 Number Of Shares	Share Capital RM	Par Value RM	2010 [#] Number Of Shares	Share Capital RM
ORDINARY SHARES						
At 8.4.2010 (date of incorporation)/ 1.5.2009	0.10	20	2	0.10	20	2
Allotment of shares pursuant to listing scheme:-						
- acquisition of a subsidiary	0.10	223,099,980	22,309,998	0.10	223,099,980	22,309,998
- public issue	0.10	34,900,000	3,490,000		-	-
At 30.4.2011/2010	0.10	258,000,000	25,800,000	0.10	223,100,000	22,310,000

[#] The share capital of the Company as at 30 April 2010 is presented on the assumption that the Group had been in existence as at 30 April 2010.

The Company was incorporated with an authorised share capital of RM100,000 comprising 1,000,000 ordinary shares of RM0.10 each, of which 20 ordinary shares of RM0.10 each were subscribed for on the date of incorporation.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

15. SHARE CAPITAL cont'd

During the financial period,

- (a) the Company increased its authorised share capital from RM100,000 to RM50,000,000 by the creation of 499,000,000 new ordinary shares of RM0.10 each; and
- (b) the Company increased its issued and paid-up share capital from RM2 to RM25,800,000 as part of the flotation scheme on the ACE Market of Bursa Malaysia Securities Berhad. The issued and paid-up share capital was increased in the following manner:-

(i) Acquisition of BSB

the Company increased its issued and paid-up share capital from RM2 to RM22,310,000 by the allotment of 223,099,980 new ordinary shares of RM0.10 each for the acquisition of BSB; and

(ii) Public Issue

Upon the completion of the Public Issue, the issued and paid-up share capital of the Company increased from RM22,310,000 to RM25,800,000 by the allotment of 34,900,000 new ordinary shares of RM0.10 each at an issue price of RM0.33 per ordinary share.

All the new ordinary shares issued during the financial period rank pari passu in all respects with the existing ordinary shares of the Company.

16. SHARE PREMIUM

	The Group		The Company
	2011	2010	2011
	RM	RM	RM
Premium arising from public issue	8,027,000	-	8,027,000
Listing expenses	(407,340)	-	(407,340)
	7,619,660	-	7,619,660

The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965 in Malaysia.

17. REVALUATION RESERVE

The revaluation reserve represents the increase in the fair value of leasehold land and building of the Group, net of deferred tax.

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

18. CASH FLOW HEDGE RESERVE

This reserve comprises the effective portion of the cumulative gains and losses on the hedging instrument deemed effective in a cash flow hedge.

	The Group	
	2011 RM	2010 RM
At 8.4.2010/1.5.2009	-	-
Gain on cash flow hedge	491,771	-
At 30.4.2011/2010	491,771	-

19. FAIR VALUE RESERVE

The fair value reserve represents the cumulative fair value changes, net of tax of available-for-sale financial assets until they are disposed of or impaired.

20. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of a subsidiary upon consolidation under the merger accounting principles.

21. LONG-TERM BORROWINGS

	The Group	
	2011 RM	2010 RM
Hire purchase payables (Note 22)	186,190	333,704
Term loan (Note 23)	4,079,203	4,340,215
	4,265,393	4,673,919

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

22. HIRE PURCHASE PAYABLES

	The Group	
	2011 RM	2010 RM
Minimum hire purchase payments:		
- not later than one year	164,776	205,979
- later than one year but not later than five years	209,766	374,543
	374,542	580,522
Less: Future finance charges	(40,846)	(62,542)
Present value of hire purchase payables	333,696	517,980
Non-current portion (Note 21):		
- later than one year but not later than five years	186,190	333,704
Current portion (Note 28):		
- not later than one year	147,506	184,276
	333,696	517,980

The hire purchase payables bore a weighted average effective interest rate of 5.49% (2010 - 5.51%) per annum at the end of the reporting period.

23. TERM LOAN

	The Group	
	2011 RM	2010 RM
Non-current portion (Note 21):		
- repayable between one to two years	291,315	288,731
- repayable between two to five years	966,461	953,053
- repayable after five years	2,821,427	3,098,431
	4,079,203	4,340,215
Current portion (Note 28):		
- repayable within one year	277,136	282,025
	4,356,339	4,622,240

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

23. TERM LOAN cont'd

The term loan is repayable in 180 monthly instalments of RM40,722 commencing on February 2009.

The term loan bore an effective interest rate of 5.00% (2010 - 4.30%) per annum at the end of the reporting period and is secured by:-

- (a) a first legal charge over the leasehold land and building as disclosed in Note 7 to the financial statements;
- (b) a fixed and floating charge over the assets of the Group, both present and future; and
- (c) a joint and several guarantee of certain directors of the Group.

