BOILERMECH

Boilermech Holdings Berhad (897694-T)

STRENGTH & RESILIENCE

ANNUAL REPORT **2017**

VISION

TO BE A REGIONAL LEADER IN WASTE-TO-ENERGY (RENEWABLE) AND SUSTAINABLE ENVIRONMENTAL SOLUTIONS

MISSION

TO CREATE AND SHARE VALUE WITH OUR STAKEHOLDERS THROUGH THE OFFERING OF INNOVATIVE, SUSTAINABLE AND HIGH QUALITY RENEWABLE ENERGY SOLUTIONS

VALUES

INTEGRITY
TEAMWORK
PERSEVERANCE
INNOVATIVENESS

STRENGTH & RESILIENCE

FYE 2017 presented a challenging business environment to the industry. The overall market demand weakened as the global economy continued to experience strong headwinds. Nevertheless, with strength and resilience and committed determination, the Group navigates through challenges to lead the way to a more sustainable future. Boilermech continues to focus and strategize towards sustainable growth as a more positive market outlook beckons.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Leong Yew Cheong
Managing Director

Chia Lik Khai
Deputy Managing Director

Chia Seong Fatt
Alternate Director to Deputy Managing Director, Chia Lik Khai

Gan Chih Soon
Executive Director

Tee Seng Chun
Alternate Director to Executive Director, Gan Chih Soon

Low Teng Lum
Independent Non-Executive Director

Mohd Yusof bin Hussian
Independent Non-Executive Director

Ho Cheok Yuen
Independent Non-Executive Director

Adrian Chair Yong Huang
Independent Non-Executive Director

AUDIT COMMITTEE

Low Teng Lum
Chairman, Independent Non-Executive Director

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

Mohd Yusof bin Hussian
Member, Independent Non-Executive Director

Ho Cheok Yuen
Member, Independent Non-Executive Director

Adrian Chair Yong Huang
Member, Independent Non-Executive Director

NOMINATION COMMITTEE

Adrian Chair Yong Huang
Chairman, Independent Non-Executive Director

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

Low Teng Lum
Member, Independent Non-Executive Director

Mohd Yusof bin Hussian
Member, Independent Non-Executive Director

Ho Cheok Yuen
Member, Independent Non-Executive Director

REMUNERATION COMMITTEE

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

Low Teng Lum
Member, Independent Non-Executive Director

Leong Yew Cheong
Member, Managing Director

Adrian Chair Yong Huang
Member, Independent Non-Executive Director

COMPANY SECRETARIES

Tan Bee Hwee (MAICSA 7021024)

Wong Wai Foong (MAICSA 7001358)

Angeline Ng Sek Oi (MAICSA 7054606)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Telephone 03-2783 9191
Facsimile 03-2783 9111

HEAD OFFICE

Lot 875, Jalan Subang 8
Taman Perindustrian Subang
47620 Subang Jaya
Selangor Darul Ehsan

Telephone 03-8023 9137
Facsimile 03-8023 2127
Website www.boilermech.com

PRINCIPAL BANKERS

Hong Leong Islamic Bank
(686191-W)

Hong Leong Bank Berhad
(97141-X)

HSBC Bank Malaysia Berhad
(127776-V)

Malayan Banking Berhad
(3813-K)

OCBC Bank (Malaysia) Berhad
(295400-W)

OCBC Al-Amin Bank Berhad
(818444-T)

Public Bank Berhad
(6463-H)

United Oversea Bank (Malaysia) Bhd
(271809-K)

AUDITORS

Messrs Crowe Horwath (AF1018)
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

Telephone 03-2788 9999
Facsimile 03-2788 9998

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Telephone 03-2783 9299
Facsimile 03-2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name: BOILERM
Stock Code: 0168


FINANCIAL HIGHLIGHTS

	2013 RM Mil	2014 RM Mil	2015 RM Mil	2016 RM Mil	**2017** **RM Mil**
Revenue	165.8	242.0	277.9	260.1	**237.2**
Profit before Taxation	30.2	38.2	52.2	39.6	**32.4**
Profit after Taxation after Minority Interest	23.7	31.0	39.2	30.8	**23.1**
Total Assets	177.0	214.2	229.2	299.0	**273.1**
Net Tangible Assets	78.7	104.8	131.2	157.7	**165.1**

Revenue
(RM Mil)

2017	**237.2**
2016	260.1
2015	277.9
2014	242.0
2013	165.8

Profit before Taxation
(RM Mil)

2017	**32.4**
2016	39.6
2015	52.2
2014	38.2
2013	30.2

Profit after Taxation after Minority Interest
(RM Mil)

2017	**23.1**
2016	30.8
2015	39.2
2014	31.0
2013	23.7

Total Assets
(RM Mil)

2017	**273.1**
2016	299.0
2015	229.2
2014	214.2
2013	177.0

Net Tangible Assets
(RM Mil)

2017	**165.1**
2016	157.7
2015	131.2
2014	104.8
2013	78.7

BOARD OF DIRECTORS

STANDING (FROM LEFT TO RIGHT)

MR TEE SENG CHUN • MR LOW TENG LUM • MR ADRIAN CHAIR YONG HUANG • MR CHIA SEONG FATT • MR HO CHEOK YUEN

SITTING (FROM LEFT TO RIGHT)

EN MOHD YUSOF BIN HUSSIAN • MR CHIA LIK KHAI • DR CHIA SONG KUN • MR LEONG YEW CHEONG • MR GAN CHIH SOON

DIRECTORS' PROFILES

DR CHIA SONG KUN

Non-Independent Non-Executive Chairman
Male, Aged 67, Malaysian

Dr Chia Song Kun is the Non-Independent Non-Executive Chairman of the Company. He was appointed to the Board of Boilermech Holdings Berhad ("Boilermech" or "Company") on 4 March 2011. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

He graduated with a Bachelor of Science (Honours) degree majoring in Mathematics from University of Malaya in 1973 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) which operates one of the leading private university 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 ("QL") which is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). Together with the help of his family members, he successfully nurtured, developed and transformed the QL group of companies ("QL Group") into a billion ringgit sustainable and scalable multinational agro-food corporation.

He is the director and substantial shareholder of CBG Holdings Sdn Bhd, a major shareholder of QL 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 a director of QLGR.

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

Dr Chia Song Kun attended all six (6) Board of Directors' meetings held during the financial year ended 31 March 2017 ("financial year").

Save for the disclosure in Items 2 and 4 of the Section on "Other Disclosure Requirements" 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 (5) five years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

DR CHIA SONG KUN LEONG YEW CHEONG CHIA LIK KHAI

MR LEONG YEW CHEONG

Managing Director
Male, Aged 62, Malaysian

Mr Leong Yew Cheong is the Managing Director of the Company 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 seven (37) 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 suppliers 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 there, he held various positions including Operations Manager and General Manager. He played an instrumental role in achieving many key achievements and 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 operations of Boilermech Group with emphasis on strategic business planning and development.

Mr Leong Yew Cheong does not hold any directorship in any other public companies or listed issuers.

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

Mr Leong Yew Cheong attended all six (6) Board of Directors' meetings held during the financial year.

Mr Leong Yew Cheong has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past (5) five years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

MR CHIA LIK KHAI

Deputy Managing Director
Male, Aged 38, Malaysian

Mr Chia Lik Khai is the Deputy Managing Director of the Company. He was appointed to the Board on 26 October 2010 as an Executive Director and was re-designated as Deputy Managing Director on 25 February 2015.

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 his 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 there, 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 experiences in high-tech telecommunications and internet commerce. He spent eight (8) 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 Group as Group Corporate Development Director and was appointed as Executive Director of a few subsidiaries of QL in 2009. In September 2010, he was appointed as an Executive Director of QLGR, a substantial shareholder of the Company. He was subsequently appointed as Executive Director of QL Resources Berhad in November 2016.

Mr Chia Lik Khai had resigned as Non-Independent Non-Executive Director of EITA Resources Berhad in March 2017.

He is presently responsible for overseeing the overall corporate planning, finance and investor relations of Boilermech Group.

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

Mr Chia Lik Khai attended all six (6) Board of Directors' meetings held during the financial year.

Save for the disclosure in Items 2 and 4 of the Section on "Other Disclosure Requirements" 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 (5) five years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

DIRECTORS' PROFILES

MR CHIA SEONG FATT

Alternate Director to Deputy Managing Director, Chia Lik Khai
Male, Aged 61, Malaysian

Mr Chia Seong Fatt is the Alternate Director to Deputy Managing 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 Malaya. In 1984, he graduated from University Malaya with Master degree in Business Administration. He served for seven (7) as Managing Director in Sri Tawau Farming Sdn Bhd, a company involved in layer farming and 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. In January 1996, he was appointed as an Executive Director of QL Feedingstuffs Sdn Bhd, in charge of the crude palm oil milling operations in Tawau. He was appointed as Executive Director of QL Resources Berhad in 2000.

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

Mr Chia Seong Fatt attended all six (6) Board of Directors' meetings held during the financial year.

Save for the disclosure in Items 2 and 4 of the Section on "Other Disclosure Requirements" 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 (5) five years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

MR GAN CHIH SOON

Executive Director
Male, Aged 43, Malaysian

Mr Gan Chih Soon is the Executive Director of the Company. He was appointed to the Board on 25 February 2015. He obtained his Bachelor of Science in Mechanical Engineering from University of Oklahoma, United States of America.

He started his career in 1997 as a Project Engineer in Vickers Hoskins (M) Sdn Bhd, a boiler manufacturing company. Upon his promotion to Senior Engineer, he led teams to manage the installation and commissioning of boilers in countries such as Indonesia, Thailand, Papua New Guinea, Myanmar and Venezuela. He was later promoted to Project Manager where he was responsible for the overall project management, material procurement, site execution and commissioning of boilers within the biomass industry.

He joined Boilermech Group in 2005 as Operations Manager and has since been promoted to General Manager and subsequently as Executive Director. He is presently responsible for overseeing the operations, sales and marketing functions of Boilermech Group.

Mr Gan Chih Soon does not hold any directorship in any other public companies or listed issuers.

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

Mr Gan Chih Soon attended all six (6) Board of Directors' meetings held during the financial year.

Mr Gan Chih Soon has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past (5) five years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

MR TEE SENG CHUN

Alternate Director to Executive Director, Gan Chih Soon
Male, Aged 53, Malaysian

Mr Tee Seng Chun is the Alternate Director to Executive Director, Gan Chih Soon. He was appointed to the Board on 25 February 2015. He obtained his Bachelor of Science in Agricultural Engineering from University Pertanian Malaysia, Malaysia in 1988 and the Steam Engineer Certificate from Jabatan Keselamatan dan Kesihatan Pekerjaan, Malaysia in 1993.

He started his career in 1988 in Kuala Lumpur Kepong Berhad as a Cadet Engineer where he was posted to a palm oil mill in Sabah. He then joined Austral Enterprise as an Assistant Mill Engineer where he obtained his Steam Engineer Certificate in 1993 from Jabatan Keselamatan dan Kesihatan Pekerjaan.

In 1994, he joined Vickers Hoskins (M) Sdn Bhd as a Project Engineer and was involved in the installation, modification and upgrading work of no less than 200 boilers. He was promoted to Project Manager in 1998 and subsequently to Operations Manager in 2000. During his tenure in Vickers Hoskins, he underwent training at Babcock Limited Co. in United Kingdom in designing boiler thermal performance as well as circulation performance.

His experience includes the design and implementation of heat recovery steam generating systems, mini Co-Generation Plant for the wood and palm oil industries. He was also involved in providing advice on the first unit of full water cooled moving grate boiler in a glove factory in Ipoh, which might eventually prove to be a solution for the general industry to utilize biomass fuel instead of fossil fuel.

He joined Boilermech Group in 2005 and is responsible for overseeing the business development, engineering, design and quality assurance functions of Boilermech Group.

Mr Tee Seng Chun does not hold any directorship in any other public companies or listed issuers.

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

Mr Tee Seng Chun attended five (5) out of six (6) Board of Directors' meetings held during the financial year.

Mr Tee Seng Chun has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past (5) five years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

DIRECTORS' PROFILES

MR LOW TENG LUM

Independent Non-Executive Director
Male, Aged 63, Malaysian

Mr Low Teng Lum 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 a member of the Nomination Committee and the Remuneration Committee.

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, a Fellow member of the Association of Chartered Certified Accountants ("ACCA") and an Associate member of the Institute of Chartered Secretaries and Administrators and the Association of Corporate Treasurers, United Kingdom.

He has been a member of the 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 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, Guiness 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.

Mr Low Teng Lum is also a director in Permaju Industries Berhad and Salutica Berhad.

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

Mr Low Teng Lum attended all six (6) Board of Directors' meetings held during the financial year.

Mr Low Teng Lum has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past (5) five years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

ENCIK MOHD YUSOF BIN HUSSIAN

Independent Non-Executive Director
Male, Aged 68, Malaysian

Encik Mohd Yusof bin Hussian 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 the Nomination Committee.

He is a graduate of University Teknologi MARA, a Fellow member of the Association of Chartered Certified Accountants (UK), a member of the Chartered Institute of Purchasing and Supply (UK) and a Chartered Accountant of the Malaysian Institute of Accountants. He is also 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 currently sits on the Boards of Proton Commerce Sdn Bhd (an associate company of Proton Holdings Berhad) and Tune Insurance Malaysia Berhad. He had resigned from the Board of UDA Holdings Berhad in April 2017.

En Mohd Yusof bin Hussian 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.

En Mohd Yusof bin Hussian attended all six (6) Board of Directors' meetings held during the financial year.

En Mohd Yusof bin Hussian has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past (5) five years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

DIRECTORS' PROFILES

MR HO CHEOK YUEN

Independent Non-Executive Director
Male, Aged 68, Singaporean

Mr Ho Cheok Yuen is the Independent Non-Executive Director of the Company. He was appointed to the Board on 18 November 2014. He is also a member of the Audit Committee and the Nomination Committee.

He obtained his Bachelor of Science (Honours) in Naval Architecture from University of Newcastle-Upon-Tyne, United Kingdom in 1971 and his Master of Science in Industrial Engineering from National University of Singapore, Singapore in 1979. He obtained his Master of Science in Mechanical Engineering from National University of Singapore, Singapore in 1989 and Master of Business Administration from Brunel University, United Kingdom in 1997. He has been a Chartered Engineer (UK) since 1989 and is a Member of the Royal Institution of Naval Architects (UK) and the American Bureau of Shipping.

He started his career in November 1971 in the Republic of Singapore Navy where he had served as a HQ Staff Naval Architect and as superintendent engineer. He later joined the Marine Department of Singapore as a Marine Surveyor from 1975 to 1976. He joined Keppel Group in 1976 and had served in various subsidiaries, rising up the ranks until his retirement in 2014. He started in career in Keppel Group as a Drawing Office Manager and Naval Architect in Keppel Shipyard Limited from 1976 to 1980. He then served Far East Levingston Shipbuilding Limited ("FELS"), which is part of the Keppel Group, from 1980 to 1996 where he held the positions of Assistant Manager and later as Manager of Engineering Department, Manager of Design Department, Contracts Manager and Corporate Development Manager. He later served as Assistant General Manager of Keppel FELS Ltd from 1996 to 2001, overseeing the engineering, estimating and purchasing functions of the company. In Keppel AMFELS Inc, a fully owned subsidiary located in Texas, USA, he served as Vice Chairman, Chief Executive Officer and President from 2001 to 2007 and as Interim President/Chief Executive Officer from September to December 2013. He served as Senior General Manager (Group Procurement) in Keppel Offshore & Marine Limited from 2007 to 2010 and was then appointed as Director (Global Engineering) in Keppel Integrated Engineering Limited from 2010 to 2012. He re-joined Keppel Offshore & Marine Limited as Senior General Manager (Special Projects) where he was responsible for project management until his retirement in 2014.

Mr Ho Cheok Yuen does not hold any directorship in any other public companies or listed issuers.

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

Mr Ho Cheok Yuen attended all six (6) Board of Directors' meetings held during the financial year.

Mr Ho Cheok Yuen has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past (5) five years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

MR ADRIAN CHAIR YONG HUANG

Independent Non-Executive Director
Male, Aged 43, Malaysian

Mr Adrian Chair Yong Huang is the Independent Non-Executive Director of the Company. He was appointed to the Board on 20 November 2014. He is also the Chairman of the Nomination Committee and member of the Audit Committee and the Remuneration Committee.

He obtained his Bachelor of Law (Honours) from University of Leicester, United Kingdom in 1995 under full scholarship as a recipient of the British High Commissioner's Chevening Awards. He was a Barrister-at-Law of Gray's Inn in 1996 and was called to the Bar of England and Wales in the same year. He was subsequently called to the Malaysian Bar as an Advocate & Solicitor in 1997.

He began his career in 1997 as an Associate in Messrs Skrine. In 2000, he joined GO2020.com as the Group Manager, Legal and Secretarial and later joined Messrs Zul Rafique & Partners in 2001 as a Senior Associate. He subsequently joined Messrs Kadir Andri & Partner in 2002 and became a partner at the said firm in 2004.

In 2015, he set up his own legal firm, Messrs Putri Norlisa Chair (PNC LAW), where he is currently the Managing Partner and Head of the Corporate Department.

He has led many headlining transactions and industry firsts, advising on energy and utility work, infrastructure, oil and gas, petrochemicals, telecommunications, rail, aviation, media, theme parks, satellite, logistics, healthcare, education, technology, mining and FMCG work, and led a complex cross border transactions involving multiple jurisdictions.

He has experience working with investment banks, international law firms, private equity houses, banks, government investment houses, and has established close ties with many of his clientele, the bulk of which are international or large corporates with an international dimension, some of whom he served regularly for more than 10 years.

Mr Adrian Chair Yong Huang does not hold any directorship in any other public companies or listed issuers.

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

Mr Adrian Chair Yong Huang attended all six (6) Board of Directors' meetings held during the financial year.

Mr Adrian Chair Yong Huang has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past (5) five years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

KEY SENIOR MANAGEMENT

MR LEONG YEW CHEONG
Managing Director

(Please refer to Page 9 of this Annual Report for Mr Leong Yew Cheong's profile)

MR CHIA LIK KHAI
Deputy Managing Director

(Please refer to Page 9 of this Annual Report for Mr Chia Lik Khai's profile)

MR GAN CHIH SOON
Executive Director

(Please refer to Page 10 of this Annual Report for Mr Gan Chih Soon's profile)

MR TEE SENG CHUN
Executive Director of Boilermech Sdn Bhd, a principal subsidiary of the Company

(Please refer to Page 11 of this Annual Report for Mr Tee Seng Chun's profile)


LEONG YEW CHEONG


CHIA LIK KHAI


GAN CHIH SOON


TEE SENG CHUN

CHAIRMAN'S STATEMENT

The past year has indeed been challenging. Amidst a lacklustre global and local economic climate, the region's palm oil industry was further hit by low production yields due to the El-Nino induced dry weather and declining demand from major importing countries. These factors led to lower investment capacity from palm oil mills, which in turn affected the Group's order books and revenue for the financial year ended 31 March 2017, particularly affecting our biomass boiler division.

REVIEW OF THE GROUP'S BUSINESSES AND PERFORMANCE

The adverse market conditions did not dampen our spirits. With a fair balance of strength and resilience, prudence and sound enterprise risk management, we continued to navigate our way through the challenges to promote the Group's various businesses.

We intensified marketing efforts for our biomass boiler business in Malaysia and Indonesia, the 2 major palm oil producers in the world. These efforts include improving our local sales coverage and improving product cost competitiveness through localization and design optimization. We actively promoted our boiler repair and maintenance services business, which we believe has huge potential for growth and have increased and strengthened our marketing and technical team to support this steadily growing business division.

Our efforts in the production of higher specification boilers for power plants and grid connected power generation systems is progressing well, with the successful delivery of a few major orders for power generation boilers during the financial year under review. Some of these boilers have since been successfully installed and are supplying power to the national grid whilst others are at various stages of installation.

I am also very pleased to report that Boilermech has successfully produced and delivered its very first gas fire boiler to a sugar refinery plant (rated at 70,000 kg/hour steam) which is integrated with the RO water treatment plant of our water treatment subsidiary, Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK"). The said boiler is currently being installed at site. This is a major and significant milestone for the Group and has given us the confidence to look into expanding further on our product range and integrated solutions.

No less effort has been spared in promoting TEK's water treatment and biogas businesses. TEK has started to expand its geographical reach to cover more of Peninsular Malaysia and to include Indonesia, which we believe has untapped potential in its need for clean water and water treatment services. We expect biogas to be another growth area for TEK, which is currently commissioning its first biogas plant in Sarawak.

Biogas Plant for Palm Oil Mill

During the financial year under review, the Group pulled in revenue of RM237.2 million and profit before tax of RM32.4 million. By adopting prudent spending practices, we improved our reserves with a healthy cash and cash equivalent balance of RM64.1 million.

INDUSTRY TREND AND PROSPECTS

As the El-Nino effect comes to an end and palm oil production begins to pick up, we are beginning to see improvements in our order books again. Industry experts have forecasted production outlook to remain positive in the near future with continued improved weather conditions.

That being said however, the production recovery rate and improvements are expected to be gradual due to the lag time involved, hence improvements are only expected to be more pronounced from the second half of 2017.

With our strong business fundamentals and strategic plans in place, my fellow Board members and I remain optimistic of Boilermech's future growth potential and sustainability. We have a steadfast and committed Board, a capable Management team and strong staff support to navigate the Group through its challenges and in meeting its long term corporate objectives.

35TPH Palm Oil Mill Boiler

NOTE OF APPRECIATION

On behalf of my fellow Board members, I wish to convey my heartfelt gratitude to our shareholders for your continuous support and faith in the Company. I am pleased to announce that the Board is recommending a proposed final single tier dividend of 1.50 sen per ordinary share for our shareholders' approval at the Company's forthcoming Annual General Meeting.

My sincere appreciation is also extended to our customers, suppliers, vendors, contractors and various stakeholders. Last but not least, a big "Thank You" goes out to my fellow Board members, the Management and staff of Boilermech for your unwavering support and tireless efforts in building and sustaining the Group's businesses.

Thank you.

DR CHIA SONG KUN
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

Boilermech Holdings Berhad Group ("Group") started its operations in 2005 as a design and manufacturing company, specializing in biomass boilers for the palm oil industry. From the onset and over the years, the Group has continued to focus its resources and expertise in building its business and reputation to become one of the leading biomass boiler design and manufacturing companies in the country and region.

To ensure sustainable growth, the Group has in recent years taken the strategic direction of expanding its business and product range which are synergistic with the Group's objective of providing high quality renewable energy and sustainable environmental solutions.

Other than the standard biomass boilers for palm oil mills, the Group has subsequently ventured into the production of higher specifications boilers for power plants and grid connected power generation systems.

In 2016, the Group made its entry into the water treatment business through the acquisition of 60.23% equity interest in Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK"), a total water management company based in Kuching, Sarawak.

The Group's various businesses can be segregated into 2 main segments, namely the Bio-Energy segment (covering the Group's boiler sales and repair services businesses) and the Water Treatment segment (covering the Group's water treatment supplies, services and solutions businesses).

FINANCIAL PERFORMANCE

The Group's performance for the financial year ended ("FYE") 31 March 2017 had been very much affected by a subdued palm oil industry in the past year. The El Nino phenomenon had resulted in lower production yields of fresh fruit bunch from oil palm leading to lower investment in milling capacity. Progress was further hampered by adverse global market conditions and the continued strengthening of the US Dollar against regional currencies, in particular the Ringgit and Indonesian Rupiah, which contributed to the slowdown in demand for our products.

55TPH Power Plant Boiler (Outdoor Type)

These factors led to an overall contraction of orders for boilers which subsequently affected our revenue. We continued to see a contraction in business over recent years evidenced by the drop in revenue and profitability in light of poor market conditions and increased competition.

Revenue dropped from RM260.1 million in FYE 2016 to RM237.2 million in FYE 2017, caused mainly by lower activity levels at the Bio-Energy segment although the impact was softened by the inclusion of the results of the Water Treatment segment. Meanwhile, Profit before Tax dropped from RM39.6 million to RM32.4 million and the margins from Profit before Tax dropped from 15.2% to 13.7%.

A summary of the Group's salient financial statistics are as follows:-

RM MILLION	FYE 2017	FYE 2016	VARIANCE RM MILLION	VARIANCE %
Revenue	237.2	260.1	22.9	8.8%
Profit before tax	32.4	39.6	7.2	18.2%
Profit margin	13.7%	15.2%		

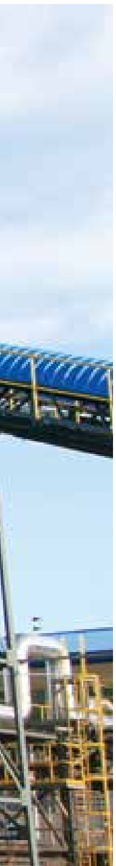
The Bio-Energy segment continues to be the major revenue contributor to the Group, contributing about 87.4% to the Group's total revenue. Segmental wise, the revenue contribution from both segments were as follows:-

SEGMENT	FYE 2017 RM MILLION	FYE 2017 %	FYE 2016 RM MILLION	FYE 2016 %
Bio-Energy	207.3	87.4%	257.6	99.0%
Water treatment	29.9	12.6%	2.5	1.0%
TOTAL	**237.2**	**100%**	**260.1**	**100%**

(Note: The revenue contribution from the Water Treatment segment for FYE 2016 only took into account TEK's revenue in the last month of FYE 2016 pursuant to TEK becoming a subsidiary of Boilermech in March 2016.)

In our continuous efforts to manage the Group's resources prudently, cash and cash equivalent increased from RM26.3million to RM64.1 million and there was no net borrowing at the Group level, which augurs well for the Group.

The Group's net tangible assets continued to grow and we remained profitable. By the end of the financial year under review, the net tangible assets had increased from RM157.7million to RM165.1million.



MANAGEMENT DISCUSSION AND ANALYSIS

BIO-ENERGY SEGMENT

The Group's Bio-Energy segment is principally engaged in the activities of manufacturing, installation and repair of bio-energy systems and trading of related parts and accessories for palm oil mills, power plants, grid connected power generation systems and other agricultural based processing industries, such as sugar and food processing as well as rubber based manufacturing.

The Group's manufacturing facilities for its Bio-Energy businesses are located at Taman Perindustrian Subang, Selangor. The same premise houses the administrative and corporate office of the Group. Our Indonesian subsidiary, PT Boilermech, which is based in Jakarta, currently supports the Group's Bio-Energy business in Indonesia.

FYE 2017 presented a very challenging business environment for the Group's Bio-Energy business. The overall market demand weakened as the global economy continued to experience strong headwinds. The financial performance of the Bio-Energy segment was affected by slower demand which caused revenue to decrease from RM257.6 million to RM207.3 million year on year.

Recognising the need to expand our geographical and technical scope in the Bio-Energy segment and to lessen our reliance on traditional markets such as Malaysia and Indonesia, we have extended our sales reach to Thailand, Cambodia, Philippines, Africa, Papua New Guinea and South America.

Concerted efforts have been made to execute our marketing strategies in these countries, which are gradually showing positive results. During the financial year under review, the improvement in returns from other markets has managed to partially offset the drop in revenue from Malaysia and Indonesia, as illustrated in the table below:-

REVENUE	FYE 2017 RM MILLION	FYE 2017 %	FYE 2016 RM MILLION	FYE 2016 %
Malaysia & Indonesia	144.6	69.8%	215.9	83.8%
Others	62.7	30.2%	41.7	16.2%
TOTAL	**207.3**	**100%**	**257.6**	**100%**

Our efforts in expanding beyond our traditional scope of standard biomass boilers for palm oil mills are also starting to bear fruit, having won and delivered a few major orders for power generation boilers during the financial year. With the recent commissioning of another unit of 55TPH *EFB fired power plant boiler, we are establishing ourselves as a leader in EFB fired power plant boilers.

We have also successfully produced and delivered our first gas fire boiler to a sugar refinery plant (rated at 70,000 kg/hour steam) which is integrated with TEK's RO water treatment plant and is currently being installed at site.

Boosted by these developments, we will continue our efforts in expanding this area under the charge of our newly formed power plant cum special projects team.

(*EFB – Empty fruit bunch).

Waste Water Treatment Plant

WATER TREATMENT SEGMENT

The Group ventured into the water treatment business in March 2016 via the acquisition of 60.23% equity interest in TEK. TEK is principally engaged in the business of total water management, water treatment chemicals supply and field application services, new water treatment plant research and development and plant fabrication and supplies.

TEK is currently one of the largest water treatment companies in East Malaysia and is one of the leading providers of palm oil effluent polishing plant using membrane technology. TEK's fabrication facilities and administrative office are located in the states of Sarawak, Sabah and Johor.

The acquisition of TEK formed part of the Group's business diversification plans and falls within the strategic fit of the Group's core business in the boiler and palm oil industry. It further aligns with the Group's aim to be a leader in renewable energy and sustainable environmental solutions.

TEK provides water treatment solutions, equipment, chemicals and technology to cater to the needs of local industries and for domestic consumption in rural areas, estates, camps and other communities. Through its various products and services, it offers solutions for raw/portable water, pure water, industrial effluent, palm oil mill effluent, boiler/cooling water and test equipment needs. TEK is also developing its biogas business and is currently commissioning its first biogas plant in Sarawak. We expect biogas to be one of the significant growth areas for TEK.

MANAGEMENT DISCUSSION AND ANALYSIS

With increased environmental concerns and growing demand for clean water, we expect the demand for water treatment solutions, effluent treatment and biogas to be encouraging. The Group is poised to benefit from this and expects operating synergy between both the Bio-Energy and Water Treatment segments.

Leveraging on their synergistic effects, we have embarked on a marketing strategy to package the products and services from both segments in a holistic manner. This strategy will also allow TEK to tap into the Group's customer base, as it expands its marketing reach to cover more on Penisular Malaysia and the Indonesian market. One such successful joint effort is the production of the aforementioned gas fire boiler at the sugar refinery plant which is integrated with TEK's RO water treatment plant.

FUTURE PLANS AND PROSPECTS

The Group is optimistic of its prospects. Our strategy of extending our geographical reach and product diversification is gradually bearing fruit and we will continue to focus our efforts in developing these areas. This will also wean us away from being overly dependent on our traditional business focus.

Notwithstanding the above, we are aware of the economic headwinds, both globally and locally. Industry challenges include unfavourable weather conditions affecting palm oil production, slowing demand from importers, fluctuations in palm oil prices and foreign exchange rates.

In mitigating these adverse factors and in maintaining business sustainability, we plan to continue pursuing our diversification plans, work on innovating and improving our product quality and technology, focus towards non palm oil applications and adopt a prudent hedging policy.

The Group has no major capital expenditure plans in the near term based on current production capacity. Our prudent practices have enabled us to improve our cash reserves, which should be sufficient to buffer us against any downturn or take advantage of any business opportunities that may arise. Meanwhile, in view of the tight market conditions, we will continue to defer development plans on our property at Pulau Indah Industrial Park, Klang until a more feasible time in the future.

Thank you.

LEONG YEW CHEONG
Managing Director

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of Boilermech Holdings Berhad ("Boilermech" or "Company") recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders' interests as well as enhancing shareholders' value.

This corporate governance statement ("Statement") sets out how the Company has applied the 8 Principles of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and observed the 26 Recommendations supporting the Principles during the financial year ended 31 March 2017 ("financial year"). Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year, the non-observation, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Company, which also addresses the sustainability of the Company's and subsidiaries' ("Group") businesses;
- reviewing and approving the annual business plan and annual budget of the Group's business units;
- overseeing the conduct of the Group's business and evaluating whether or not its businesses are being properly managed;
- identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- overseeing the development and implementation of a shareholder communications policy; and
- reviewing the adequacy and integrity of the Group's internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

The Board has also established an Executive Committee ("EXCO"), whose members consist of the Managing Director, Deputy Managing Director, Executive Directors and Financial Controller. The EXCO's primary duty is to ensure the Board's strategies and directions are executed effectively and efficiently in the achievement of the Group's corporate objectives. The day-to-day management and operations of the Group is delegated to the Managing Director, supported by his fellow Executive Directors and the Senior Management team. The Group's performance and operational matters is reported to the Board on a quarterly basis.

(i) Board Charter

The Board has established clear functions reserved for the Board and those delegated to Management to enhance accountability. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands.

Key matters reserved for the Board include, inter-alia, quarterly and annual financial statements for announcement, investment and divestment, as well as monitoring of the Group's financial and operating performance. Such delineation of roles is clearly set out in the Board Charter ("Charter"), which serves as a reference point for Board activities.

CORPORATE GOVERNANCE STATEMENT

The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of the Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. The salient features of the Charter are disclosed in the Company's website at www.boilermech.com in line with Recommendation 1.7 of the MCCG 2012.

(ii) Code of Ethics and Whistleblower Policy

The Company has in place a Code of Ethics, which sets out the standards of conduct expected from its Directors and employees. The Code of Ethics for Directors includes principles relating to Directors' duties, conflicts of interest and dealings in securities. The Code of Ethics for employee promotes integrity and ethical conduct in all aspects of the Company's operations, including privacy and confidentiality of information, dealings in securities and conflicts of interest. It also sets out prohibited activities or misconducts such as gifts, bribes, dishonest behavior and sexual harassment.

The Company also has in place a Whistleblower Policy, with the aim of providing an avenue for raising concerns relating to possible breaches of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

The Board recognizes the importance of adhering to the Code of Ethics and has taken measures to put in place a process to ensure its compliance. Every employee is given a copy of the Code of Ethics and Whistleblower policy.

(iii) Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. The Group also embraces sustainability in its operations.

The Group's activities on corporate social responsibilities for the financial year are disclosed in the Corporate Social Responsibility Report section of this Annual Report.

(iv) Access to Information and Advice

Directors are provided with the relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and for the effective discharge of the Board's responsibilities.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings, to facilitate decision making by the Board and to deal with matters arising from such meetings.

Senior Management of the Group and external advisers are invited to attend Board and Board Committee meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in the furtherance of their duties.

The Board may seek independent professional advice at the Company's expense in discharging its duties for the Company and individual Directors may obtain independent professional advice in fulfilling their duties, subject to approval by the Chairman or the Board, and depending on the quantum of the fees involved.

(v) Company Secretaries

The Company Secretaries appointed by the Company and its subsidiaries are all members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and they play a supportive role by ensuring adherence to the Board policies and procedures from time to time.

All Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.

The roles and responsibilities of the Companies Secretary are as follows:

- advise the Board and Management on corporate governance issues;
- ensure compliance by the Group of Bursa Malaysia Securities Berhad's Listing Requirements ("Listing Requirements"), the Companies Act 2016 ("Act") and related statutory obligations under the Act;
- ensure that all Board and Board Committee meetings are properly convened;
- attend Board, Board Committee and general meetings and ensure proper recording of minutes;
- ensure proper upkeep of the statutory registers and records of the Company and Group; and
- assist the Chairman in the preparation for and conduct of meetings.

PRINCIPLE 2 – STRENGTHEN COMPOSITION OF THE BOARD

The Board consists of eight (8) members, comprising three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors. This composition fulfills the requirements as set out in the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out in the Directors' Profile section of this Annual Report. The Directors, with their diverse backgrounds and specializations, collectively bring with them a wide range of experience and expertise in the fields of engineering, entrepreneurship, finance, accounting, legal, audit, taxation and economics.

(i) Nomination Committee – Selection and Assessment of Directors

The Nomination Committee consists of the following members, all of whom are Non-Executive Directors:

- Mr Adrian Chair Yong Huang (Chairman of Committee and Independent Non-Executive Director)
- Dr Chia Song Kun (Non-Independent Non-Executive Director);
- Mr Low Teng Lum (Independent Non-Executive Director);
- En Mohd Yusof bin Hussian (Independent Non-Executive Director); and
- Mr Ho Cheok Yuen (Independent Non-Executive Director).

Pursuant to the updated Listing Requirements which requires the Nomination Committee to annually assess the Audit Committee and its members and to uphold transparency and good corporate governance practices, Mr Low Teng Lum, who was previously the Chairman of both the Audit Committee and Nomination Committee, had decided to relinquish his position as Chairman of the Nomination Committee. Mr Adrian Chair Yong Huang was appointed as Chairman of the Nomination Committee in his stead.

CORPORATE GOVERNANCE STATEMENT

During the financial year ended 31 March 2017, the Nomination Committee convened three (3) meetings, attended by the members as follows:-

NAME	MEETING ATTENDANCE
Mr Adrian Chair Yong Huang	2/2
Dr Chia Song Kun	3/3
Mr Low Teng Lum	3/3
En Mohd Yusof bin Hussian	3/3
Mr Ho Cheok Yuen	3/3

The Nomination Committee recognizes the importance of the roles the Committee plays not only in the selection and assessment of Directors but also in other aspects of corporate governance which the Committee can assist the Board to discharge its fiduciary and leadership functions.