24. DEFERRED TAX LIABILITIES

	The Group	
	2011 RM	2010 RM
At 8.4.2010/1.5.2009	-	-
Recognised in profit or loss (Note 32)	(24,853)	-
Recognised in other comprehensive income (Note 33)	1,620,590	-
At 30.4.2011/2010	1,595,737	-

The deferred tax liabilities are attributable to the following:-

	The Group	
	2011 RM	2010 RM
Fair value gain on property	1,595,737	-

25. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

26. AMOUNT OWING TO A SUBSIDIARY

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

27. AMOUNT OWING TO A RELATED COMPANY

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

28. SHORT-TERM BORROWINGS

	The Group	
	2011 RM	2010 RM
Hire purchase payables (Note 22)	147,506	184,276
Term loan (Note 23)	277,136	282,025
	<u>424,642</u>	<u>466,301</u>

29. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of the Group at the end of the reporting period of RM43,311,290 (2010 - RM12,990,705) divided by the number of ordinary shares of RM0.10 each in issue at the reporting period of 258,000,000 (2010 - 223,100,000).

30. REVENUE

	The Group	
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM
Trading and services	5,722,820	9,853,315
Manufacturing	114,431,695	88,929,500
	<u>120,154,515</u>	<u>98,782,815</u>

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

31. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM	8.4.2010 to 30.4.2011 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-			
Audit fee:			
- statutory	40,000	18,000	20,000
- non-statutory	18,000	18,000	2,000
Depreciation of property, plant and equipment	1,161,197	957,248	-
Directors' fee	101,000	14,000	89,000
Directors' non-fee emoluments	1,073,045	719,372	-
Equipment written off	695	-	-
Impairment loss on trade receivables	1,240,865	2,189,041	-
Interest expense:			
- hire purchase	21,696	21,292	-
- letters of credit	22,501	58,554	-
- term loan	216,041	219,081	-
Listing expenses	1,376,577	-	1,376,577
Loss on foreign exchange:			
- realised	637,497	277,837	-
- unrealised	231,967	216,078	-
Preliminary expenses	5,000	-	5,000
Rental expense:			
- forklifts	66,995	53,355	-
- motor vehicles	42,952	32,354	-
Staff costs			
- salaries, wages, bonuses and allowances	3,744,398	2,124,262	-
- defined contribution plan	374,830	245,880	-
- other benefits	217,043	208,273	-
Fair value gain on derivatives	(507,639)	-	-
Dividend income	-	(1,500)	-
Gain on disposal of equipment	(1,333)	(86,838)	-
Interest income	(170,797)	(24,129)	-
Write-back of impairment loss on trade receivables	(1,289,798)	-	-
Write-back of inventories	-	(71,132)	-

The estimated monetary value of non-cash benefits provided to certain directors of the Group during the financial period amounted to RM34,800 (2010 - RM12,400).

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

32. INCOME TAX EXPENSE

	The Group		The Company
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM	8.4.2010 to 30.4.2011 RM
Current tax expense:			
- for the financial period/year	3,856,242	2,739,600	-
- under/(over)provision in the previous financial year	302,068	(983,332)	-
	4,158,310	1,756,268	-
Deferred taxation (Note 24):			
- for the financial period/year	(24,853)	-	-
	4,133,457	1,756,268	-

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory tax rates to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM	8.4.2010 to 30.4.2011 RM
Profit/(Loss) before taxation	18,020,839	14,095,688	(1,557,125)
Tax at the statutory tax rate of 25%	4,505,210	3,523,922	(389,281)
Tax effects of:-			
Non-taxable income	(139,476)	(18,751)	-
Non-deductible expenses	1,243,725	406,777	389,281
Effect of tax incentive	(1,684,087)	(1,344,539)	-
Utilisation of deferred tax assets previously not recognised	(68,983)	-	-
Deferred tax assets not recognised during the financial period/year	-	197,191	-
Under/(Over)provision of income tax in the previous financial year	302,068	(983,332)	-
Differential in tax rate	(25,000)	(25,000)	-
Income tax expense for the financial period/year	4,133,457	1,756,268	-

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

33. INCOME TAX EXPENSE TO COMPONENT OF OTHER COMPREHENSIVE INCOME

	The Group	
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM
Deferred taxation on the revaluation surplus of property	1,620,590	-

34. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to shareholders of RM13,887,382 (2010 - RM12,339,420) by the weighted average number of ordinary shares in issue during the financial period of 223,578,082 (2010 - 223,099,980).