The Board has stipulated specific terms of reference for the Nomination Committee, which cover, inter-alia, assessing and recommending to the Board the candidacy of Directors, appointment of Directors to Board Committees and continuous education programmes for the Board. The terms of reference require the Nomination Committee to review annually the required mix of skills and experience of the Directors; succession plans and board diversity; training courses for Directors and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board. The Committee is also entrusted to assess annually the effectiveness of the Board, as a whole, Board Committees and the contribution of each individual Director.

As part of the recruitment process for new Board members, the Nomination Committee identifies suitable candidates and conducts interviews with shortlisted candidates prior to recommendation to the Board for new appointments of Directors. There had been no new appointments to the Board during the financial year under review.

In the selection process for new Board candidates and in the annual assessment of Directors, the Nomination Committee will carry out its review and assessment based on the individual's integrity, character, professionalism, competency, time commitment, industry skills, qualification, knowledge, experience and performance in discharging his or her role as a Director and in meeting the needs of the Company. In the case of Independent Non-Executive Directors, the Committee shall further evaluate the candidate's ability to act and discharge his or her responsibilities as an Independent Non-Executive Director.

The Nomination Committee also considers the mix of skills of the Board members to ensure they represent a diversity of background, qualifications and experience. The Board does not have a specific policy on setting targets for diversity of gender, age and ethnicity but being mindful of the value of having such diversity, the Board intends to set a target to promote gender diversity by the next financial year. Notwithstanding that, the Board will continuously look into inviting people of talent to the Board based on the aforementioned qualities, bearing in mind the need for diversity.

During the financial year under review, the Nomination Committee had carried out the following mentioned activities, in accordance with its terms of reference and in compliance with the Listing Requirements.

The Nomination Committee had conducted the annual assessment of the performance of the Board as a whole, all the Board Committees and the individual Directors based on self and peer assessment approach. The Committee had also assessed the Audit Committee and the Audit Committee members in determining that they have carried out their duties in accordance with their terms of reference.

The Nomination Committee also carried out the evaluation on the independence of each Independent Director, which formed part of the annual assessment of Directors. The Board takes cognizance of the importance of independence and objectivity in the decision making process and effectiveness of the Board's function. In assessing the independence of the Independent Directors, the Nomination Committee and the Board adopted the same criteria of "Independence" used in the definition of "independent directors" prescribed by the Listing Requirements.

The Nomination Committee had also assessed the Directors who are subject to retirement at the Company's forthcoming Seventh Annual General Meeting ("AGM") and recommended their re-election at the said AGM. Article 78 of the Company's Articles of Association provides that one-third (1/3) of the Board members shall retire at every AGM and shall be subjected to re-election by shareholders and further provides that all Directors shall retire once every three (3) years.

The Directors who will be retiring at the Company's forthcoming Seventh AGM in accordance with Article 78 of the Company's Articles of Association are Mr Gan Chih Soon, Mr Ho Cheok Yuen and Mr Adrian Chair Yong Huang. All of them, being eligible, had offered themselves for re-election at the said AGM.

The results of the aforesaid assessment were summarized and discussed at the Nomination Committee meeting held on 17 November 2016 and reported to the Board by the Chairman of the Nomination Committee. All assessments and evaluations carried out by the Nomination Committee in the discharge of its functions have been properly documented.

The Board was satisfied with the results of the assessment and was satisfied that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills, comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively.

Nevertheless, the Board is supportive of the recommendation to promote gender diversity on the Board and intends to set a target by the next financial year for the appointment of female director(s). The Nomination Committee has been entrusted to propose an ideal target and seek potential candidates with the requisite character, experience and skills. In this respect, the Committee will take into account other areas of expertise, such as human resource management and information technology, so as to broaden the perspectives of Board deliberations and discussions.

During the financial year, the Nomination Committee had also reviewed the Group's human capital development and talent management plan, which includes identifying and developing key talents for career advancement and succession planning.

A summary of the activities of the Nomination Committee in the discharge of its duties during the financial year under review were as follows:-

- carried out the annual assessment of the Board, Board Committees and Individual Directors.
- carried out the annual assessment of the Audit Committee and individual Audit Committee members.
- carried out the annual assessment on the independence of each independent Director.
- assessed the Directors who were subject to retirement at the Company's forthcoming AGM and recommended for their re-election at the said AGM.
- reviewed the Group's human capital development and talent management plan.
- assessed the training needs of the Directors.

The Terms of Reference of the Nomination Committee, which is incorporated in the Company's Board Charter, is published on the Company's website at www.boilermech.com.

CORPORATE GOVERNANCE STATEMENT

(ii) Remuneration Committee

The Remuneration Committee is responsible for setting the policy framework and recommending to the Board the remuneration of Executive Directors so as to ensure that the Company is able to attract and retain its Directors needed to run the Group successfully. The Remuneration Committee also recommends the framework of fees payable to Non-Executive Directors. The final decision on the remuneration package offered to the Executive Directors and the fees payable to Non-Executive Directors are ultimately the collective responsibility of the Board.

The Remuneration Committee consists of the following members:

- Dr Chia Song Kun (Chairman of Committee and Non-Independent Non-Executive Director);
- Mr Leong Yew Cheong (Managing Director);
- Mr Low Teng Lum (Independent Non-Executive Director);
- Mr Adrian Chair Yong Huang (Independent Non-Executive Director).

During the financial year ended 31 March 2017, the Remuneration Committee convened three (3) meetings, attended by the members as follows:-

NAME	MEETING ATTENDANCE
Dr Chia Song Kun	3/3
Mr Leong Yew Cheong	3/3
Mr Low Teng Lum	3/3
Mr Adrian Chair Yong Huang	3/3

(iii) Directors' Remuneration

The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

Directors do not participate in discussion of their individual remuneration.

The Directors' remuneration for the financial year ended 31 March 2017, categorized into appropriate components, distinguishing between Executive and Non-Executive Directors, is as follows:

	REMUNERATION RECEIVED FROM THE GROUP			
	FEES (RM)	SALARIES, ALLOWANCES AND DEFINED CONTRIBUTION PLAN (RM)	BONUS (RM)	BENEFITS-IN-KIND (RM)
Executive Directors	36,000	1,988,900	816,000	62,800
Non-Executive Directors	476,785	65,591	–	–

The number of Directors of the Company, whose remuneration band falls within the following successive bands of RM50,000, is as follows:

RANGE OF REMUNERATION	EXECUTIVE	NON-EXECUTIVE
Less than RM50,000	1	–
RM50,001 to RM100,000	–	2
RM 100,001 to RM150,000	–	3
RM500,001 to RM550,000	1	–
RM550,001 to RM600,000	1	–
RM600,001 to RM650,000	1	–
RM1,000,001 to RM1,050,000	1	–

PRINCIPLE 3 – REINFORCE INDEPENDENCE OF THE BOARD

The positions of Chairman and Chief Executive Officer of the Company are held by the Non-Independent Non-Executive Chairman and Managing Director respectively. The Board is aware of the MCCG 2012 which recommends the appointment of an Independent Non-Executive Director as Board Chairman. The Board is nonetheless of the view that the current number of Independent Non-Executive Directors which exceeds the minimum requirements set by the Listing Requirements of Bursa Securities, coupled with the use of the Board Charter which formally sets out the schedule of matters reserved solely for the Board for decision making, provides the relevant check and balance on boardroom decisions.

The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. The Managing Director, supported by fellow Executive Directors and the Executive Management team, implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Independent Non-Executive Directors bring to the Board objective and independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

During the financial year under review, the Board had assessed the independence of its Independent Non-Executive Directors and was satisfied with their level of independence. The Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. However, an Independent Director may continue to serve on the Board upon reaching the 9-year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Board is required to assess the candidate's suitability to continue as an Independent Director based on the criteria on independence as adopted by the Board.

At the date of this Statement, none of the Independent Directors has exceeded the 9-year independence tenure.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

The Board ordinarily meets at least five (5) times a year, scheduled well in advance before the end of the preceding financial period to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committees papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to the Directors and Board Committees members before the meeting to allow them sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings.

During the financial year ended 31 March 2017, the Board convened six (6) Board meetings attended by the Directors as follows:

NAME OF DIRECTOR	DESIGNATION	BOARD MEETING ATTENDANCE
Dr Chia Song Kun	Chairman	6/6
Mr Leong Yew Cheong	Managing Director	6/6
Mr Chia Lik Khai	Deputy Managing Director	6/6
Mr Chia Seong Fatt	Alternate Director to Chia Lik Khai	6/6
Mr Gan Chih Soon	Executive Director	6/6
Mr Tee Seng Chun	Alternate Director to Gan Chih Soon	5/6
Mr Low Teng Lum	Independent Non-Executive Director	6/6
En Mohd Yusof bin Hussian	Independent Non-Executive Director	6/6
Mr Ho Cheok Yuen	Independent Non-Executive Director	6/6
Mr Adrian Chair Yong Huang	Independent Non-Executive Director	6/6

As stipulated in the Board Charter, the Directors shall devote sufficient time and efforts to carry out their responsibilities. The Board shall obtain this commitment from the Directors at the time of their appointment. Each Director is expected to commit their time as and when required to discharge their relevant duties and responsibilities, besides attending meetings of the Board and Board Committees. The Directors further commit that they shall not hold directorships in more than five (5) public listed companies, as prescribed under Paragraph 15.06 of the Listing Requirements. Each Director shall also notify the Chairman and the Board before accepting any new directorship.

DIRECTORS' TRAINING – CONTINUING EDUCATION PROGRAMMES

The Board is mindful of the importance for its members to undergo continuous training for personal development as well as to keep abreast with developments in the industry in which they operate, changes in regulatory requirements and the impact such regulatory requirements have on the Group. The Board, through the Nomination Committee reviews the training needs of the Directors annually. All newly appointed Directors are also required to undergo the mandatory accreditation programme under the requirements of Bursa Securities.

During the financial year ended 31 March 2017, the Directors attended the following training:

NAME OF DIRECTOR	DETAILS OF PROGRAMME
Dr. Chia Song Kun	Boilermech in-house training conducted by Tricor Knowledge House Sdn Bhd: Overview of the Companies Act 2016: Practical Insights & The Challenges. Bursa Malaysia Berhad: Sustainability Engagement Series for Directors/Chief Executive Officers.
Mr Leong Yew Cheong	Boilermech in-house training conducted by Tricor Knowledge House Sdn Bhd: Overview of the Companies Act 2016: Practical Insights & The Challenges.
Mr Chia Lik Khai	Boilermech in-house training conducted by Tricor Knowledge House Sdn Bhd: Overview of the Companies Act 2016: Practical Insights & The Challenges.
Mr Chia Seong Fatt	Boilermech in-house training conducted by Tricor Knowledge House Sdn Bhd: Overview of the Companies Act 2016: Practical Insights & The Challenges. Bursa Malaysia Berhad: Sustainability Engagement Series for Directors/Chief Executive Officers. Malaysian Oil Scientists' and Technologists' Association (MOSTA): Oils and Fats International Congress (OFIC) 2016 & International Society for Fat Research (ISF) 2016. IPOC-Gabungan Pengusaha Kelapa Sawit Indonesia: 12th Indonesian Palm Oil Conference and 2017 Price Outlook – Palm Oil Development: Harmonizing Market, Society and the State.
Mr Gan Chih Soon	Boilermech in-house training conducted by Tricor Knowledge House Sdn Bhd: Overview of the Companies Act 2016: Practical Insights & The Challenges.
Mr Tee Seng Chun	Boilermech in-house training conducted by Tricor Knowledge House Sdn Bhd: Overview of the Companies Act 2016: Practical Insights & The Challenges.

CORPORATE GOVERNANCE STATEMENT

NAME OF DIRECTOR	DETAILS OF PROGRAMME
Mr Low Teng Lum	Boilermech in-house training conducted by Tricor Knowledge House Sdn Bhd: Overview of the Companies Act 2016: Practical Insights & The Challenges. Bursa Malaysia Berhad: The Interplay between Corporate Governance, Non-Financial Information and Investment Decision. CG Board Asia Pacific Sdn Bhd: Financials Hidden in Plain Sight "Why Directors and Management need to ask hard questions?" Bursa Malaysia Berhad: Risk Management. Bursa Malaysia Berhad: Nominating Committee – Effective Board Evaluations. Bursa Malaysia Berhad: Chairman – Leadership Excellence from the Chair. Terus Mesra Sdn Bhd: Positioning a Strong Board Risk Oversight Beyond Financial Performance. Bursa Malaysia Berhad: Essence of Independence. Bursa Malaysia Berhad: How to Leverage AGMs For Better Engagement With Shareholders. Bursa Malaysia Berhad: The Velocity of Global Change & Sustainability – The New Business Model. Bursa Malaysia Berhad: Sustainability Engagement Series for Directors/Chief Executive Officers.
En Mohd Yusof bin Hussian	Boilermech in-house training conducted by Tricor Knowledge House Sdn Bhd: Overview of the Companies Act 2016: Practical Insights & The Challenges. Me Learn Global: Malaysia's War On Corruption Symposium. International Internal Audit (USA): International Audit Conference. Ernst & Young: New Audit Reporting Guidelines. Securities Commission – Financial Institutions Directors' Education (FIDE): FIDE FORUM Dialogue on Financial Technology's Impact on Financial Institution. FIDE: Financial Institutions Focus Group Forum. Khazanah Nasional Berhad: Khazanah Megatrends Forum. Khazanah Nasional Berhad: Khazanah Global Lecture by Dr Jane Goodal. Securities Industry Development Corporation (SIDC): Strategic Corporate Governance Program.

NAME OF DIRECTOR	DETAILS OF PROGRAMME
Mr Ho Cheok Yuen	Boilermech in-house training conducted by Tricor Knowledge House Sdn Bhd: Overview of the Companies Act 2016: Practical Insights & The Challenges.
Mr Adrian Chair Yong Huang	Boilermech in-house training conducted by Tricor Knowledge House Sdn Bhd: Overview of the Companies Act 2016: Practical Insights & The Challenges. In-House Congress Kuala Lumpur: In-House Lawyering – Uncovering the Relationship Between Quality, Cost and Value, and Their Continually Changing Relationship With External Counsel.

The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements and any changes thereto to the Board and accordingly brief the Board on these updates at Board meetings. The Financial Controller and External Auditors also brief the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the financial year under review. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial period, primarily through the quarterly announcement of the Group's financial results to Bursa Securities, the annual financial statements of the Group and Company as well as the Management Discussion and Analysis report and Chairman's statement in the Annual Report, where relevant.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

To assist in the discharge of its duties on financial reporting, the Board has established an Audit Committee, comprising exclusively Non-Executive Directors, the majority of whom are Independent, with Mr Low Teng Lum as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report section of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and the provisions of the Companies Act 2016. Such financial statements comprise the quarterly financial reports announced to Bursa Securities and the annual statutory financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors, including the need for the Audit Committee's approval in writing before such services can be provided by the external auditors. To address the "self review" threat faced by the external audit firm, the procedures included in the policy require the engagement team conducting the non-audit services to be different from the external audit team.

In assessing the independence of external auditors, the Audit Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (on Professional Ethics, Conduct and Practice). Having assessed their performance and independence, the Audit Committee will then recommend their re-appointment to the Board for decision, which will thereafter be tabled for shareholders' approval at the Company's AGM.

For the financial year under review, the Audit Committee had carried out an evaluation of the external auditors based on their professional experience, independence, understanding on the Company's business, cooperation, extent of non-audit services and auditors' fees and was satisfied with the performance of the external auditors and recommended them for re-appointment as the external auditors of the Company for the next financial year.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS OF THE GROUP

The Board regards risk management and internal controls as an integral part of the overall management processes. The following represents the key elements of the risk management and internal control structure:

(a) The establishment of a Risk Management Unit ("RMU") which meets on a quarterly basis and which is entrusted to ensure the implementation of an effective risk management system and to review the adequacy and integrity of the Group's internal control and management information system;

(b) An organizational structure in the Company with formally defined lines of responsibility and delegation of authority;

(c) Review and approval of the annual business plan and budget of all major business units by the Board. This plan sets out the key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans;

(d) Quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment;

(e) Active participation and involvement by the Managing Director, supported by his fellow Executive Directors in the day-to-day running of the major businesses and regular discussions with senior management personnel on operational issues; and

(f) Monthly financial reporting by the subsidiaries to the holding company.

Recognising the importance of having risk management processes and practices, the Board has formalised a risk management framework to enable Management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks.

In line with the MCCG 2012 and the Listing Requirements of Bursa Securities, the Company outsourced its internal audit function to an independent professional firm to assess the adequacy and effectiveness of the Group's governance, risk management and internal control systems. The internal audit function, which reports directly to the Audit Committee, is guided by professional standards promulgated by the Institute of Internal Auditors Inc, a globally recognized professional body for internal auditors. The internal audit function is independent of the activities it audits and the scope of work covered by the internal audit during the financial year under review is provided in the Audit Committee Report section of this Annual Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board has adopted and formalised pertinent corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa Securities, but also setting out the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

To augment the process of disclosure, the Board has earmarked a section on the Company's website, where information on the Company's announcements to the regulators, the salient features of the Board Charter and the Company's Annual Report may be accessed.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

(i) Shareholder participation at general meeting

The Annual General Meeting which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. Question & answer sessions are also held where the Chairman of the meeting would invite shareholders to raise questions with responses from the Board and Senior Management. The Notice of AGM is circulated at least twenty-one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

All the resolutions set out in the Notice of the last AGM of the Company were put to vote by poll and were duly passed. The outcome of the AGM was duly announced to Bursa Securities on the same day of the meeting and the summary of key matters discussed at the AGM has been published on the Company's website.

In line with the Listing Requirements, all the resolutions that are set out in the Notice of the Company's forthcoming Seventh AGM to be held on 23 August 2017 will be put to vote by poll.

(ii) Communication and engagement with shareholders and prospective investors

The Board recognises the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements of financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at www.boilermech.com where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. invest@boilermech.com to which shareholders can direct their queries or concerns.

This Statement is issued in accordance with a Board resolution dated 5 July 2017.

OTHER DISCLOSURE REQUIREMENTS

1. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees paid or payable to the external auditors for the financial year ended 31 March 2017 are as follows:

	GROUP (RM)	COMPANY (RM)
Audit fees	172,627	48,200
Non-audit fees	7,500	3,500

2. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS FOR THE FINANCIAL YEAR

The following material contracts were entered into during the financial year by the Group involving directors' and major shareholders' interests:

DATE (a)	PARTIES	GENERAL NATURE	CONSIDERATION (c)	BILLINGS (b)	MODE OF SATISFACTION OF CONSIDERATION & BILLINGS	RELATIONSHIP BETWEEN DIRECTOR/ MAJOR SHAREHOLDER AND CONTRACTING PARTY
11 August 2016	QL Fishmeal Sdn Bhd and Boilermech Sdn Bhd ("BSB")	Sales of bio-energy systems	RM3,863,000	RM1,545,200	Cash	QL Fishmeal Sdn Bhd is a subsidiary of QL Resources Berhad while BSB is a subsidiary of Boilermech Holdings Berhad

Notes:

(a) Date of contract/commencement of arrangement.