	The Group	
	2011 RM	2010 RM
Issued ordinary shares at 8.4.2010 (date of incorporation)	20	-
Acquisition of subsidiary	223,099,980	223,099,980
Effect of Public Issue	478,082	-
	223,578,082	223,099,980

The diluted earnings per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

35. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	The Group	
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM
Cost of property, plant and equipment purchased	1,671,133	4,557,207
Amount financed through hire purchase	-	(510,000)
Cash disbursed for purchase of property, plant and equipment	1,671,133	4,047,207

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

36. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:-

	The Group		The Company
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM	8.4.2010 to 30.4.2011 RM
Short-term deposits with a licensed bank	13,000,000	14,000,000	-
Cash and bank balances	17,217,432	2,426,294	2
	30,217,432	16,426,294	2

37. DIRECTORS' REMUNERATION

(a) The aggregate amount of emoluments received and receivable by Directors of the Group and the Company during the financial period are as follows:-

	The Group		The Company
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM	8.4.2010 to 30.4.2011 RM
Executive directors:			
- fees	62,000	14,000	50,000
- non-fee emoluments	971,885	642,404	-
- contribution to Employees' Provident Fund ("EPF")	101,160	76,968	-
	1,135,045	733,372	50,000
Non-executive directors:			
- fees	39,000	-	39,000
	1,174,045	733,372	89,000
Benefits-in-kind	34,800	12,400	-

notes to the financial statements
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cont'd

37. DIRECTORS' REMUNERATION cont'd

- (b) The details of emoluments for the directors of the Group and the Company received/receivable for the financial period in bands of RM50,000 are as follows:-

	The Group		The Company	
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM	8.4.2010 to 30.4.2011 RM	8.4.2010 to 30.4.2011 RM
Executive directors:-				
Below RM50,000	2	-	4	-
RM300,000 – RM350,000	-	1	-	-
RM400,001 – RM450,000	-	1	-	-
RM450,001 – RM500,000	1	-	-	-
RM600,001 – RM650,000	1	-	-	-
Non-executive directors:-				
Below RM50,000	3	-	3	-
	7	2	7	-

38. RELATED PARTY DISCLOSURES

- (a) Identities of related parties

The Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

- (b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial period/year:-

	The Group	
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM
Purchase of equipment from a company in which a director has a substantial financial interest	182,400	393,780
Management fee to a corporate shareholder which has a substantial financial interest	63,200	-
Sales to companies in which a corporate shareholder has a substantial financial interest	2,292,526	-

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

38. RELATED PARTY DISCLOSURES cont'd

(c) Key management personnel compensation:-

	The Group		The Company
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM	8.4.2010 to 30.4.2011 RM
Short-term employee benefits:			
- salaries, allowances and bonuses	2,109,857	1,263,304	89,000
- defined contribution plan	218,736	145,068	-
- others	34,800	12,400	-
	2,363,393	1,420,772	89,000

39. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 3 main business segments as follows:-

- (i) Manufacturing Manufacturing of boilers.
- (ii) Trading and services Repairing and servicing of boilers.
- (iii) Others Investment holding.

The management assess the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

Business Segments

8.4.2010 to 30.4.2011	Manufacturing RM	Trading And Services RM	Others RM	Group RM
Revenue				
External revenue	114,431,695	5,722,820	-	120,154,515
Inter-segment revenue	-	-	-	-
	114,431,695	5,722,820	-	120,154,515

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

39. OPERATING SEGMENTS cont'd

Business Segments cont'd

8.4.2010 to 30.4.2011	Manufacturing RM	Trading And Services RM	Others RM	Group RM
Results				
Segment results	18,027,907	2,243,485	(1,557,125)	18,714,267
Interest income	170,797	-	-	170,797
Other material items of income	1,223,340	575,430	-	1,798,770
Depreciation of property and equipment	(1,161,197)	-	-	(1,161,197)
Other material items of expenses	(990,852)	(250,708)	-	(1,241,560)
	17,269,995	2,568,207	(1,557,125)	18,281,077
Finance costs				(260,238)
Income tax expense				(4,133,457)
Consolidated profit after taxation				<u>13,887,382</u>
2011	Manufacturing RM	Trading And Services RM	Others RM	Group RM
Assets				
Segment assets	113,121,331	1,544,229	-	114,665,560
Tax refundable				343,758
Consolidated total assets				<u>115,009,318</u>
Liabilities				
Segment liabilities	69,519,188	583,103	-	70,102,291
Deferred taxation				1,595,737
Consolidated total liabilities				<u>71,698,028</u>
Other segments items				
Additions to non-current assets other than financial instruments:				
- property, plant and equipment	1,671,133	-	-	1,671,133

notes to the financial statements

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cont'd

39. OPERATING SEGMENTS cont'd

Business Segments cont'd

1.5.2009 to 30.04.2010	Manufacturing RM	Trading And Services RM	Others RM	Group RM
Revenue				
External revenue	88,929,500	9,853,315	-	98,782,815
Inter-segment revenue	-	-	-	-
	<u>88,929,500</u>	<u>9,853,315</u>	<u>-</u>	<u>98,782,815</u>
Results				
Segment results	12,526,593	4,830,712	-	17,357,305
Interest income	24,129	-	-	24,129
Other material items of income	159,470	-	-	159,470
Depreciation of property and equipment	(957,248)	-	-	(957,248)
Other material items of expenses	(1,447,692)	(741,349)	-	(2,189,041)
	<u>10,305,252</u>	<u>4,089,363</u>	<u>-</u>	<u>14,394,615</u>
Finance costs				(298,927)
Income tax expense				(1,756,268)
Consolidated profit after taxation				<u>12,339,420</u>
2010				
Assets				
Segment assets	77,457,906	2,165,599	-	79,623,505
Consolidated total assets				<u>79,623,505</u>
Liabilities				
Segment liabilities	63,930,645	261,060	-	64,191,705
Provision for taxation				<u>2,441,095</u>
Consolidated total liabilities				<u>66,632,800</u>
Other segments items				
Additions to non-current assets other than financial instruments:				
- property, plant and equipment	4,557,207	-	-	4,557,207

notes to the financial statements
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cont'd

39. OPERATING SEGMENTS cont'd

Business Segments cont'd

(a) Other material items of income consist of the following:-

	The Group	
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM
Dividend income	-	1,500
Fair value gain on derivatives	507,639	-
Gain on disposal of equipment	1,333	86,838
Write-back of impairment loss on trade receivables	1,289,798	-
Write-back of inventories	-	71,132
	1,798,770	159,470

(b) Other material items of expenses consist of the following:-

	The Group	
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM
Equipment written off	695	-
Impairment loss on trade receivables	1,240,865	2,189,041
	1,241,560	2,189,041

Geographical Information

	Revenue	
	8.4.2010 to 30.4.2011 RM	1.5.2009 to 30.4.2010 RM
Local	55,687,712	43,623,360
Overseas	64,466,803	55,159,455
	120,154,515	98,782,815

Major Customers

There is no major customer with revenue equal or more than 10% of the Group's revenue.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

40. CAPITAL COMMITMENT

	The Group	
	2011	2010
	RM	RM
Approved and contracted for:-		
Capital work-in-progress:	-	371,276

41. CONTINGENT LIABILITY

	The Company
	2011
	RM
Corporate guarantee given to licensed bank for credit facilities granted to a subsidiary	12,000,000

42. FOREIGN EXCHANGE RATE

The principal closing foreign exchange rate used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period is as follows:-

	The Group	
	2011	2010
	RM	RM
United States Dollar	2.97	3.19

43. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

notes to the financial statements
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cont'd

43. FINANCIAL INSTRUMENTS cont'd

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk as disclosed in Note 13 to the financial statements.

The Group's exposure to foreign currency is as follows:-

The Group	United States Dollar RM	Ringgit Malaysia RM	Total RM
2011			
Financial assets			
Trade receivables	8,327,466	20,061,245	28,388,711
Other receivables and deposits	-	13,649,459	13,649,459
Derivative assets	-	999,410	999,410
Short-term deposits with a licensed bank	-	13,000,000	13,000,000
Cash and bank balances	7,796,957	9,420,475	17,217,432
	16,124,423	57,130,589	73,255,012
Financial liabilities			
Trade payables	89,622	22,744,745	22,834,367
Other payables and accruals	-	3,570,094	3,570,094
Amount owing to a related company	-	10,800	10,800
Hire purchase payables	-	333,696	333,696
Term loan	-	4,356,339	4,356,339
	89,622	31,015,674	31,105,296
Net financial assets	16,034,801	26,114,915	42,149,716
Less: Net financial assets denominated in the entity's functional currencies	-	(26,114,915)	(26,114,915)
Currency exposure	16,034,801	-	16,034,801

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

43. FINANCIAL INSTRUMENTS cont'd

(a) Financial Risk Management Policies cont'd

(i) Market Risk cont'd

(i) Foreign Currency Risk cont'd

The Group	United States Dollar RM	Ringgit Malaysia RM	Total RM
2010			
Financial assets			
Trade receivables	6,354,073	26,703,282	33,057,355
Other receivables and deposits	-	3,124,845	3,124,845
Short-term deposits with a licensed bank	-	14,000,000	14,000,000
Cash and bank balances	1,849,104	577,190	2,426,294
	8,203,177	44,405,317	52,608,494
Financial liabilities			
Trade payables	3,839,411	12,028,754	15,868,165
Other payables and accruals	-	813,800	813,800
Dividend payable	-	8,000,000	8,000,000
Hire purchase payables	-	517,980	517,980
Term loan	-	4,622,240	4,622,240
	3,839,411	25,982,774	29,822,185
Net financial assets	4,363,766	18,422,543	22,786,309
Less: Net financial assets denominated in the entity's functional currencies	-	(18,422,543)	(18,422,543)
Currency exposure	4,363,766	-	4,363,766

The foreign currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective, hence there will be no impact on the profit after taxation from the cash flow hedges.