(b) Billings made by the Group are for the financial year from 1 April 2016 to 31 March 2017.

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

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

The Company does not have a chief executive who is not a director, hence there were no material contracts involving such a person entered into during the financial year.

3. MATERIAL CONTRACTS RELATING TO LOANS INVOLVING DIRECTORS, CHIEF EXECUTIVE WHO IS NOT A DIRECTOR AND MAJOR SHAREHOLDERS FOR THE FINANCIAL YEAR

There were no contracts relating to loans involving the Directors', chief executive who is not a director or major shareholders' interest.

4. RECURRENT RELATED PARTY TRANSACTIONS (RRPT) OF A REVENUE OR TRADING NATURE

The shareholders had earlier approved the RRPT as set out in the circular dated 27 July 2016 during the Company's Annual General Meeting held on 18 August 2016.

The Company had announced on 5 July 2017 that the Company is seeking its shareholders' approval for the Proposed Renewal of Shareholders' Mandate for Existing RRPT at the Company's forthcoming Seventh Annual General Meeting. The details of the RRPT entered into or to be entered by the Group with related parties are included in the Circular to Shareholders dated 28 July 2017 that is dispatched together with this Annual Report.

Details of the aggregate value of the RRPT made during the financial year are set out as below:-

RELATED PARTIES	NATURE OF RELATIONSHIP	NATURE OF TRANSACTION	AGGREGATE VALUE OF RRPT FOR THE FINANCIAL YEAR (RM'000)
QL Group and Boilermech Group	QL is one of the substantial shareholders of Boilermech	The provision of engineering solutions to QL in relation to Bio-Energy Systems	1,995
EITA Resources Bhd ("EITA") Group and Boilermech Group	A substantial shareholder of EITA is connected to certain directors of Boilermech	The purchase of boiler electronic equipment from EITA Group	256

Notes:

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

Dr Chia Song Kun and Mr Chia Seong Fatt also has substantial shareholdings in EITA, held through Ruby Technique Sdn Bhd via CBG Holdings Sdn Bhd and Farsathy Holdings Sdn Bhd respectively.

5. CORPORATE SOCIAL RESPONSIBILITY

The Group's corporate social responsibility activities and practices are detailed in the Corporate Social Responsibility Report of this Annual Report.

AUDIT COMMITTEE REPORT

The Audit Committee comprise of the following members:

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
Mr Ho Cheok Yuen	Member	Independent Non-Executive Director
Mr Adrian Chair Yong Huang	Member	Independent Non-Executive Director

The Secretary to the Committee is the Company Secretary.

ATTENDANCE AT MEETINGS

During the financial year ended 31 March 2017 ("financial year") the Audit Committee had convened six (6) meetings, attended by the members as follows:-

NAME	MEETING ATTENDANCE
Mr Low Teng Lum	6/6
Dr Chia Song Kun	6/6
En Mohd Yusof bin Hussian	6/6
Mr Ho Cheok Yuen	6/6
Mr Adrian Chair Yong Huang	6/6

SUMMARY OF WORKS

The main activities undertaken by the Audit Committee during the financial year were as follows:

1. Reviewed the quarterly unaudited financial results and the audited financial statements before submission to the Board of Directors ("Board") for consideration and approval. Members of Senior Management were invited to attend meetings of the Audit Committee to brief and furnish the Audit Committee members with the relevant information and clarification pertaining to the quarterly unaudited financial results and the audited financial statements. The Audit Committee would ensure the financial statements of the Group complied with the requirements of the Companies Act 2016 and the applicable financial reporting standards. The External Auditors were also invited to attend Audit Committee meetings to update the Audit Committee members on the changes in major accounting policies and its subsequent implementation and to answer the concerns raised by the Audit Committee members during their meetings. The Audit Committee also deliberated the audit opinion to be rendered by the External Auditors and the key audit matters to be reported.

2. Reviewed the related party transactions entered into by the Group, including the policies and procedures for reviewing recurrent related party transactions of a revenue or trading nature, to ensure all the recurrent related party transactions entered into by the Group are not more favourable to the transacting parties than those normally available to the public and are not to the detriment of the minority shareholders.

3. Reviewed the operational and financial monitoring by Management of the new acquisitions/subsidiaries of the Group, including Teknologi Enviro-Kimia (M) Sdn Bhd group of companies.

4. Reviewed the External Auditors' audit plan for the financial year which comprised their scope of audit, audit methodology and timetable, audit materiality, areas of focus and fraud risk assessment prior to the commencement of their annual audit.

5. Reviewed the results of the audit and the Audit Report with the External Auditors.

6. Evaluated the External Auditors' independence, objectivity, effectiveness and terms of engagement, including taking into consideration the provision of audit and non-audit services by the External Auditors. Based on the Audit Committee's opinion that the auditors had the professional experience and independence to perform their duties, the Audit Committee had recommended to the Board the re-appointment of the External Auditors for the next financial year.

7. Reviewed the internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group.

8. Reviewed the internal audit reports of the Group, which outlined the audit findings, recommendations for improvements on reported weaknesses to ensure that management action plans are taken to improve the systems of internal control based on the Internal Auditors' recommendations.

9. Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function and internal audit programmes.

10. Reviewed the Group's internal control systems and principal risks identified by Management and Management's plans to manage these risks, including the adequacy of the Group's overall control environment and controls in selected areas representing significant financial and business risks.

11. Reviewed the appropriateness of the proposed final dividend for the financial year, and recommending to the Board accordingly.

12. Reviewed the Board's statements on compliance with the Malaysian Code on Corporate Governance for inclusion in the annual report.

During the financial year, the Audit Committee held two (2) meetings with the External Auditors without the presence of the Executive Directors or Management, which allowed the auditors to discuss any issues arising from their audit assignment or any other matter which the External Auditors wished to raise.

The Audit Committee had prepared and presented the Audit Committee Report for the financial year ended 31 March 2017 to the Board on 5 July 2017.

AUDIT COMMITTEE REPORT

INTERNAL AUDIT

The Group engaged an independent professional firm to provide internal audit services with the view of providing assurance to the Board on the adequacy of the Group's internal control systems to safeguard the Group's assets. The internal audit function reports directly to the Audit Committee. This function also serves as an avenue to improve current policies and procedures via the recommendation of the Internal Auditors.

During the financial year, the Internal Auditors had reviewed and assessed the adequacy of the Group's internal controls systems and had reported on the following selected areas to the Audit Committee detailing their findings and recommendations and Management's responses to the findings and recommendations:-

- Contract management;
- Billing and collection;
- Project management;
- Procurement and payment; and
- Inventory management.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee, which is incorporated in the Company's Board Charter, is published on the Company's website at www.boilermech.com.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires the board of directors of a listed issuer to include in its Annual Report a statement on the state of internal control of the listed issuer as a Group. Accordingly, the Board of Directors ("Board") of Boilermech Holdings Berhad ("Boilermech" or "Company") is pleased to provide the following statement which outlines the nature and scope of Boilermech and its subsidiaries ("Group")'s risk management and internal control systems for the financial year ended 31 March 2017.

BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. In view of the limitations inherent in any system of risk management and internal control, the Board is aware that the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's corporate objectives. Accordingly, the system can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has received assurance from the Executive Committee that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control systems of the Group.

RISK MANAGEMENT FRAMEWORK

Recognizing the importance of having risk management processes and practices, the Board has in place a risk management framework to enable Management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis. The process is supported by policies, detailed procedures, methodologies and evaluation criteria and consistency of application across the Group.

The establishment of a Risk Management Unit ("RMU") which is entrusted to ensure the implementation of an effective risk management system and to review the adequacy and integrity of the Group's internal control and management information system. The RMU meets on a quarterly basis to review and monitor the significant risks of the Group and reports its findings on the significant risks, its impact to the Group and the measures taken by the Management to address such risks to the Audit Committee. Any internal or external change that may significantly impact the risks and control spectrum is also highlighted. The Board is ultimately responsible for identifying and implementing the appropriate systems to manage the Group's principal risks. The Board has empowered the Audit Committee, via its terms of reference, to review on a quarterly basis, the principal risks identified and the methodology employed in the identification, analysis, monitoring and communication of risks in a regular and timely manner.

INTERNAL CONTROL SYSTEM

The internal control system is designed to facilitate the achievement of the Group's business objectives. It comprises the following:

(i) An organizational structure in the Group with formally defined lines of responsibility and delegation of authority, augmented by hierarchical reporting culminating in the Board;

(ii) Review and approval of the annual business plan and budget of all major business units by the Board. This plan sets out the key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans;

(iii) Quarterly review of the performance of the Group's business by the Audit Committee and the Board, which also covers the assessment of the impact of changes in the business and competitive environment; and

(iv) Active participation and involvement by the Managing Director supported by his fellow Executive Directors, in the day-to-day running of the major businesses and regular discussions with Senior Management personnel on operational issues.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The internal controls of the Group are further supported by formalized limits of authority for the various committees and personnel as designated. Support functions like Finance and Internal Audit also play a vital role in the overall control and risk management processes of the Group. Matters beyond the formalized limits of authority for Management are referred upward to the Board for approval.

INTERNAL AUDIT FUNCTION

The Group outsourced the internal audit function to an independent professional firm, which provides the Board, through the Audit Committee, with assurance on the adequacy and effectiveness of the Group's system of risk management and internal control.

The outsourced internal audit function adopts an approach that focuses on the core activities of the Group for the purpose of identifying areas to be audited on a prioritized basis, vis-à-vis the business risks inherent in the core businesses concerned. The internal audit plan is tabled annually and approved by the Audit Committee. Action plans are taken by Management to address the observations raised in the internal audit reports, which are presented by the internal auditors to the Audit Committee and subsequently reported upward to the Board. The outsourced internal audit function also follows up on the status of Management's action plans on internal audit observations.

The costs incurred for the internal audit function in respect of the financial year ended 31 March 2017 amounted to approximately RM32,000.

REVIEW OF THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In accordance with Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the Company's external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants for inclusion in the Company's Annual Report for the financial year ended 31 March 2017, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in this Annual Report, in all material respects:-

(i) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(ii) is factually inaccurate.

RPG 5 (Revised) does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management.

CONCLUSION

The Board is of the view that the Group's risk management and internal control systems during the financial year under review up to the date of approval of this statement is adequate and effective to safeguard shareholders' investments, the Group's assets and the interests of customers, regulators and employees.

The Board is of the view that there were no material losses incurred by the Group during the financial year ended 31 March 2017 as a result of weaknesses in internal controls. The Group continues to take the necessary measures to strengthen the risk management processes and internal control environment of the Group.

This Statement on Risk Management and Internal Control was approved by the Board on 5 July 2017.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required under the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the financial year ended 31 March 2017 and of the results of the Group and the Company for the financial year 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 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 2016. The Directors are also responsible for safeguarding the assets of the Group and the Company by taking reasonable steps for the prevention and detection of fraud and other irregularities.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Whilst we work towards achieving our corporate objectives, we are ever mindful of our role and responsibility in sustaining the wellbeing of the environment and community.

SUSTAINABILITY OF THE ENVIRONMENT

The nature of Boilermech's businesses supports and promotes environmental sustainability. The Group's core product, which is the biomass boiler, effectively uses various biomasses such as oil palm wastes, wood wastes and rice husks, to generate steam and power, thereby reducing biomass wastes and generating energy from non-fossil sources.

Through our involvement in the water treatment business, we are supplying solutions to treat palm oil mill effluents and capture the biogas that causes global warming. Our effluent polishing plant has been proven to help palm oil mills achieve below 20 ppm of BOD, which is a stringent requirement to minimize the palm oil industry's impact on the environment.

We are continuously working on innovating and improving our designs and technology in renewable energy generating systems which are environmentally friendly and cost efficient. Through our products and services, we aim to minimize wastage, achieve optimal usage of biomass fuel and reduce emissions into the environment.

HUMAN CAPITAL DEVELOPMENT

We consider our employees to be our most important asset and continue to invest in their professional and personal development with the relevant training, guidance and support to enhance their skills. We strive to provide them with a safe and congenial working environment to encourage optimal productivity. Priority is placed on promoting safety at the work place by conducting various health and safety programs. Regular social and sporting activities are also organized to foster team spirit and form closer ties amongst staff.

COMMUNITY

Our efforts in community building revolve mainly around our support of education amongst the youths, especially in the field of engineering studies. We continue to provide structured internship programs for selected engineering students from local tertiary education institutions. We have also proceeded to the second year of our collaboration with Universiti Tunku Abdul Rahman ("UTAR") on the "Boilermech Mechanical Engineering Capstone Project Award", through which students from UTAR's Mechanical and Materials Engineering Faculty are given a group based assignment to design a practical environmental system. The above programs provide the students with the relevant practical training and hands-on experience in the processes of the engineering departments.

During the financial year under review, Boilermech had also carried out other community welfare events such as the blood donation drive which was jointly organized with Pusat Perubatan Universiti Malaya.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	THE GROUP RM	THE COMPANY RM
Profit after taxation for the financial year	23,858,191	9,072,963
Attributable to:-		
Owners of the Company	23,052,112	9,072,963
Non-controlling interests	806,079	–
	23,858,191	9,072,963

DIVIDENDS

Dividends paid or declared by the Company since 31 March 2016 are as follows:-

	RM
In respect of the financial year 31 March 2016	
A final single tier dividend of 1.50 sen per ordinary share, approved by the shareholders at the Annual General Meeting held on 18 August 2016, paid on 15 September 2016	7,740,000

At the forthcoming Annual General Meeting, a final single tier dividend of 1.50 sen per ordinary share amounting to RM7,740,000 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted as a liability in the financial year ending 31 March 2018.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

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

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, 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 all known bad debts had been written off 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 further 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 ensure that any current assets, 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 liabilities are disclosed in Note 39 to the financial statements. At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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 year 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 year 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 year 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 year.

DIRECTORS' REPORT

DIRECTORS

The name of directors in office from the beginning of the financial year and up to date of this report are as follows:-

Chia Song Kun
Leong Yew Cheong
Chia Lik Khai
Gan Chih Soon
Low Teng Lum
Mohd Yusof Bin Hussian
Ho Cheok Yuen
Adrian Chair Yong Huang
Chia Seong Fatt (Alternate to Chia Lik Khai)
Tee Seng Chun (Alternate to Gan Chih Soon)

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES			
	AT 1.4.2016	BOUGHT	SOLD	AT 31.3.2017
Direct Interests				
Chia Song Kun	400,000	–	–	400,000
Leong Yew Cheong	64,405,824	–	–	64,405,824
Chia Lik Khai	500,000	–	–	500,000
Gan Chih Soon	20,094,140	330,000	–	20,424,140
Low Teng Lum	400,000	–	–	400,000
Mohd Yusof Bin Hussian	420,000	–	–	420,000
Chia Seong Fatt (Alternate to Chia Lik Khai)	200,000	–	–	200,000
Tee Seng Chun (Alternate to Gan Chih Soon)	17,208,140	–	–	17,208,140
Indirect Interests				
Chia Song Kun [1]	215,830,436	4,005,500	–	219,835,936
Low Teng Lum [2]	754,000	–	–	754,000
Mohd Yusof Bin Hussian [2]	50,000	–	–	50,000
Chia Seong Fatt (Alternate to Chia Lik Khai) [3]	215,830,436	4,005,500	–	219,835,936
Tee Seng Chun (Alternate to Gan Chih Soon) [2]	4,020,000	–	–	4,020,000

[1] Deemed interest by virtue of shares held by QL Green Resources Sdn Bhd via his and his spouse's shareholdings of more than twenty percent (20%) in CBG Holdings Sdn Bhd, a major shareholder of QL Resources Berhad ("QL"). QL holds 100% equity interest in QL Green Resources Sdn Bhd.

[2] Deemed interest via their spouses' 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 twenty percent (20%) 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, Chia Song Kun and Chia Seong Fatt are deemed to have interests in shares in the subsidiaries during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016 in Malaysia.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 36 to the financial statements.

Neither during nor at the end of the financial year 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.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 28 to the financial statements.

SUBSIDIARIES

The details of the Group's subsidiaries are disclosed in Note 5 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 42 to the financial statements.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 28 to the financial statements.

Signed in accordance with a resolution of the directors dated 5 July 2017

Leong Yew Cheong **Chia Lik Khai**

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Leong Yew Cheong and Chia Lik Khai, being two of the directors of Boilermech Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 58 to 120 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2017 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 43, 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 5 July 2017

Leong Yew Cheong **Chia Lik Khai**

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

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 58 to 120 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 5 July 2017

Chan Van Chee

Before me
Datin Hajah Raihela Binti Wanchik
No. W – 275
Commissioner of Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOILERMECH HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA) COMPANY NO: 897694 – T

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Boilermech Holdings Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 120.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><td colspan="2">Goodwill impairment
Refer to Note 10 to the financial statements</td></tr>
<tr><td>Area of focus</td><td>How the scope of our audit addressed the area of focus</td></tr>
<tr><td>We focused on this area because the Group carried goodwill. The impairment assessment for goodwill involved management judgement and was based on assumptions that are affected by expected future market and economic conditions.</td><td>Our procedures included, amongst others:-
• Tested the value in use model for goodwill including challenging management forecast and other assumptions including discount rate and growth rates.
• Compared previous cash flow projections to actual results to assess the reasonableness of assumptions used in the cash flow projections.
• Performed a sensitivity analysis over growth rates and discount rate used in deriving the value in use to assess the potential impact of a reasonable possible change to any of these assumptions on the recoverable amount of goodwill.</td></tr>
</table>

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (cont'd)

Key Audit Matters (cont'd)

Revenue recognition and amounts owing by/(to) contract customers Refer to Notes 27 and 12 in the financial statements	
Area of focus	**How the scope of our audit addressed the area of focus**
The recognition of revenue on contracts is based on the percentage of completion method. The determination of the percentage of completion requires the management to exercise significant judgement in estimating the total costs to complete the contracts.	Our procedures included, amongst others:- • Reviewed the contract value secured and projected budgeted costs. • Assessed the estimated total costs to complete through inquiries with the operational and financial personnel of the Group. • Inspected document to support cost estimates made. • Compared projected budgeted costs to actual results to assess the reasonableness of assumptions used in the projected budgeted costs. • Performed verification on the actual progress billings issued and actual costs incurred for the financial year. • Checked on the subsequent billings of amount owing by contract customers. • Performed recomputation on the profit recognised and checked calculation of the percentage of completion.

Recoverability of trade receivables Refer to Note 13 to the financial statements	
Area of focus	**How the scope of our audit addressed the area of focus**
We focused on this area because the Group carried significant amount of trade receivables and the adequacy of the impairment loss for trade receivables involved the use of judgement.	Our audit procedures included:- • considering the receipt of cash after the year-end; and testing the adequacy of the Group's allowance for impairment on trade receivables by assessing historical data from the Group's previous collection experience.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (cont'd)

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 43 on page 121 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 266 of the Companies Act 2016 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

Chong Tuck Wai
Approval No: 03023/03/2019 J
Chartered Accountant

5 July 2017

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2017

	NOTE	THE GROUP 2017 RM	THE GROUP 2016 RM	THE COMPANY 2017 RM	THE COMPANY 2016 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	39,699,556	39,699,556
Property, plant and equipment	6	80,075,701	83,264,066	11,999,021	12,149,165
Investment property	7	6,452,290	6,583,397	–	–
Amount owing by a subsidiary	8	–	–	–	12,956,981
Deferred tax assets	9	431,576	512,152	–	–
Goodwill	10	3,931,378	3,931,378	–	–
		90,890,945	94,290,993	51,698,577	64,805,702
CURRENT ASSETS					
Inventories	11	29,149,435	31,862,140	–	–
Amount owing by contract customers	12	27,915,570	39,328,744	–	–
Trade receivables	13	53,557,068	93,567,457	–	–
Other receivables, deposits and prepayments	14	5,179,203	5,130,140	99,497	21,390
Amount owing by subsidiaries	8	–	–	1,209,258	2,761,563
Current tax assets		2,365,716	1,741,023	7,343	–
Derivative assets	15	–	6,756,934	–	–
Dividend receivable		–	–	10,000,000	10,000,000
Liquid investments	16	47,507,913	15,426,104	1,026,989	256,199
Fixed deposit with a licensed bank	17	–	121,470	–	–
Cash and bank balances		16,566,747	10,763,934	10,582	60,927
		182,241,652	204,697,946	12,353,669	13,100,079
TOTAL ASSETS		273,132,597	298,988,939	64,052,246	77,905,781

	NOTE	THE GROUP 2017 RM	THE GROUP 2016 RM	THE COMPANY 2017 RM	THE COMPANY 2016 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	51,600,000	51,600,000	51,600,000	51,600,000
Cash flow hedge reserve	19	(4,035,464)	3,887,723	–	–
Merger deficit	20	(21,809,998)	(21,809,998)	–	–
Foreign exchange translation reserve	21	94,778	(10,861)	–	–
Retained profits		143,212,736	127,983,033	12,398,219	11,065,256
Equity attributable to owners of the Company		169,062,052	161,649,897	63,998,219	62,665,256
Non-controlling interests		7,876,356	7,972,629	–	–
TOTAL EQUITY		176,938,408	169,622,526	63,998,219	62,665,256
NON-CURRENT LIABILITIES					
Hire purchase payables	22	678,783	841,271	–	–
Term loans	23	4,784,272	5,206,978	–	–
Deferred tax liabilities	9	2,721,176	1,470,217	–	–
		8,184,231	7,518,466	–	–
CURRENT LIABILITIES					
Amount owing to contract customers	12	44,153,200	53,808,497	–	–
Trade payables	24	27,735,073	40,426,256	–	–
Other payables and accruals		12,382,899	9,833,207	54,027	215,090
Short-term borrowings	25	2,937,115	17,718,419	–	15,000,000
Current tax liabilities		2,548	61,568	–	25,435
Derivative liabilities	15	799,123	–	–	–
		88,009,958	121,847,947	54,027	15,240,525
TOTAL LIABILITIES		96,194,189	129,366,413	54,027	15,240,525
TOTAL EQUITY AND LIABILITIES		273,132,597	298,988,939	64,052,246	77,905,781
NET ASSETS PER ORDINARY SHARE (RM)	26	0.33	0.31		

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	NOTE	THE GROUP 2017 RM	THE GROUP 2016 RM	THE COMPANY 2017 RM	THE COMPANY 2016 RM
REVENUE	27	237,189,948	260,108,771	10,000,000	10,000,000
COST OF SALES		(182,661,494)	(186,629,151)	–	–
GROSS PROFIT		54,528,454	73,479,620	10,000,000	10,000,000
OTHER INCOME		9,091,572	8,427,839	254,512	606,370
		63,620,026	81,907,459	10,254,512	10,606,370
SELLING AND MARKETING EXPENSES		(4,550,509)	(4,443,772)	–	–
ADMINISTRATIVE EXPENSES		(16,729,564)	(12,007,516)	(889,044)	(1,301,179)
OTHER EXPENSES		(9,471,031)	(25,716,191)	(150,144)	(150,144)
FINANCE COSTS		(477,723)	(158,549)	(114,931)	(82,603)
PROFIT BEFORE TAXATION	28	32,391,199	39,581,431	9,100,393	9,072,444
INCOME TAX EXPENSE	29	(8,533,008)	(8,692,139)	(27,430)	(124,858)
PROFIT AFTER TAXATION		23,858,191	30,889,292	9,072,963	8,947,586
OTHER COMPREHENSIVE (EXPENSES)/INCOME					
Item that may be reclassified subsequently to profit or loss					
– Cash flow hedge		(7,923,187)	8,662,141	–	–
– Foreign currency translation differences		105,639	10,654	–	–
TOTAL OTHER COMPREHENSIVE (EXPENSES)/INCOME		(7,817,548)	8,672,795	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		16,040,643	39,562,087	9,072,963	8,947,586
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		23,052,112	30,766,859	9,072,963	8,947,586
Non-controlling interests		806,079	122,433	–	–
		23,858,191	30,889,292	9,072,963	8,947,586
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		15,234,564	39,439,654	9,072,963	8,947,586
Non-controlling interests		806,079	122,433	–	–
		16,040,643	39,562,087	9,072,963	8,947,586
EARNINGS PER SHARE (SEN)					
– Basic	30	4.47	5.96		
– Diluted	30	4.47	5.96		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

THE GROUP	NOTE	SHARE CAPITAL RM	CASH FLOW HEDGE RESERVE RM	MERGER DEFICIT RM	FOREIGN EXCHANGE TRANSLATION RESERVE RM	RETAINED PROFITS RM	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM	NON-CONTROLLING INTERESTS RM	TOTAL EQUITY RM
Balance at 1 April 2015		51,600,000	(4,774,418)	(21,809,998)	(21,515)	106,246,174	131,240,243	-	131,240,243
Profit after taxation for the financial year		-	-	-	-	30,766,859	30,766,859	122,433	30,889,292
Other comprehensive income for the financial year:									
- cash flow hedge		-	8,662,141	-	-	-	8,662,141	-	8,662,141
- foreign currency translation differences		-	-	-	10,654	-	10,654	-	10,654
Total comprehensive income for the financial year		-	8,662,141	-	10,654	30,766,859	39,439,654	122,433	39,562,087
Contributions by and distributions to owners of the Company:									
- acquisition of a subsidiary		-	-	-	-	-	-	7,850,196	7,850,196
- dividend	31	-	-	-	-	(9,030,000)	(9,030,000)	-	(9,030,000)
Total transactions with owners		-	-	-	-	(9,030,000)	(9,030,000)	7,850,196	(1,179,804)
Balance at 31 March 2016/1 April 2016		51,600,000	3,887,723	(21,809,998)	(10,861)	127,983,033	161,649,897	7,972,629	169,622,526
Profit after taxation for the financial year		-	-	-	-	23,052,112	23,052,112	806,079	23,858,191
Other comprehensive (expenses)/income for the financial year:									
- cash flow hedge		-	(7,923,187)	-	-	-	(7,923,187)	-	(7,923,187)
- foreign currency translation differences		-	-	-	105,639	-	105,639	-	105,639
Total comprehensive income for the financial year		-	(7,923,187)	-	105,639	23,052,112	15,234,564	806,079	16,040,643
Contributions by and distributions to owners of the Company:									
- issuance of share by a subsidiary to non-controlling interests		-	-	-	-	-	-	60,000	60,000
- dividend	31	-	-	-	-	(7,740,000)	(7,740,000)	-	(7,740,000)
		-	-	-	-	(7,740,000)	(7,740,000)	60,000	(7,680,000)
Changes in ownership interests in a subsidiary	32	-	-	-	-	(82,409)	(82,409)	(962,352)	(1,044,761)
Total transactions with owners		-	-	-	-	(7,822,409)	(7,822,409)	(902,352)	(8,724,761)
Balance at 31 March 2017		51,600,000	(4,035,464)	(21,809,998)	94,778	143,212,736	169,062,052	7,876,356	176,938,408

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

STATEMENTS OF CHANGES IN EQUITY

THE COMPANY	NOTE	SHARE CAPITAL RM	RETAINED PROFITS RM	TOTAL EQUITY RM
Balance at 1 April 2015		51,600,000	11,147,670	62,747,670
Profit after taxation/Total comprehensive income for the financial year		–	8,947,586	8,947,586
Distributions to owners of the Company:				
– dividend	31	–	(9,030,000)	(9,030,000)
Balance at 31 March 2016/1 April 2016		51,600,000	11,065,256	62,665,256
Profit after taxation/Total comprehensive income for the financial year		–	9,072,963	9,072,963
Distributions to owners of the Company:				
– dividend	31	–	(7,740,000)	(7,740,000)
Balance at 31 March 2017		51,600,000	12,398,219	63,998,219

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	NOTE	THE GROUP 2017 RM	THE GROUP 2016 RM	THE COMPANY 2017 RM	THE COMPANY 2016 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		32,391,199	39,581,431	9,100,393	9,072,444
Adjustments for:-					
Allowance for impairment losses on trade receivables		4,114,514	3,141,212	–	–
Bad debts written off		235,299	–	–	–
Depreciation of property, plant and equipment		4,494,607	3,714,511	150,144	150,144
Depreciation of investment property		131,107	10,926	–	–
Equipment written off		13,956	7,229	–	–
Interest expense		477,723	158,549	114,931	82,603
Dividend income		–	–	(10,000,000)	(10,000,000)
Fair value gain on derivatives		(367,130)	(4,285,664)	–	–
(Gain)/Loss on disposal of equipment		(281,452)	1,023	–	–
Interest income		(1,430,280)	(532,713)	(254,512)	(606,370)
Inventories written down		–	395,310	–	–
Inventories written off		533,190	–	–	–
Reversal of inventories previously written down		(6,981)	–	–	–
Unrealised (gain)/loss on foreign exchange		(3,273,513)	4,308,688	–	–
Write-back of allowance for impairment losses on trade receivables		(2,857,239)	(3,472,697)	–	–
Operating profit/(loss) before working capital changes		34,175,000	43,027,805	(889,044)	(1,301,179)
Decrease/(Increase) in amount owing by contract customers		11,413,174	(7,153,499)	–	–
Decrease in inventories		2,186,496	110,921	–	–
Decrease/(Increase) in trade and other receivables		41,525,419	(28,608,280)	(78,107)	46,017
Decrease in trade and other payables		(10,415,770)	(4,957,411)	(161,063)	(2,309,368)
(Decrease)/Increase in amount owing to contract customers		(9,655,297)	14,430,499	–	–
CASH FROM/(FOR) OPERATIONS		69,229,022	16,850,035	(1,128,214)	(3,564,530)
Interest paid		(477,723)	(143,892)	(114,931)	(67,946)
Income tax paid		(7,897,301)	(7,868,872)	(60,208)	(106,285)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		60,853,998	8,837,271	(1,303,353)	(3,738,761)

STATEMENTS OF CASH FLOWS

	NOTE	THE GROUP 2017 RM	THE GROUP 2016 RM	THE COMPANY 2017 RM	THE COMPANY 2016 RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Repayment from subsidiaries		–	–	14,509,286	361,340
Acquisition of non-controlling interests	32	(1,044,761)	–	–	–
Net cash outflow on acquisition of a subsidiary	32	–	(13,123,780)	–	(14,564,000)
Proceeds from disposal of equipment		362,183	2,000	–	–
Purchase of property, plant and equipment	33	(1,189,131)	(2,363,944)	–	(4,847)
Dividend received		–	–	10,000,000	10,000,000
Interest received		1,430,280	532,713	254,512	606,370
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(441,429)	(14,953,011)	24,763,798	(3,601,137)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Repayment of term loans		(416,084)	(32,088)	–	–
Repayment of hire purchase obligations		(416,414)	(35,388)	–	–
Net (repayment)/drawdown of bankers' acceptances		(1,232,000)	430,000	–	–
Net (repayment)/drawdown of revolving credits		(13,500,000)	15,000,000	(15,000,000)	15,000,000
Proceeds from issuance of shares to non-controlling interests		60,000	–	–	–
Dividend paid		(7,740,000)	(9,030,000)	(7,740,000)	(9,030,000)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(23,244,498)	6,332,524	(22,740,000)	5,970,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		37,168,071	216,784	720,445	(1,369,898)
Effect of foreign exchange in cash and cash equivalents		595,081	(486,092)	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		26,311,508	26,580,816	317,126	1,687,024
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34	64,074,660	26,311,508	1,037,571	317,126

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

1. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.
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 5 July 2017.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments) did not have any material impact on the Group's financial statements upon its initial application.

NOTES TO THE FINANCIAL STATEMENTS

3. BASIS OF PREPARATION (cont'd)

3.2 The Group has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequences amendments) is expected to have no material impact on the financial statements of the Group upon its initial application except as follows:-

(i) MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. The Group is currently assessing the financial impact of adopting MFRS 9.

3. BASIS OF PREPARATION (cont'd)

3.2 The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequences amendments) is expected to have no material impact on the financial statements of the Group upon its initial application except as follows (cont'd):-

(ii) MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. The amendments to MFRS 15 further clarify the concept of 'distinct' for the purposes of this accounting standard. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have an impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

(iii) The amendments to MFRS 107 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application. However, additional disclosure notes on the statements of cash flows may be required.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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:-

(a) 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.

(b) 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 expense and deferred tax balances in the year in which such determination is made.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(c) 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.

(d) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion. In making the judgement, the management used experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract. The management estimates the profitability of the contract on an individual basis at any particular time.

(e) Write-down of 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.

(f) 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 judgement 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.

(g) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(h) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(i) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

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

The Group carries certain financial assets and financial 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.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 BASIS OF CONSOLIDATION (cont'd)

(a) Business Combinations

(i) Merger accounting for common control business combinations

The acquisitions resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combinations.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(ii) Acquisition method of accounting for non-common control business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.2 BASIS OF CONSOLIDATION (cont'd)

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) 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 ("RM"), which is the Company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (cont'd)

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange 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.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities 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 financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 FINANCIAL INSTRUMENTS (cont'd)

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) Financial Assets

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

(i) 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 recognition 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 Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(ii) 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 interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Assets (cont'd)

(iii) Loans and Receivables Financial Assets (cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iv) 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.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

As at the end of the reporting period, there were no financial assets classified under this category.

(b) Financial Liabilities

(i) Financial Liabilities at 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 recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 FINANCIAL INSTRUMENTS (cont'd)

(b) Financial Liabilities (cont'd)

(ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

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

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

(d) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is categorised as at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the host contract.

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 FINANCIAL INSTRUMENTS (cont'd)

(f) Hedge Activities

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

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.

(i) 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.

(ii) 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 profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued prospectively 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.

(iii) 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 transferred 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.5 FINANCIAL INSTRUMENTS (cont'd)

(f) Hedge Activities (cont'd)

(iii) Cash Flow Hedges (cont'd)

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.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying value may not be recoverable. The cost of the investments includes transaction costs.

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

4.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at cost less impairment losses, if any.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.7 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on 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:-

Freehold buildings	Over the remaining periods of 38 – 47 years
Leasehold land	Over the remaining lease periods of 41 – 82 years
Leasehold land and buildings	Over the remaining lease periods of 28 – 58 years
Factory building extension	10%
Computers	10% – 20%
Furniture, fittings and office equipment	10% – 20%
Signboard	10%
Machinery	10% – 25%
Motor vehicles	20%
Renovation	10%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods 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. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of 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.

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, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.8 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 42 years to 56 years.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 INVESTMENT PROPERTIES (cont'd)

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

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

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

4.9 IMPAIRMENT

(a) 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.

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.

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 financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or 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. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.10 LEASED ASSETS

(a) Finance Assets

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost and first-in, first-out method, 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.

4.12 AMOUNTS OWING 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.

4.13 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.13 INCOME TAXES (cont'd)

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill 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 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 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 the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

4.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits 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 with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.15 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.16 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) 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.

4.17 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

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

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a) above.

(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 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, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.19 BORROWING COSTS

Borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

4.20 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.21 REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable, net of returns, goods and services tax, cash and trade discounts.

(a) Sale of Goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the buyer and where the Group does not have continuing managerial involvement and effective control over the goods sold.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.21 REVENUE AND OTHER INCOME (cont'd)

(b) 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.

(c) Construction Contracts

Revenue on contracts is recognised on the stage 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.

(d) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(e) Rental Income

Rental income is recognised on an accrual basis.

(f) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

4.22 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.

4.23 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

5. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY 2017 RM	THE COMPANY 2016 RM
Unquoted shares in Malaysia, at cost		
At 1 April	38,874,000	24,310,000
Addition during the financial year	–	14,564,000
At 31 March	38,874,000	38,874,000
Unquoted shares outside Malaysia, at cost		
At 1 April/31 March	825,556	825,556
	39,699,556	39,699,556

The details of the subsidiaries are as follows:

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS	EFFECTIVE EQUITY INTEREST 2017 %	EFFECTIVE EQUITY INTEREST 2016 %	PRINCIPAL ACTIVITIES
Direct subsidiaries				
Boilermech Sdn. Bhd. ("BSB")	Malaysia	100.00	100.00	Engaged in the business of manufacturing, repairing and servicing of boilers.
Boilermech Cleantech Sdn. Bhd. ("BCSB")	Malaysia	100.00	100.00	Engaged in the business of producing integrated biomass electric power generation system.
Zenith Index Sdn. Bhd. ("ZISB")	Malaysia	100.00	100.00	Engaged in the business of bio-energy systems.
PT Boilermech ("PTBM") *#	Indonesia	100.00	100.00	Engaged in the business of repairing and servicing of boilers.
Boilermech Oretech Sdn. Bhd. ("BOSB")	Malaysia	100.00	100.00	Engaged in the business of supplying palm oil recovery enhancement system.
Teknologi Enviro-Kimia (M) Sdn. Bhd. ("TEK")	Malaysia	60.23	60.23	Engaged in the businesses of general trader and contractor of water treatment chemicals and equipment and investment holdings.
Indirect subsidiaries held through TEK				
T.E.K. Specialties Sdn. Bhd.	Malaysia	60.23	60.23	Trading in water treatment chemicals and related contract works.
Tekflow Engineering Sdn. Bhd.	Malaysia	33.13	33.13	Water treatment plant contractor and supplier of chemical products.
T.E.K. Greencare Sdn. Bhd.	Malaysia	60.23	30.72	Engaged in water treatment, chemicals and contract works.
T.E.K. Water Sdn. Bhd.	Malaysia	60.23	60.23	Supplier of water treatment chemical and related accessories and contractor for water treatment facilities.