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

43. FINANCIAL INSTRUMENTS cont'd

(a) Financial Risk Management Policies cont'd

(i) Market Risk cont'd

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 43(a)(i)(iii) to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	The Group 2011 Increase/ (Decrease) RM	The Company 2011 Increase/ (Decrease) RM
Effects on profit after taxation		
Increase of 25 basis points (bp)	21,609	-
Decrease of 25 bp	(21,609)	-
Effects on equity		
Increase of 25 bp	21,609	-
Decrease of 25 bp	(21,609)	-

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to price risks by maintaining a portfolio of equities with different risk profiles.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

43. FINANCIAL INSTRUMENTS cont'd

(a) Financial Risk Management Policies cont'd

(i) Market Risk cont'd

(iii) Equity Price Risk cont'd

Equity price sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments as at the end of the reporting period, with all other variables held constant:-

	The Group 2011 Increase/ (Decrease) RM	The Company 2011 Increase/ (Decrease) RM
Effects on profit after taxation		
Increase of 5%	-	-
Decrease of 5%	-	-
Effects on equity		
Increase of 5%	1,000	-
Decrease of 5%	(1,000)	-

(ii) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment

Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

43. FINANCIAL INSTRUMENTS cont'd

(a) Financial Risk Management Policies cont'd

(ii) Credit Risk cont'd

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group	
	2011 RM	2010 RM
Overseas	10,686,315	12,813,961
Local	17,702,396	20,243,394
	28,388,711	33,057,355

Ageing analysis

The ageing analysis of the Group's trade receivables as at 30 April 2011 is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2011				
Not past due	18,311,334	-	-	18,311,334
Past due 0 - 30 days	2,441,430	(162,326)	-	2,279,104
Past due more than 30 days	9,776,055	(1,977,782)	-	7,798,273
	30,528,819	(2,140,108)	-	28,388,711

At the end of the reporting period, trade receivables that are individually impaired were those who have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

43. FINANCIAL INSTRUMENTS cont'd

(a) Financial Risk Management Policies cont'd

(ii) Credit Risk cont'd

Ageing analysis cont'd

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 90 days, which are deemed to have higher credit risk, are monitored individually.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent liquidity risk management by maintaining sufficient cash balances and the available of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

43. FINANCIAL INSTRUMENTS cont'd

(a) Financial Risk Management Policies cont'd

(iii) Liquidity Risk cont'd

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2011						
Trade payables	-	22,834,367	22,834,367	22,834,367	-	-
Other payables and accruals	-	3,570,094	3,570,094	3,570,094	-	-
Amount owing to a related company	-	10,800	10,800	10,800	-	-
Hire purchase payables	5.49	333,696	374,542	164,776	209,766	-
Term loan	5.00	4,356,339	5,779,448	488,660	1,954,638	3,336,150
		31,105,296	32,569,251	27,068,697	2,164,404	3,336,150
2010						
Trade payables	-	15,868,165	15,868,165	15,868,165	-	-
Other payables and accruals	-	813,800	813,800	813,800	-	-
Dividend payable	-	8,000,000	8,000,000	8,000,000	-	-
Hire purchase payables	5.51	517,980	580,522	205,979	374,543	-
Term loan	4.30	4,622,240	6,268,108	488,660	1,954,638	3,824,810
		29,822,185	31,530,595	25,376,604	2,329,181	3,824,810

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

43. FINANCIAL INSTRUMENTS cont'd

(a) Financial Risk Management Policies cont'd

(iii) Liquidity Risk cont'd

The Company	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
2011						
Other payables and accruals	-	903,715	903,715	903,715	-	-
Amount owing to a subsidiary	-	1,060,750	1,060,750	1,060,750	-	-
		<u>1,964,465</u>	<u>1,964,465</u>	<u>1,964,465</u>	<u>-</u>	<u>-</u>

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents.

The Group has insignificant net debt. The debt-to-equity ratio does not provide a meaningful indicator of the risk of borrowings.

Under the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Company is required to maintain its shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) of the Company. The Company has complied with this requirement.

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

43. FINANCIAL INSTRUMENTS cont'd

(c) Classification of Financial Instruments

	The Group 2011 RM	The Company 2011 RM
Financial Assets		
<u>Available-for-Sale financial assets</u>		
Other investment, at fair value	20,000	-
<u>Fair Value Through Profit or Loss</u>		
Derivative assets	507,639	-
<u>Loans and receivables financial assets</u>		
Trade receivables	28,388,711	-
Other receivables and deposits	13,649,459	11,517,000
Short-term deposits with a licensed bank	13,000,000	-
Cash and bank balances	17,217,432	2
	72,255,602	11,517,002
<u>Others</u>		
Derivative assets – cash flow hedge	491,771	-
Financial Liability		
<u>Other financial liabilities</u>		
Hire purchase payables	333,696	-
Term loan	4,356,339	-
Trade payables	22,834,367	-
Other payables and accruals	3,570,094	903,715
Amount owing to a subsidiary	-	1,060,750
Amount owing to a related company	10,800	-
	31,105,296	1,964,465

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

43. FINANCIAL INSTRUMENTS cont'd

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used to determine the fair values of the financial instruments:-

- (i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The fair value of quoted investments is estimated based on their quoted market prices as at the end of the reporting period.
- (iii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.
- (iv) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.
- (v) The fair value of forward foreign currency contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

44. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL PERIOD

- (a) On 21 October 2010, the Company entered into a Share Sale and Purchase Agreement with the vendors of BSB for the acquisition of 500,000 ordinary shares of RM1.00 each, representing the entire issued and paid-up share capital of BSB, for a total consideration of RM22,309,998 based on a willing buyer willing seller basis after taking into consideration the net assets of BSB as at 31 August 2010 of RM22,306,458, after adjusting for the fair value of BSB's property. The property was valued by the Directors based on a valuation carried out by Raine & Horne International Zaki + Partners Sdn Bhd, an independent firm of professional valuers, and resulted in a net revaluation surplus of approximately RM4.861 million.