5. INVESTMENTS IN SUBSIDIARIES (cont'd)

NAME OF SUBSIDIARY	PRINCIPAL PLACE OF BUSINESS	EFFECTIVE EQUITY INTEREST 2017 %	EFFECTIVE EQUITY INTEREST 2016 %	PRINCIPAL ACTIVITIES
Indirect subsidiaries held through TEK (cont'd)				
TEK Biotechnology Sdn. Bhd.	Malaysia	48.18	48.18	Management services, technical consultancy service, project management, laboratory testing, trading and engineering works.

* *1% held by a subsidiary, BSB.*

The subsidiary was audited by a member firm of Crowe Horwath International of which Crowe Horwath is a member.

(a) In the previous financial year, the Company had acquired approximately 60.23% equity interests in TEK. The details of the acquisition are disclosed in Note 32 to the financial statements.

(b) The non-controlling interests at the end of reporting period comprise the following:-

	EFFECTIVE EQUITY INTEREST 2017 %	EFFECTIVE EQUITY INTEREST 2016 %	THE GROUP 2017 RM	THE GROUP 2016 RM
TEK	39.77	39.77	7,876,356	7,972,629

(c) The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interests that are material to the Group is as follows:-

	TEK 2017 RM	TEK 2016 RM
At 31 March		
Non-current assets	14,822,428	15,667,995
Current assets	18,794,851	16,879,817
Non-current liabilities	(6,907,515)	(7,518,292)
Current liabilities	(7,215,404)	(6,333,275)
Non-controlling interests	(204,963)	(891,803)
Net assets	19,289,397	17,804,442
12-month Financial Year/1-month Period Ended 31 March		
Revenue	29,860,866	2,553,483
Profit after taxation for the financial year/period	1,782,874	213,427
Total comprehensive income	1,782,874	213,427
Total comprehensive income attributable to non-controlling interests	806,079	122,433
Net cash flows from operating activities	2,857,627	133,814
Net cash flows for investing activities	(1,251,068)	(15,866)
Net cash flows (for)/from financing activities	(504,497)	362,524

6. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.4.2016 RM	ADDITIONS RM	DISPOSALS RM	WRITTEN OFF RM	DEPRECIATION CHARGES RM	TRANSLATION DIFFERENCES RM	AT 31.3.2017 RM
2017							
Net Book Value							
Freehold land and buildings	2,046,260	-	-	-	(44,877)	-	2,001,383
Leasehold land	26,792,254	-	-	-	(361,205)	-	26,431,049
Leasehold land and buildings	41,555,719	-	-	-	(1,111,341)	-	40,444,378
Factory building extension	1,399	-	-	-	(800)	-	599
Computers	959,624	55,067	-	(3,260)	(286,513)	1,866	726,784
Furniture, fittings and office equipment	1,915,916	223,138	-	(10,035)	(277,093)	5,152	1,857,078
Signboard	10,065	-	-	-	(2,183)	-	7,882
Machinery	5,554,880	421,984	-	(661)	(1,032,243)	-	4,943,960
Motor vehicles	3,276,077	562,697	(52,605)	-	(1,227,111)	6,780	2,565,838
Renovation	1,065,542	102,157	(28,126)	-	(151,241)	-	988,332
Capital work-in-progress	86,330	22,088	-	-	-	-	108,418
	83,264,066	1,387,131	(80,731)	(13,956)	(4,494,607)	13,798	80,075,701

THE GROUP	AT 1.4.2015 RM	ACQUISITION OF A SUBSIDIARY (NOTE 32) RM	ADDITIONS RM	RECLASSIFI-CATION RM	DISPOSALS RM	WRITTEN OFF RM	DEPRECIATION CHARGES RM	TRANSLATION DIFFERENCES RM	AT 31.3.2016 RM
2016									
Net Book Value									
Freehold land and buildings	-	2,050,000	-	-	-	-	(3,740)	-	2,046,260
Leasehold land	18,797,976	2,500,000	4,847	5,794,795	-	-	(305,364)	-	26,792,254
Leasehold land and buildings	40,368,741	2,255,678	-	-	-	-	(1,068,700)	-	41,555,719
Factory building extension	-	1,466	-	-	-	-	(67)	-	1,399
Computers	814,235	101,969	348,467	(29,915)	-	(2,928)	(272,408)	204	959,624
Furniture, fittings and office equipment	1,697,698	272,936	131,918	29,915	(3,023)	(4,301)	(210,715)	1,488	1,915,916
Signboard	-	10,247	-	-	-	-	(182)	-	10,065
Machinery	4,857,140	50,546	1,621,810	-	-	-	(974,616)	-	5,554,880
Motor vehicles	2,534,922	1,365,333	148,421	-	-	-	(775,482)	2,883	3,276,077
Renovation	987,291	164,184	17,304	-	-	-	(103,237)	-	1,065,542
Capital work-in-progress	5,789,948	-	91,177	(5,794,795)	-	-	-	-	86,330
	75,847,951	8,772,359	2,363,944	-	(3,023)	(7,229)	(3,714,511)	4,575	83,264,066

NOTES TO THE FINANCIAL STATEMENTS

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

THE GROUP	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
2017			
Freehold land and buildings	2,050,000	(48,617)	2,001,383
Leasehold land	27,097,618	(666,569)	26,431,049
Leasehold land and buildings	45,574,467	(5,130,089)	40,444,378
Factory building extension	21,877	(21,278)	599
Computers	1,988,568	(1,261,784)	726,784
Furniture, fittings and office equipment	2,984,542	(1,127,464)	1,857,078
Signboard	23,464	(15,582)	7,882
Machinery	10,052,827	(5,108,867)	4,943,960
Motor vehicles	9,069,607	(6,503,769)	2,565,838
Renovation	1,464,505	(476,173)	988,332
Capital work-in-progress	108,418	–	108,418
	100,435,893	(20,360,192)	80,075,701
2016			
Freehold land and buildings	2,050,000	(3,740)	2,046,260
Leasehold land	27,097,618	(305,364)	26,792,254
Leasehold land and buildings	45,574,467	(4,018,748)	41,555,719
Factory building extension	21,877	(20,478)	1,399
Computers	1,983,554	(1,023,930)	959,624
Furniture, fittings and office equipment	2,815,041	(899,125)	1,915,916
Signboard	23,464	(13,399)	10,065
Machinery	10,055,843	(4,500,963)	5,554,880
Motor vehicles	9,008,272	(5,732,195)	3,276,077
Renovation	1,390,474	(324,932)	1,065,542
Capital work-in-progress	86,330	–	86,330
	100,106,940	(16,842,874)	83,264,066

THE COMPANY	AT 1.4.2016 RM	DEPRECIATION CHARGE RM	AT 31.3.2017 RM
2017			
Net Book Value			
Leasehold land	12,149,165	(150,144)	11,999,021

	AT 1.4.2015 RM	ADDITION RM	RECLASSIFI-CATION RM	DEPRECIATION CHARGE RM	AT 31.3.2016 RM
2016					
Net Book Value					
Leasehold land	9,398,988	–	2,900,321	(150,144)	12,149,165
Capital work-in-progress	2,895,474	4,847	(2,900,321)	–	–
	12,294,462	4,847	–	(150,144)	12,149,165

6. PROPERTY, PLANT AND EQUIPMENT (cont'd)

THE COMPANY	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
2017			
Leasehold land	12,299,309	(300,288)	11,999,021
2016			
Leasehold land	12,299,309	(150,144)	12,149,165

(a) Included in the assets of the Group at the end of reporting period were motor vehicles with total net book value of RM750,979 (2016 – RM1,097,338), which were acquired under hire purchase terms. These leased assets have been pledged as security for the related financial lease liabilities of the Group.

(b) The net book value of property, plant and equipment of the Group have been pledged to licensed banks as security for banking facilities granted to the Group are as follows:-

	THE GROUP 2017 RM	THE GROUP 2016 RM
Freehold land and buildings	2,001,383	2,046,260
Leasehold land and buildings	21,605,234	22,207,950
	23,606,617	24,254,210

7. INVESTMENT PROPERTY

THE GROUP	AT 1.4.2016 RM	DEPRECIATION CHARGE RM	AT 31.3.2017 RM
2017			
Net Book Value			
Land and buildings	6,583,397	(131,107)	6,452,290

	AT 1.4.2015 RM	ACQUISITION OF A SUBSIDIARY (NOTE 32) RM	DEPRECIATION CHARGE RM	AT 31.3.2016 RM
2016				
Net Book Value				
Land and buildings	–	6,594,323	(10,926)	6,583,397

THE GROUP	AT COST RM	ACCUMULATED DEPRECIATION RM	NET BOOK VALUE RM
2017			
Land and buildings	6,941,327	(489,037)	6,452,290
2016			
Land and buildings	6,941,327	(357,930)	6,583,397

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT PROPERTY (cont'd)

	2017 RM	2016 RM
Fair value	6,662,000	6,594,323

(a) All the investment property of the Group have been pledged to licensed banks as security for banking facilities granted to the Group.

(b) The fair values of the investment property are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price of comparable properties.

8. AMOUNT OWING BY SUBSIDIARIES

	THE COMPANY	
	2017 RM	2016 RM
Non-current portion:		
– receivable between one year to two years	–	1,874,552
– receivable between two to five years	–	6,282,288
– receivable more than five years	–	4,800,141
	–	12,956,981
Current portion:		
– receivable within one year	1,209,258	2,761,563
	1,209,258	15,718,544

The amount owing by subsidiaries consist of the following:-

	THE COMPANY	
	2017 RM	2016 RM
Amount owing:		
– interest bearing	–	14,731,440
– non-interest bearing	1,209,258	987,104
	1,209,258	15,718,544

(a) At the end of the previous reporting period, the interest bearing amount owing was non-trade in nature, unsecured and bore an effective interest of 5.50% per annum. The amount owing was settled in cash.

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

9. DEFERRED TAX ASSETS/(LIABILITIES)

	THE GROUP 2017 RM	THE GROUP 2016 RM
Deferred tax assets		
At 1 April	512,152	163,398
Acquisition of a subsidiary (Note 32)	–	359,101
Recognised in profit or loss (Note 29)	(80,576)	(10,347)
At 31 March	431,576	512,152
Deferred tax liabilities		
At 1 April	(1,470,217)	–
Acquisition of a subsidiary (Note 32)	–	(1,472,361)
Recognised in profit or loss (Note 29)	(1,250,959)	2,144
At 31 March	(2,721,176)	(1,470,217)

The deferred tax assets/(liabilities) are attributable to the following:-

	THE GROUP 2017 RM	THE GROUP 2016 RM
Deferred tax assets		
Accelerated capital allowances over depreciation	(127,130)	(1,298,711)
Revaluation of property	–	(1,355,941)
Other temporary differences	558,706	3,166,804
	431,576	512,152
Deferred tax liabilities		
Accelerated capital allowances over depreciation	(1,245,186)	–
Revaluation of property	(1,320,151)	–
Other temporary differences	1,286,385	(174)
Fair value adjustment on properties through acquisition of a subsidiary	(1,442,224)	(1,470,043)
	(2,721,176)	(1,470,217)

10. GOODWILL

	THE GROUP 2017 RM	THE GROUP 2016 RM
Cost:-		
At 1 April	3,931,378	–
Acquisition of a subsidiary (Note 32)	–	3,931,378
At 31 March	3,931,378	3,931,378

NOTES TO THE FINANCIAL STATEMENTS

10. GOODWILL (cont'd)

(a) The carrying amounts of goodwill are related to water treatment segment.

(b) The Group has assessed the recoverable amounts of goodwill and determined that no impairment is required. The recoverable amounts of the water treatment segment are determined using the value in use approach, and this is derived from the present value of the future cash flows from cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	GROSS MARGIN		GROWTH RATE		DISCOUNT RATE	
	2017 %	2016 %	2017 %	2016 %	2017 %	2016 %
Water treatment segment	35.0	36.0	18.0	22.5	8.95	9.46

(i)	Budgeted gross margin	Average gross margin achieved in 3 financial years immediately before the budgeted period increased for expected efficiency improvements and cost saving measures.
(ii)	Growth rate	Based on the expected projection of water treatment segment.
(iii)	Discount rate (pre-tax)	Reflects specific risks relating to water treatment segment.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating unit and are based on both external sources and internal historical data.

(c) The directors believe that there is no reasonable possible change in the above key assumptions applied that are likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

11. INVENTORIES

	THE GROUP 2017 RM	THE GROUP 2016 RM
At cost:		
– Raw materials	26,514,945	28,637,535
– Work-in-progress	147,129	264,355
– Finished goods	1,331,476	1,617,239
	27,993,550	30,519,129
At net realisable value:		
– Raw materials	1,155,885	1,343,011
	29,149,435	31,862,140
Recognised in profit or loss:-		
Inventories recognised as cost of sales	82,144,039	88,531,592
Amount written down to net realisable value	–	395,310
Reversal of inventories previously written down	(6,981)	–
Inventories written off	533,190	–

12. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	THE GROUP	
	2017 RM	2016 RM
Costs incurred on contracts to date	245,703,589	243,411,781
Attributable profits	85,894,588	96,347,961
	331,598,177	339,759,742
Progress billings	(347,835,807)	(354,239,495)
	(16,237,630)	(14,479,753)
The amounts owing comprise the following:-		
Amount owing by contract customers	27,915,570	39,328,744
Amount owing to contract customers	(44,153,200)	(53,808,497)
	(16,237,630)	(14,479,753)

13. TRADE RECEIVABLES

	THE GROUP	
	2017 RM	2016 RM
Trade receivables	56,124,138	94,377,280
Retention receivables	4,563,314	5,063,286
	60,687,452	99,440,566
Allowance for impairment losses	(7,130,384)	(5,873,109)
	53,557,068	93,567,457
Allowance for impairment losses:-		
At 1 April	(5,873,109)	(5,113,286)
Addition from acquisition of a subsidiary	–	(1,091,308)
Addition during the financial year	(4,114,514)	(3,141,212)
Write-back during the financial year	2,857,239	3,472,697
At 31 March	(7,130,384)	(5,873,109)

(a) The Group's normal trade credit terms range from 30 to 90 (2016 – 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) Included in the trade receivables is a total amount of RM2,195,968 (2016 – RM1,272,774) owing by the related parties.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	1,216,716	1,716,043	63,805	20,390
Deposits	748,794	708,778	1,000	1,000
Prepayments	3,213,693	2,705,319	34,692	–
	5,179,203	5,130,140	99,497	21,390

Included in prepayments of the Group are amounts paid in advance to suppliers amounting to approximately RM2,572,000 (2016 – RM2,251,000).

NOTES TO THE FINANCIAL STATEMENTS

15. DERIVATIVE (LIABILITIES)/ASSETS

	THE GROUP			
	CONTRACT/NOTIONAL AMOUNT		(LIABILITIES)/ASSETS	
	2017 RM	2016 RM	2017 RM	2016 RM
Forward foreign currency contracts:				
– Cash flow hedge	50,254,079	70,944,588	(4,035,464)	3,887,723
– Fair value through profit or loss	32,576,858	42,407,079	3,236,341	2,869,211
	82,830,937	113,351,667	(799,123)	6,756,934

(a) Cash Flow Hedge

At the end of the reporting period, the Group held forward currency contracts designated as hedges of expected future sales denominated in United States Dollar and Euro 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 year.

The cash flow hedge of the expected future transactions were assessed to be highly effective and the related net unrealised loss of RM7,923,187 (2016 – gain of RM8,662,141) 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 and Euro. These forward currency contracts are not designated as cash flow hedge and are entered into for periods consistent with the currency transaction exposure.

During the financial year, the Group recognised a gain of RM367,130 (2016 – RM4,285,664) 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 41.4 to the financial statements.

16. LIQUID INVESTMENTS

The liquid investments are short-term money market funds, the withdrawal proceeds of which can be received on the following day after the notice of withdrawal.

The liquid investments bore a weighted effective interest rate of 3.44% (2016 – 3.82%) per annum at the end of the reporting period.

17. FIXED DEPOSIT WITH A LICENSED BANK

At the end of the previous reporting period, the fixed deposit with a licensed bank bore an effective rate of 3.15% per annum. The fixed deposit had a maturity period of 30 days.

18. SHARE CAPITAL

	THE GROUP/THE COMPANY			
	2017	2016	2017	2016
	NUMBER OF SHARES		RM	RM
Authorised				
Ordinary shares of RM0.10 each	N/A	1,000,000,000	N/A	100,000,000
Issued and Fully Paid-Up				
Ordinary shares with no par value (2016 – Par value of RM0.10 each)	516,000,000	516,000,000	51,600,000	51,600,000

N/A – Not applicable due to the adoption of the Companies Act 2016 as disclosed in item (ii) below.

(i) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

(ii) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

19. 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	
	2017 RM	2016 RM
At 1 April	3,887,723	(4,774,418)
(Loss)/Gain on cash flow hedge	(7,923,187)	8,662,141
At 31 March	(4,035,464)	3,887,723

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. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary and is not distributable by way of dividends.

22. HIRE PURCHASE PAYABLES

	THE GROUP 2017 RM	2016 RM
Minimum hire purchase payments:		
– not later than one year	442,223	468,622
– later than one year but not later than five years	717,295	936,524
	1,159,518	1,405,146
Less: Future finance charges	(80,784)	(107,998)
Present value of hire purchase payables	1,078,734	1,297,148
Current (Note 25)		
Not later than one year	399,951	455,877
Non-current		
Later than one year but not later than five years	678,783	841,271
	1,078,734	1,297,148

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under finance lease as disclosed in Note 6 to the financial statements.

(b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.61% to 6.79% (2016 – 4.61% to 6.79%). The interest rates are fixed at the inception of the hire purchase arrangements.

23. TERM LOANS

	THE GROUP 2017 RM	2016 RM
Current (Note 25)		
Not later than one year	407,164	400,542
Non-current		
Later than one year and not later than two years	412,887	406,084
Later than two years and not later than five years	1,275,607	1,253,942
Later than five years	3,095,778	3,546,952
	4,784,272	5,206,978
	5,191,436	5,607,520

The term loans bore interest rates ranging from 4.65% to 5.09% (2016 – 4.65% to 7.85%) per annum at the end of the reporting period and are secured by:-

(a) a facility agreement;

(b) a legal charge over certain properties and investment properties of the Group; and

(c) a joint and several guarantee of certain directors and former directors of a subsidiary.

24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2016 – 30 to 90) days.

25. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Bankers' acceptances	630,000	1,862,000	–	–
Revolving credits:				
– secured	1,500,000	–	–	–
– unsecured	–	15,000,000	–	15,000,000
Hire purchase payables (Note 22)	399,951	455,877	–	–
Term loans (Note 23)	407,164	400,542	–	–
	2,937,115	17,718,419	–	15,000,000

(a) Bankers' acceptances bore a weighted average interest rate of 4.56% (2016 – 4.85%) per annum at the end of the reporting period and are secured by:-

(i) a facility agreement;

(ii) a first legal charge over certain properties and investment properties of the Group; and

(iii) a joint and several guarantee of certain directors and former directors of a subsidiary.

(b) Revolving credits bore an effective interest rate of 5.15% (2016 – 5.00%) per annum at the end of the reporting period.

26. 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 RM169,062,052 (2016 – RM161,649,897) divided by the number of ordinary shares at the end of the reporting period of 516,000,000 (2016 – 516,000,000).

27. REVENUE

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Trading and services	22,788,634	5,096,601	–	–
Contract revenue	214,401,314	255,012,170	–	–
Dividend income	–	–	10,000,000	10,000,000
	237,189,948	260,108,771	10,000,000	10,000,000

NOTES TO THE FINANCIAL STATEMENTS

28. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on trade receivables	4,114,514	3,141,212	–	–
Audit fee:				
– statutory	172,627	120,880	48,200	38,000
– non-statutory:				
– Crowe Horwath in Malaysia	7,500	3,000	3,500	3,000
– other auditors	32,000	64,000	32,000	64,000
Bad debts written off	235,299	–	–	–
Depreciation of property, plant and equipment	4,494,607	3,714,511	150,144	150,144
Depreciation of investment property	131,107	10,926	–	–
Directors' fees	512,785	509,412	476,785	473,412
Directors' non-fee emoluments	2,870,491	3,454,598	65,591	69,001
Equipment written off	13,956	7,229	–	–
Interest expense:				
– bankers' acceptances	48,383	47,142	–	–
– hire purchase	53,371	5,424	–	–
– revolving credits	114,931	82,603	114,931	82,603
– term loans	261,038	23,380	–	–
Inventories written down	–	395,310	–	–
Inventories written off	533,190	–	–	–
Rental expense on:				
– motor vehicles	48,331	14,949	–	–
– factory	179,250	–	–	–
– premises	138,000	138,140	–	–
Staff costs:				
– defined contribution plan	1,751,332	1,294,773	–	–
– salaries and other benefits	17,326,769	12,058,627	–	–
Dividend income	–	–	(10,000,000)	(10,000,000)
Fair value gain on derivatives	(367,130)	(4,285,664)	–	–
(Gain)/Loss on disposal of equipment	(281,452)	1,023	–	–
(Gain)/Loss on foreign exchange:				
– realised	911,380	15,443,029	–	–
– unrealised	(3,273,513)	4,308,688	–	–
Interest income	(1,430,280)	(532,713)	(254,512)	(606,370)
Rental income	(322,150)	(25,950)	–	–
Reversal of inventories previously written down	(6,981)	–	–	–
Write-back of allowance for impairment losses on trade receivables	(2,857,239)	(3,472,697)	–	–

The estimated monetary value of non-cash benefits provided to certain directors of the Group during the financial year amounted to RM62,800 (2016 – RM73,566).

29. INCOME TAX EXPENSE

	THE GROUP 2017 RM	THE GROUP 2016 RM	THE COMPANY 2017 RM	THE COMPANY 2016 RM
Current tax:				
– for the financial year	7,443,906	9,647,995	28,157	125,435
– overprovision in the previous financial year	(242,433)	(964,059)	(727)	(577)
	7,201,473	8,683,936	27,430	124,858
Deferred tax assets (Note 9):				
– origination and recognition of temporary differences	(13,340)	47,499	–	–
– effect of change of tax rate	–	(1,362)	–	–
– reversal of deferred tax liability arising from revaluation reserve	–	(35,790)	–	–
– overprovision in the previous financial year	93,916	–	–	–
	80,576	10,347	–	–
Deferred tax liabilities (Note 9):				
– origination and recognition of temporary differences	1,297,256	174	–	–
– reversal of deferred tax liability arising from revaluation reserve	(35,790)	–	–	–
– reversal of deferred tax liability arising from fair value of the net identifiable assets from acquisition of a subsidiary	(27,819)	(2,318)	–	–
– underprovision in the previous financial year	17,312	–	–	–
	1,250,959	(2,144)	–	–
	8,533,008	8,692,139	27,430	124,858

NOTES TO THE FINANCIAL STATEMENTS

29. INCOME TAX EXPENSE (cont'd)

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

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before taxation	32,391,199	39,581,431	9,100,393	9,072,444
Tax at the statutory tax rate of 24%	7,773,888	9,499,543	2,184,094	2,177,387
Tax effects of:-				
Non-taxable income	(360,425)	(313,934)	(2,427,069)	(2,405,678)
Non-deductible expenses	1,375,125	1,087,891	271,132	353,726
Effect of tax incentive	(60,766)	(525,608)	–	–
Reversal of deferred tax liability arising from revaluation reserve	(35,790)	(35,790)	–	–
Reversal of deferred tax liability arising from fair value of the net identifiable assets from acquisition of a subsidiary	(27,819)	(2,318)	–	–
Effect of change of tax rate on deferred tax	–	(1,362)	–	–
Utilisation of deferred tax assets not recognised in the previous financial year	–	(52,224)	–	–
(Over)/Underprovision in the previous financial year:				
– current tax	(242,433)	(964,059)	(727)	(577)
– deferred tax liabilities	17,312	–	–	–
Overprovision in the previous financial year:				
– deferred tax assets	93,916	–	–	–
Income tax expense for the financial year	8,533,008	8,692,139	27,430	124,858

30. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to owners of the Company of RM23,052,112 (2016 – RM30,766,859) by the number of ordinary shares in issue during the financial year of 516,000,000 (2016 – 516,000,000).

	THE GROUP	
	2017	2016
Profit attributable to owners of the Company (RM)	23,052,112	30,766,859
Number of ordinary shares at 31 March	516,000,000	516,000,000
Basic earnings per share (sen)	4.47	5.96

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

31. DIVIDEND

	THE GROUP/ THE COMPANY 2017 RM	2016 RM
In respect of the financial year ended 31 March 2016:-		
Paid:		
– final single tier dividend of 1.50 sen per ordinary share	7,740,000	–
In respect of the financial year ended 31 March 2015:-		
Paid:		
– final single tier dividend of 1.75 sen per ordinary share	–	9,030,000

32. ACQUISITION OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS

32.1 ACQUISITION OF NON-CONTROLLING INTERESTS

During the financial year, the Group acquired an additional 29.51% interest in T.E.K. Greencare Sdn. Bhd. ("TGSB") for RM1,044,761 in cash, increasing its ownership from 30.72% to 60.23%. The carrying amount of TGSB's net assets in the Group's financial statements on the date of acquisition amounted to RM1,852,934. The Group recognised a decrease in non-controlling interests of RM962,352 and a decrease of retained earnings of RM82,409.

The following summarises the effect of changes in the equity interest in TGSB that is attributable to owners of the Company:-

	THE GROUP 2017 RM
Equity interest at the date of further acquisition	569,171
Effect of increase in Group's ownership interest	546,851
Share of post acquisition profit	67,446
Equity interest at 31 March 2017	1,183,468

32.2 ACQUISITION OF A SUBSIDIARY

In the previous financial year, the Company acquired 60.23% equity interests in TEK. The acquisition of this subsidiary falls within the strategic fit of the Group's business in the boiler and palm oil industry and aligns with the Group's strategy to be a leader in renewable energy and sustainable environmental solutions.

NOTES TO THE FINANCIAL STATEMENTS

32. ACQUISITION OF A SUBSIDIARY AND NON-CONTROLLING INTERESTS (cont'd)

32.2 ACQUISITION OF A SUBSIDIARY (cont'd)

The following summaries the major classes of consideration transferred and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	THE GROUP 2016 RM
Property, plant and equipment (Note 6)	8,772,359
Investment property (Note 7)	6,594,323
Deferred tax assets (Note 9)	359,101
Inventories	2,791,511
Amount owing by contract customers	3,828,288
Trade and other receivables	7,497,780
Current tax assets	304,813
Amount owing to contract customers	(183,855)
Trade and other payables	(3,045,217)
Loans and borrowings	(8,404,144)
Deferred tax liabilities (Note 9)	(1,472,361)
Cash and cash equivalents	1,440,220
Net identifiable assets acquired	18,482,818
Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable assets	(7,850,196)
Goodwill (Note 10)	3,931,378
Total purchase consideration, to be settled by cash	14,564,000
Less: Cash and cash equivalents of a subsidiary acquired	(1,440,220)
Net cash outflow on acquisition of a subsidiary	13,123,780

	THE COMPANY 2016 RM
Total purchase consideration, to be settled by cash/ Net cash outflow on acquisition of a subsidiary	14,564,000

(a) The goodwill is attributable mainly to the control premium paid. In addition, the purchase consideration also included benefits derived from the expected revenue growth of the subsidiary, its future market development as well as a customer list. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for tax purposes.

(b) At the end of previous reporting period, the subsidiary had contributed revenue of RM2,553,483 and profit after taxation of RM213,427 to the Group since the date of acquisition.

If the acquisition was effective at the beginning of the previous financial year, the Group's revenue and profit after taxation for the previous financial year would have been approximately RM285,860,000 and RM32,107,000 respectively.

There were no acquisitions of new subsidiaries during the current financial year.

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Cost of property, plant and equipment purchased	1,387,131	2,363,944	–	4,847
Amount financed through hire purchase	(198,000)	–	–	–
Cash disbursed for purchase of property, plant and equipment	1,189,131	2,363,944	–	4,847

34. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Liquid investments	47,507,913	15,426,104	1,026,989	256,199
Fixed deposit with a licensed bank	–	121,470	–	–
Cash and bank balances	16,566,747	10,763,934	10,582	60,927
	64,074,660	26,311,508	1,037,571	317,126

35. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company are the executive directors and non-executive directors of the Company and of the subsidiaries.

(a) The key management personnel compensation during the financial year are as follows:-

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Directors of the Company				
Executive directors:				
– emoluments	2,804,900	3,385,597	–	–
– fees	36,000	36,000	–	–
– benefits-in-kind	62,800	73,566	–	–
	2,903,700	3,495,163	–	–
Non-executive directors:				
– fees	476,785	473,412	476,785	473,412
– allowances	65,591	69,001	65,591	69,001
	542,376	542,413	542,376	542,413
	3,446,076	4,037,576	542,376	542,413
Directors of the Subsidiaries				
Executive directors:				
– emoluments	1,534,596	92,347	–	–
Total directors' remuneration	4,980,672	4,129,923	542,376	542,413

35. KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	2017	2016
	NUMBER OF DIRECTORS	
Executive directors:-		
Below RM50,000	1	1
RM500,001 – RM550,000	1	–
RM550,001 – RM600,000	1	–
RM600,001 – RM650,000	1	–
RM650,001 – RM700,000	–	1
RM700,001 – RM750,000	–	1
RM750,001 – RM800,000	–	1
RM1,000,001 – RM1,050,000	1	–
RM1,200,001 – RM1,250,000	–	1
Non-executive directors:-		
RM50,001 – RM100,000	2	2
RM100,001 – RM150,000	3	3
	10	10

36. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, significant investors, key management personnel and entities within the same group of companies.

36. RELATED PARTY DISCLOSURES (cont'd)

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	THE GROUP		THE COMPANY	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Purchase of equipment from:				
– Eita Electric Sdn. Bhd. *	235,414	425,137	–	–
– Eita Elevator (M) Sdn. Bhd. *	20,900	–	–	–
Sales to:				
– QL Endau Fishmeal Sdn. Bhd. #	717,949	11,350	–	–
– QL Foods Sdn. Bhd. #	531,907	2,230,516	–	–
– QL Marine Products Sdn. Bhd. #	6,666	12,820	–	–
– QL Plantation Sdn. Bhd. #	60,063	373,400	–	–
– PT Pipit Mutiara Indah #	21,212	–	–	–
– QL ESCO Sdn. Bhd. #	–	308,690	–	–
– QL Ansan Poultry Farm Sdn. Bhd. #	536,403	1,031,524	–	–
– QL Livestock Farming Sdn. Bhd. #	9,450	–	–	–
– QL Figo (Johor) Sdn. Bhd. #	47,161	–	–	–
– QL Lian Hoe Sdn. Bhd. #	7,350	–	–	–
– QL Vietnam Agroresources Liability Limited Co. #	8,623	–	–	–
– QL Endau Deep Sea Fishing Sdn. Bhd. #	4,478	–	–	–
– QL Endau Marine Products Sdn. Bhd. #	44,198	–	–	–
Dividend income from a subsidiary:				
– Boilermech Sdn. Bhd.	–	–	(10,000,000)	(10,000,000)
Interest income from subsidiaries:				
– Boilermech Sdn. Bhd.	–	–	(134,377)	(574,314)
– Teknologi Enviro-Kimia (M) Sdn. Bhd.	–	–	(6,534)	–

* *A company in which a substantial shareholder is connected to certain Directors of the Company.*

A company in which a corporate shareholder has a substantial financial interest.

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and to assess their performance. 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) Bio-energy systems — Manufacturing, installation and repair of bio-energy systems (which involve the generation of energy from bio-based materials) and trading of related parts and accessories.

(ii) Water treatment — General trader and contractor of water treatment chemicals and equipment.

(iii) Others — Investment holding.

(a) The management assesses the performance of the reportable segments based on their profit before taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

BUSINESS SEGMENTS

	BIO-ENERGY SYSTEMS RM	WATER TREATMENT RM	OTHERS RM	GROUP RM
2017				
Revenue				
External revenue	208,243,261	28,966,713	–	237,209,974
Inter-segment revenue	–	894,153	10,000,000	10,894,153
	208,243,261	29,860,866	10,000,000	248,104,127
Adjustments and eliminations				(10,914,179)
Consolidated revenue				237,189,948

37. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

	BIO-ENERGY SYSTEMS RM	WATER TREATMENT RM	OTHERS RM	GROUP RM
2017				
Results				
Segment results	31,345,921	3,842,227	(1,013,148)	34,175,000
Interest income	1,283,592	32,838	113,850	1,430,280
Interest expense	–	(362,792)	(114,931)	(477,723)
Bad debts written off	–	(235,299)	–	(235,299)
Write-back of impairment losses on trade receivables	2,401,953	455,286	–	2,857,239
Fair value gain on derivatives	367,130	–	–	367,130
Depreciation of property, plant and equipment	(3,504,275)	(840,188)	(150,144)	(4,494,607)
Depreciation of investment property	–	(131,107)	–	(131,107)
Equipment written off	(5,362)	(8,594)	–	(13,956)
Gain on disposal of equipment	259,471	21,981	–	281,452
Allowance for impairment losses on trade receivables	(4,046,739)	(67,775)	–	(4,114,514)
Inventories written off	(533,190)	–	–	(533,190)
Unrealised gain on foreign exchange	3,266,411	7,102	–	3,273,513
Reversal of inventories previously written down	6,981	–	–	6,981
	30,841,893	2,713,679	(1,164,373)	32,391,199
Income tax expense				(8,533,008)
Consolidated profit after taxation				23,858,191
Assets				
Segment assets	219,808,607	36,485,423	14,041,275	270,335,305
Deferred tax assets				431,576
Current tax assets				2,365,716
Consolidated total assets				273,132,597
Liabilities				
Segment liabilities	80,649,952	12,675,910	144,603	93,470,465
Current tax liabilities				2,548
Deferred tax liabilities				2,721,176
Consolidated total liabilities				96,194,189
Other Segments Items				
Additions to non-current assets other than financial instruments:				
– property, plant and equipment	911,331	475,800	–	1,387,131

NOTES TO THE FINANCIAL STATEMENTS

37. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

	BIO-ENERGY SYSTEMS RM	WATER TREATMENT RM	OTHERS RM	GROUP RM
2016				
Revenue				
External revenue	257,555,288	2,553,483	–	260,108,771
Inter-segment revenue	–	–	10,000,000	10,000,000
	257,555,288	2,553,483	10,000,000	270,108,771
Adjustments and eliminations				(10,000,000)
Consolidated revenue				260,108,771
Results				
Segment results	44,098,543	353,387	(1,424,125)	43,027,805
Interest income	484,445	3,822	44,446	532,713
Interest expense	(39,001)	(36,945)	(82,603)	(158,549)
Write-back of impairment losses on trade receivables	3,472,697	–	–	3,472,697
Fair value gain on derivatives	4,285,664	–	–	4,285,664
Depreciation of property, plant and equipment	(3,498,020)	(66,347)	(150,144)	(3,714,511)
Depreciation of investment property	–	(10,926)	–	(10,926)
Equipment written off	(7,026)	(203)	–	(7,229)
Loss on disposal of equipment	(1,023)	–	–	(1,023)
Allowance for impairment losses on trade receivables	(3,141,212)	–	–	(3,141,212)
Inventories written down	(395,310)	–	–	(395,310)
Unrealised loss on foreign exchange	(4,308,688)	–	–	(4,308,688)
	40,951,069	242,788	(1,612,426)	39,581,431
Income tax expense				(8,692,139)
Consolidated profit after taxation				30,889,292
Assets				
Segment assets	247,583,341	35,828,365	13,324,058	296,735,764
Deferred tax assets				512,152
Current tax assets				1,741,023
Consolidated total assets				298,988,939
Liabilities				
Segment liabilities	100,231,954	12,357,580	15,245,094	127,834,628
Deferred tax liabilities				1,470,217
Current tax liabilities				61,568
Consolidated total liabilities				129,366,413

37. OPERATING SEGMENTS (cont'd)

BUSINESS SEGMENTS (cont'd)

	BIO-ENERGY SYSTEMS RM	WATER TREATMENT RM	OTHERS RM	GROUP RM
Other Segments Items				
Additions to non-current assets other than financial instruments:				
– property, plant and equipment	2,339,409	8,792,047	4,847	11,136,303
– investment property	–	6,594,323	–	6,594,323

GEOGRAPHICAL INFORMATION

	REVENUE 2017 RM	REVENUE 2016 RM
Local	95,048,083	100,064,030
Overseas	142,141,865	160,044,741
	237,189,948	260,108,771

No information is presented on the basis of geographical information for non-current assets as the Group operates primarily in Malaysia during the financial year.