The purchase consideration was fully satisfied by the issuance of 223,099,980 new ordinary shares of RM0.10 each in the Company at par. The Acquisition was completed on 21 October 2010.

- (b) On 23 December 2010, the Company execute a corporate guarantee of RM12 million in favour of a licensed bank in consideration of the granting of banking facility of Total Gross Foreign Exchange Contract Limit of up to RM60 million from a licensed bank.
- (c) On 26 April 2011, the Company allotted 34,900,000 new shares of RM0.10 each in the Company at par resulting in an increase of the issued and paid up share capital to RM25,800,000 comprising 258,000,000 shares.

notes to the financial statements
for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

44. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL PERIOD cont'd

- (d) Subsequent to the financial period, on 5 May 2011, the Company listed its entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities.

45. COMPARATIVE FIGURES

No comparative figures are available for the Company as this is the first set of consolidated financial statements and financial statements prepared by the Company.

The comparative figures of the Group were presented based on the financial statements of subsidiary accounted for using the merger method of accounting, as that subsidiary was under common control by the same party both before and after the acquisition by the Company, and that control is not transitory.

notes to the financial statements

for the financial period from 8 april 2010 (date of incorporation) to 30 april 2011
cont'd

46. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED/PROFITS/LOSSES

The breakdown of the retained profits/(accumulated loss) of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group 2011 RM	The Company 2011 RM
Total retained profits/(accumulated loss):		
- realised	26,293,637	(1,557,125)
- unrealised	84,448	-
At 30.4.2011	<u>26,378,085</u>	<u>(1,557,125)</u>

list of property

The Group owns a piece of property via its sole wholly owned subsidiary, Boilermech Sdn Bhd. The property comprises two units of single storey detached factory with one being annexed to a three story office building and a guard house. The Group's corporate and administrative office and the production and warehousing facilities are sited on the said property.

Location	Tenure of lease	Land area/ built up area	Approximate age of buildings	Net book value 30 April 2011 RM'000	Date of last revaluation
Lot 875, Jalan Subang 8 Taman Perindustrian Subang, 47620 Subang Jaya Selangor Darul Ehsan	99 years, expiring on 2 September 2068	Land area: 20,407 square meters Built up area: 7,200 square meters	14 years	16,633	30 August 2010

shareholders' analysis report as at 15 August, 2011

Authorised share capital	:	RM50,000,000
Issued and paid up capital	:	RM25,800,000
Type of shares	:	Ordinary shares of 10 sen each
Voting rights	:	One vote per ordinary share

SHAREHOLDERS BY SIZE OF HOLDINGS

Holdings	No of holders	Total Holdings	%
Less than 100	4	102	0
100-1,000	92	73,800	0.03
1,001-10,000	886	5,730,400	2.22
10,001-100,000	656	24,956,500	9.67
100,001 to less than 5% of issued shares	85	68,846,883	26.69
5% and above of issued share capital	3	158,392,315	61.39
	1,726	258,000,000	100.00

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct	%	Indirect	%
Dr. Chia Song Kun	200,000	0.08	90,381,818 ⁽¹⁾	35.03
Leong Yew Cheong	40,474,412	15.69	40,000 ⁽²⁾	0.02
Wong Wee Voo	27,536,085	10.67	-	-
Chia Lik Khai	200,000	0.08	-	-
Chia Seong Fatt	100,000	0.04	90,381,818 ⁽³⁾	35.03
Low Teng Lum	200,000	0.08	-	-
Mohd Yusof bin Hussian	200,000	0.08	20,000 ⁽⁴⁾	0.01

⁽¹⁾ Deemed interest by virtue of shares held by QL Green Resources Sdn Bhd via his and his spouse's shareholdings of more than 15% in CBG Holdings Sdn Bhd, which is a major shareholder of QL Resources Berhad ("QL"). QL holds 100% shares in QL Green Resources Sdn Bhd.

⁽²⁾ Deem interest via his daughter's shareholdings in the Company.

⁽³⁾ Deemed interest by virtue of shares held by QL Green Resources Sdn Bhd via his and his spouse's shareholdings of more than 15% in Farsathy Sdn Bhd, which is a major shareholder of QL Resources Berhad ("QL"). QL holds 100% shares in QL Green Resources Sdn Bhd.

⁽⁴⁾ Deemed interest via his spouse's shareholdings in the Company.

shareholders' analysis report
as at 15 August, 2011
cont'd

SUBSTANTIAL SHAREHOLDERS

Name of shareholder	Direct	Shareholdings		%
		%	Indirect	
QL Green Resources Sdn Bhd	90,381,818	35.03	-	-
Leong Yew Cheong	40,474,412	15.69	40,000 ⁽²⁾	0.02
Wong Wee Voo	27,536,085	10.67	-	-
Dr. Chia Song Kun	200,000	0.08	90,381,818 ⁽¹⁾	35.03
Chia Seong Fatt	100,000	0.04	90,381,818 ⁽³⁾	35.03
QL Resources Berhad	-	-	90,381,818 ⁽⁴⁾	35.03
CBG Holdings Sdn Bhd	-	-	90,381,818 ⁽⁵⁾	35.03
Farsathy Holdings Sdn Bhd	-	-	90,381,818 ⁽⁵⁾	35.03

⁽¹⁾ Deemed interest by virtue of shares held by QL Green Resources Sdn Bhd via his and his spouse's shareholdings of more than 15% in CBG Holdings Sdn Bhd, which is a major shareholder of QL Resources Berhad ("QL"). QL holds 100% shares in QL Green Resources Sdn Bhd.

⁽²⁾ Deem interest via his daughter's shareholdings in the Company.

⁽³⁾ Deemed interest by virtue of shares held by QL Green Resources Sdn Bhd via his and his spouse's shareholdings of more than 15% in Farsathy Sdn Bhd, which is a major shareholder of QL Resources Berhad ("QL"). QL holds 100% shares in QL Green Resources Sdn Bhd.

⁽⁴⁾ Deemed interested by virtue of its substantial shareholdings in QL Green Resources Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

⁽⁵⁾ Deemed interested by virtue of its substantial shareholdings in QL Resources Berhad pursuant to Section 6A of the Companies Act, 1965.

THIRTY (30) LARGEST SHAREHOLDERS

Name of shareholder	Shareholdings	%
1 QL Green Resources Sdn Bhd	90,381,818	35.03
2 Leong Yew Cheong	40,474,412	15.69
3 Wong Wee Voo	27,536,085	10.67
4 Tee Seng Chun	11,616,370	4.50
5 Gan Chih Soon	10,947,070	4.24
6 Lai Yee Kein	8,342,915	3.23
7 Wong Poon Han	5,600,186	2.17
8 Law Chee Wong	3,940,040	1.53
9 Loh Foo	3,585,002	1.39
10 Khoo Hock Leong	3,072,800	1.19
11 Lee Fah On	1,152,400	0.45
12 Loh Jian Wei	1,100,000	0.43
13 Tan Lik Houe	1,000,000	0.39

shareholders' analysis report

as at 15 August, 2011

cont'd

THIRTY (30) LARGEST SHAREHOLDERS cont'd

Name of shareholder	Shareholdings	%
14 Tan Thean Hock	738,000	0.29
15 RHB Capital Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged securities account for Chok Kwong Ming</i>	683,000	0.26
16 Ng Chew Kee	600,000	0.23
17 Sally Ong Siew Ha	586,900	0.23
18 Wong Kee Fong	520,000	0.20
19 ECML Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged securities account for Chu Thien Loon</i>	500,000	0.19
20 Eng Leak Chuang	500,000	0.19
21 Ong Keng Seng	460,000	0.18
22 Ong Gik Lan@Ong Gaik Lan	450,000	0.17
23 Choo Teong Ann	442,000	0.17
24 Chaw Moi@Chaw Yet Moi	390,000	0.15
25 BHLB Trustee Berhad-Phillip Capital Management Sdn Bhd <i>Beneficiary: Exempt AN for EPF Investment for Member Savings Scheme</i>	369,500	0.14
26 Sim Kian Seng	350,000	0.14
27 Public Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged securities account for Chia Yin Fun</i>	339,000	0.13
28 HLG Nominee (Tempatan) Sdn Bhd <i>Beneficiary: Pledged securities account for Chong Chin Theng</i>	330,000	0.13
29 Chok Kwong Ming	326,000	0.13
30 Shim Nyuk Min	310,000	0.12

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the First Annual General Meeting of the Company will be held at Throne 1, Empire Hotel Subang, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan on Thursday, 6 October 2011 at 10.00 a.m.

AGENDA

1. To receive the Statutory Financial Statements for the financial year ended 30 April 2011 together with the Reports of the Directors and Auditors thereon. *Resolution 1*
2. To approve the payment of the Directors' fees amounting to RM234,000 for the financial year ending 30 April 2012. *Resolution 2*
3. To re-elect the following directors who will retire pursuant to the Company's Articles of Association and will be eligible to offer themselves for re-election:
 - (a) Dr. Chia Song Kun (Article 78) *Resolution 3*
 - (b) Leong Yew Cheong (Article 78) *Resolution 4*
 - (c) Wong Wee Voo (Article 78) *Resolution 5*
 - (d) Chia Lik Khai (Article 78) *Resolution 6*
 - (e) Low Teng Lum (Article 78) *Resolution 7*
 - (f) Mohd Yusof bin Hussian (Article 78) *Resolution 8*
4. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. *Resolution 9*

As Special Business

5. To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

APPROVAL FOR ISSUANCE OF NEW ORDINARY SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 *Resolution 10*

"THAT, subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue new ordinary shares of RM0.10 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital for the time being of the Company AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company".

PROPOSED SHAREHOLDERS' RATIFICATION AND SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE *Resolution 11*

"THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and its subsidiary(ies) to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.2 of the Circular to the Shareholders dated 14 September 2011 ("the Circular"), subject further to the following:

 - (i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arms' length basis and are not to the detriment of the minority shareholders of the Company;
 - (ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:
 - (a) the type of Recurrent Related Party Transactions made; and
 - (b) the names of the related parties involved in each type of Recurrent Related Party Transaction made and their relationship with the Company;
 - (iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM, at which this shareholders' mandate will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

notice of annual general meeting cont'd

AND THAT all Recurrent Related Party Transactions entered into by its subsidiary(ies) from 5 May 2011, being the date of listing of the Company on the ACE Market of Bursa Securities, up to the date of this Ordinary Resolution be and are hereby approved and ratified;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution;

AND THAT, the estimates given of the Recurrent Related Party Transactions specified in Section 2.2 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.4 of the Circular."

6. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

TAN BEE HWEE (MAICSA 7021024)
WONG WAI FOONG (MAICSA 7001358)

Company Secretaries

Dated: 14 September 2011

NOTES :

1. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. A Member may appoint not more than two (2) proxies to attend the same meeting. Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. Where a Member of the Company is an authorised nominee as defined under the The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited by hand at or by facsimile transmission to the Company's Share Registrar, Bina Management (M) Sdn Bhd at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
4. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a Power of Attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in this Proxy Form.
5. Explanatory Notes On Special Business :

Resolution 10

Approval for Issuance of New Ordinary Shares pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution 10 is proposed to seek for a general authority pursuant to Section 132D of the Companies Act, 1965, if passed, it will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

The new general mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited for further placing of shares for purpose of funding investment(s), working capital and/or acquisitions, at any time to such persons in their absolute discretion without convening a general meeting as it would be both costly and time-consuming to organize a general meeting.

6. **Resolution 11**

Proposed Shareholders' Ratification and Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution 11 is proposed and if passed, will enable the Company and/or its subsidiary company(ies) to enter into recurrent transactions involving the interest of Related Parties, which are necessary for the Group's day-to-day operations and undertaken at arm's length, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.



BOILERMECH

BOILERMECH HOLDINGS BERHAD (897694-T)
(Incorporated in Malaysia)

CDS Account No. of Authorised Nominee *

PROXY FORM

I/We IC No. /Passport No./ Company No.
of
being a member of Boilermech Holdings Berhad, hereby appoint
..... IC No. /Passport No.
of
or failing him/her IC No. /Passport No.
of
or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the FIRST ANNUAL GENERAL MEETING of the Company to be held at Throne 1, Empire Hotel Subang, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan on Thursday, 6 October 2011 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

ITEM	AGENDA	RESOLUTION	FOR	AGAINST
1.	To receive the Statutory Financial Statements for the financial year ended 30 April 2011.	1		
2.	To approve the payment of Directors' fees amounting to RM234,000 for the financial year ending 30 April 2012.	2		
3.	To re-elect the following Directors who will retire in accordance with the Company's Articles of Association:			
	(a) Dr. Chia Song Kun (Article 78)	3		
	(b) Leong Yew Cheong (Article 78)	4		
	(c) Wong Wee Voo (Article 78)	5		
	(d) Chia Lik Khai (Article 78)	6		
	(e) Low Teng Lum (Article 78)	7		
	(f) Mohd Yusof bin Hussian (Article 78)	8		
4.	To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.	9		
5.	Approval for Issuance of New Ordinary Shares pursuant to Section 132D of the Companies Act, 1965.	10		
6.	Proposed Shareholders' Ratification and Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	11		

Please indicate with an "X" in the spaces as provided above how you wish to cast your votes. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

.....
Signature/Common Seal
Number of shares held :
Date :

Notes:

- The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
- A Member may appoint not more than two (2) proxies to attend the same meeting. Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. Where a Member of the Company is an authorised nominee as defined under the The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited by hand at or by facsimile transmission to the Company's Share Registrar, Bina Management (M) Sdn Bhd at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
- If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a Power of Attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in this Proxy Form.

* applicable to shares held through nominee account

For appointment of two proxies, percentage of shareholdings to be represented by the proxies :

	No of shares	Percentage
Proxy 1		%
Proxy 2		%
		100 %

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar

Boilermech Holdings Berhad (897694-T)

Lot 10 The Highway Centre, Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan

1st fold here