MAJOR CUSTOMERS

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

38. CAPITAL COMMITMENT

	THE GROUP 2017 RM	THE GROUP 2016 RM
Purchase of property, plant and equipment:		
– approved and contracted for	252,247	–

39. CONTINGENT LIABILITIES

	THE GROUP 2017 RM	THE GROUP 2016 RM	THE COMPANY 2017 RM	THE COMPANY 2016 RM
Corporate guarantee given by a subsidiary to licensed banks for credit facilities granted to companies of which certain directors of the subsidiary have financial interests	–	12,100,000	–	–
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	–	–	94,275,000	48,847,573

NOTES TO THE FINANCIAL STATEMENTS

40. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates 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 are as follows:-

	THE GROUP 2017 RM	THE GROUP 2016 RM
United States Dollar	4.4230	3.9020
Indonesian Rupiah	0.0003	0.0003
Euro	4.7295	4.4315

41. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. 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.

41.1 FINANCIAL RISK MANAGEMENT POLICIES

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

(a) 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 the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR") and Indonesian Rupiah ("IDR"). 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 15 to the financial statements.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

THE GROUP	INDONESIAN RUPIAH RM	UNITED STATES DOLLAR RM	EURO RM	OTHERS RM	RINGGIT MALAYSIA RM	TOTAL RM
2017						
Financial assets						
Trade receivables	472,912	16,753,296	2,377,188	–	33,953,672	53,557,068
Other receivables and deposits	66,130	–	–	–	1,899,380	1,965,510
Liquid investments	–	–	–	–	47,507,913	47,507,913
Cash and bank balances	209,392	10,503,919	–	982	5,852,454	16,566,747
	748,434	27,257,215	2,377,188	982	89,213,419	119,597,238

41. FINANCIAL INSTRUMENTS (cont'd)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure (cont'd)

THE GROUP	INDONESIAN RUPIAH RM	UNITED STATES DOLLAR RM	EURO RM	OTHERS RM	RINGGIT MALAYSIA RM	TOTAL RM
2017						
Financial liabilities						
Trade payables	163,564	2,265,158	–	522,183	24,784,168	27,735,073
Other payables and accruals	190,942	519,816	–	–	11,672,141	12,382,899
Derivative liabilities	–	–	–	–	799,123	799,123
Hire purchase payables	–	–	–	–	1,078,734	1,078,734
Term loans	–	–	–	–	5,191,436	5,191,436
Revolving credits	–	–	–	–	1,500,000	1,500,000
Bankers' acceptances	–	–	–	–	630,000	630,000
	354,506	2,784,974	–	522,183	45,655,602	49,317,265
Net financial assets/(liabilities)	393,928	24,472,241	2,377,188	(521,201)	43,557,817	70,279,973
Less: Forward foreign currency contracts (contracted notional principal)	–	(21,729,033)	(220,489)	–	–	(21,949,522)
Less: Net financial assets denominated in the entity's functional currencies	(145,812)	–	–	–	(43,557,817)	(43,703,629)
Currency exposure	248,116	2,743,208	2,156,699	(521,201)	–	4,626,822
2016						
Financial assets						
Trade receivables	297,040	36,530,690	3,921,878	–	52,817,849	93,567,457
Other receivables and deposits	70,015	780	–	–	2,354,026	2,424,821
Derivative assets	–	–	–	–	6,756,934	6,756,934
Liquid investments	–	–	–	–	15,426,104	15,426,104
Fixed deposit with a licensed bank	–	–	–	–	121,470	121,470
Cash and bank balances	392,338	6,291,150	–	982	4,079,464	10,763,934
	759,393	42,822,620	3,921,878	982	81,555,847	129,060,720

NOTES TO THE FINANCIAL STATEMENTS

41. FINANCIAL INSTRUMENTS (cont'd)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Exposure (cont'd)

THE GROUP	INDONESIAN RUPIAH RM	UNITED STATES DOLLAR RM	EURO RM	OTHERS RM	RINGGIT MALAYSIA RM	TOTAL RM
2016						
Financial liabilities						
Trade payables	6,812	3,966,282	–	63,185	36,389,977	40,426,256
Other payables and accruals	37,921	1,465,695	–	–	8,329,591	9,833,207
Hire purchase payables	–	–	–	–	1,297,148	1,297,148
Term loans	–	–	–	–	5,607,520	5,607,520
Revolving credits	–	–	–	–	15,000,000	15,000,000
Bankers' acceptances	–	–	–	–	1,862,000	1,862,000
	44,733	5,431,977	–	63,185	68,486,236	74,026,131
Net financial assets/(liabilities)	714,660	37,390,643	3,921,878	(62,203)	13,069,611	55,034,589
Less: Forward foreign currency contracts (contracted notional principal)	–	(36,286,781)	(3,921,878)	–	–	(40,208,659)
Less: Net financial assets denominated in the entity's functional currencies	(440,141)	–	–	–	(13,069,611)	(13,509,752)
Currency exposure	274,519	1,103,862	–	(62,203)	–	1,316,178

Foreign Currency Risk Sensitivity Analysis

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

		THE GROUP 2017 RM	2016 RM
Effects on Profit After Taxation			
IDR/RM	– strengthened by 10%	+18,857	+20,863
	– weakened by 10%	-18,857	-20,863
USD/RM	– strengthened by 10%	+208,484	+83,894
	– weakened by 10%	-208,484	-83,894
EUR/RM	– strengthened by 10%	+163,909	–
	– weakened by 10%	-163,909	–

41. FINANCIAL INSTRUMENTS (cont'd)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

Foreign Currency Risk Sensitivity Analysis (cont'd)

		THE GROUP 2017 RM	THE GROUP 2016 RM
Effects on Other Comprehensive Income			
IDR/RM	– strengthened by 10%	+14,581	+44,014
	– weakened by 10%	-14,581	-44,014
USD/RM	– strengthened by 10%	–	–
	– weakened by 10%	–	–
EUR/RM	– strengthened by 10%	–	–
	– weakened by 10%	–	–

Strengthening/Weakening of Ringgit Malaysia against the other foreign currencies at the end of the reporting period would have immaterial impact on the profit after taxation.

The Company does not have any transactions or balances denominated in foreign currencies and hence no foreign currency risk sensitivity analysis is presented.

(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 long-term borrowings and financial assets with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period are disclosed in Notes 8, 16 and 23 to the financial statements.

41. FINANCIAL INSTRUMENTS (cont'd)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Market Risk (cont'd)

(ii) Interest Rate Risk (cont'd)

Interest Rate Risk Sensitivity Analysis

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

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Effects on Profit After Taxation				
Increase of 25 basis points	+108,906	+27,911	+2,567	+28,630
Decrease of 25 basis points	-108,906	-27,911	-2,567	-28,630
Effects on Other Comprehensive Income				
Increase of 25 basis points	–	–	–	–
Decrease of 25 basis points	–	–	–	–

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) 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 cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

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.

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 (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

41. FINANCIAL INSTRUMENTS (cont'd)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(i) Credit Risk Concentration Profile

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

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables as at the end of the reporting period is as follows:-

THE GROUP	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	COLLECTIVE IMPAIRMENT RM	CARRYING AMOUNT RM
2017				
Trade receivables:-				
Not past due	21,246,481	–	–	21,246,481
Past due 0 – 30 days	7,544,524	–	–	7,544,524
Past due more than 30 days	27,333,133	(6,523,295)	–	20,809,838
	56,124,138	(6,523,295)	–	49,600,843
Retention receivables:-				
Not past due	3,956,225	–	–	3,956,225
Past due	607,089	(607,089)	–	–
	4,563,314	(607,089)	–	3,956,225
	60,687,452	(7,130,384)	–	53,557,068
2016				
Trade receivables:-				
Not past due	27,044,534	–	–	27,044,534
Past due 0 – 30 days	19,259,191	–	–	19,259,191
Past due more than 30 days	48,073,555	(4,541,936)	–	43,531,619
	94,377,280	(4,541,936)	–	89,835,344
Retention receivables:-				
Not past due	2,849,093	–	–	2,849,093
Past due	2,214,193	(1,331,173)	–	883,020
	5,063,286	(1,331,173)	–	3,732,113
	99,440,566	(5,873,109)	–	93,567,457

NOTES TO THE FINANCIAL STATEMENTS

41. FINANCIAL INSTRUMENTS (cont'd)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk (cont'd)

(iii) Ageing analysis (cont'd)

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

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are substantially companies with good collection track record and no recent history of default.

(c) 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 availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities 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):-

THE GROUP	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM	OVER 5 YEARS RM
2017						
Non-derivative Financial Liabilities						
Trade payables	–	27,735,073	27,735,073	27,735,073	–	–
Other payables and accruals	–	12,382,899	12,382,899	12,382,899	–	–
Hire purchase payables	2.43 – 3.64	1,078,734	1,159,518	442,223	717,295	–
Term loans	4.65 – 5.09	5,191,436	6,863,182	645,219	2,442,640	3,775,323
Bankers' acceptances	4.55 – 4.59	630,000	630,000	630,000	–	–
Revolving credits	5.15	1,500,000	1,538,096	1,538,096	–	–
		48,518,142	50,308,768	43,373,510	3,159,935	3,775,323
Derivative Financial Liabilities						
Derivative liabilities – net payment	–	799,123	799,123	799,123	–	–

41. FINANCIAL INSTRUMENTS (cont'd)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity Risk (cont'd)

Maturity Analysis (cont'd)

THE GROUP	CONTRACTUAL INTEREST RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM	OVER 5 YEARS RM
2016						
Non-derivative Financial Liabilities						
Trade payables	–	40,426,256	40,426,256	40,426,256	–	–
Other payables and accruals	–	9,833,207	9,833,207	9,833,207	–	–
Hire purchase payables	2.43 – 3.64	1,297,148	1,405,146	468,622	936,524	–
Term loans	4.65 – 7.85	5,607,520	9,029,011	682,308	2,729,232	5,617,471
Bankers' acceptances	4.80 – 4.90	1,862,000	1,862,000	1,862,000	–	–
Revolving credits	5.00	15,000,000	15,114,932	15,114,932	–	–
		74,026,131	77,670,552	68,387,325	3,665,756	5,617,471
THE COMPANY						
2017						
Non-derivative Financial Liabilities						
Other payables and accruals	–	54,027	54,027	54,027	–	–
2016						
Non-derivative Financial Liabilities						
Other payables and accruals	–	215,090	215,090	215,090	–	–
Revolving credits	5.00	15,000,000	15,114,932	15,114,932	–	–
		15,215,090	15,330,022	15,330,022	–	–

41.2 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 its businesses and maximise shareholder(s) 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 that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the Company and non-controlling interests.

As the Group has insignificant external borrowings, the debt-to-equity ratio is not presented as it does not provide a meaningful indicator of the risk of borrowings.

NOTES TO THE FINANCIAL STATEMENTS

41. FINANCIAL INSTRUMENTS (cont'd)

41.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial Assets				
Loans and Receivables Financial Assets				
Trade receivables	53,557,068	93,567,457	–	–
Other receivables and deposits	1,965,510	2,424,821	64,805	21,390
Amount owing by subsidiaries	–	–	1,209,258	15,718,544
Dividend receivable	–	–	10,000,000	10,000,000
Fixed deposit with a licensed bank	–	121,470	–	–
Cash and bank balances	16,566,747	10,763,934	10,582	60,927
	72,089,325	106,877,682	11,284,645	25,800,861
Fair Value through Profit or Loss				
Derivative assets	3,236,341	2,869,211	–	–
Liquid investments	47,507,913	15,426,104	1,026,989	256,199
	50,744,254	18,295,315	1,026,989	256,199
Others				
Derivative assets – cash flow hedge	–	3,887,723	–	–
Financial Liabilities				
Other Financial Liabilities				
Trade payables	27,735,073	40,426,256	–	–
Other payables and accruals	12,382,899	9,833,207	54,027	215,090
Hire purchase payables	1,078,734	1,297,148	–	–
Term loans	5,191,436	5,607,520	–	–
Bankers' acceptances	630,000	1,862,000	–	–
Revolving credits	1,500,000	15,000,000	–	15,000,000
Derivative liabilities – cash flow hedge	4,035,464	–	–	–
	52,553,606	74,026,131	54,027	15,215,090

41.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

41. FINANCIAL INSTRUMENTS (cont'd)

41.4 FAIR VALUE INFORMATION (cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE			FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE				
THE GROUP	**LEVEL 1 RM**	**LEVEL 2 RM**	**LEVEL 3 RM**	**LEVEL 1 RM**	**LEVEL 2 RM**	**LEVEL 3 RM**	**TOTAL FAIR VALUE RM**	**CARRYING AMOUNT RM**
2017								
Financial Asset								
Liquid investments	47,507,913	-	-	-	-	-	47,507,913	47,507,913
Financial Liabilities								
Hire purchase payables	-	-	-	-	1,078,734	-	1,049,803	1,078,734
Term loans	-	-	-	-	5,191,436	-	5,191,436	5,191,436
Derivative liabilities	-	799,123	-	-	-	-	799,123	799,123
2016								
Financial Assets								
Liquid investments	15,426,104	-	-	-	-	-	15,426,104	15,426,104
Derivative assets	-	6,756,934	-	-	-	-	6,756,934	6,756,934
Financial Liabilities								
Hire purchase payables	-	-	-	-	1,297,148	-	1,285,197	1,297,148
Term loans	-	-	-	-	5,607,520	-	5,607,520	5,607,520
THE COMPANY								
2017								
Financial Asset								
Liquid investments	1,026,989	-	-	-	-	-	1,026,989	1,026,989
2016								
Financial Assets								
Amount owing by a subsidiary (non-current)	-	-	-	-	12,956,981	-	12,956,981	12,956,981
Liquid investments	256,199	-	-	-	-	-	256,199	256,199

41. FINANCIAL INSTRUMENTS (cont'd)

41.4 FAIR VALUE INFORMATION (cont'd)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair values above have been determined using the following basis:-

(aa) The fair value of liquid investments is measured at their quoted closing bid prices at the end of the reporting period.

(ab) The fair value of forward currency contracts is determined using forward exchange rates at the end of the reporting period with the resulting value discounted back to present value.

(ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The carrying amounts of the term loans approximated their fair values as these are floating rate instruments that are repriced to market interest rates on or near the reporting date.

(ii) The fair value of hire purchase payables that carry fixed interest rates equal their carrying amount as the impact of discounting is not material. The fair values are determined on cash flows discounted using the current market borrowing rate of 3.31% (2016 – 2.80% to 2.84%).

(iii) The fair value of the non-current portion of amount owing by a subsidiary that carry floating interest rate equal its carrying amount as the impact of discounting is not material. The fair value is determined on cash flows discounted using the current market borrowing rate of 5.50% at the end of the previous reporting period.

42. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that affect the financial statements of the Company upon its initial adoption are:-

(i) Removal of the authorised share capital; and

(ii) Ordinary shares will cease to have par value

The adoption of the Companies Act 2016 has been applied prospectively and the impacts of adoption are disclosed in respective notes to the financial statements.

43. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group and the Company at the end of the reporting period into realised and unrealised profits 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		THE COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained profits:				
– realised	150,190,765	134,849,203	12,398,219	11,065,256
– unrealised	2,864,812	1,973,899	–	–
	153,055,577	136,823,102	12,398,219	11,065,256
Less:				
Consolidation adjustments	(9,842,841)	(8,840,069)	–	–
At 31 March	143,212,736	127,983,033	12,398,219	11,065,256

LIST OF PROPERTIES

AS AT 31 MARCH 2017

OWNER COMPANY	LOCATION	TENURE OF LEASE	LAND AREA AND BUILT UP AREA	EXISTING USE	APPROXIMATE AGE OF BUILDINGS	NET BOOK VALUE 31 MARCH 2017 RM'000	DATE OF LAST REVALUATION
Boilermech Sdn Bhd	Lot 875, Jalan Subang 8, Taman Perindustrian Subang, 47620 Subang Jaya, Selangor.	99 years, expiring on 2 September 2068	Land area: 20,407 square meters Built up area: 10,004 square meters	Corporate & administrative office and factory	20 years	19,400	30 August 2010
Boilermech Sdn Bhd	Lot 873, Jalan Subang 8, Taman Perindustrian Subang, 47620 Subang Jaya, Selangor.	99 years, expiring on 12 October 2061	Land area: 14,163 square meters Built up area: 9,304 square meters	Factory and warehouse	20 years	18,839	6 September 2012
Boilermech Sdn Bhd	Lot 169438 held under Mukim Klang, Klang, Selangor.	99 years, expiring on 24 February 2097	Land area: 44,517 square meters	Vacant industrial land	N/A	11,999	9 June 2014
Boilermech Holdings Berhad	Lot 169438 held under Mukim Klang, Klang, Selangor.	99 years, expiring on 24 February 2097	Land area: 44,517 square meters	Vacant industrial land	N/A	11,999	9 June 2014
Teknologi Enviro-Kimia (M) Sdn Bhd	Lot 1508, Jalan Taman Hui Sing, 93350 Kuching, Sarawak.	60 years, expiring on 27 March 2072	Land area: 1,590 square meters Built up area: 1,221 square meters	Office	6 years	5,878	6 January 2016
Teknologi Enviro-Kimia (M) Sdn Bhd	Lot 3681, Block 32, Kemena Land District, Jalan Sungai Nyigu, 97000 Bintulu, Sarawak.	60 years, expiring on 19 October 2059	Land area: 1,077 square meters Built up area: 489 square meters	Warehouse	17 years	926	5 January 2016
Teknologi Enviro-Kimia (M) Sdn Bhd	Lot 2359, Block 32, Kemena Land District, Jalan Sungai Nyigu, 97000 Bintulu, Sarawak.	60 years, expiring on 7 April 2057	Land area: 7,809 square meters	Vacant industrial land	N/A	2,434	5 January 2016
T.E.K. Water Sdn Bhd	No. 66, Jalan Mutiara Emas 7/5, Taman Mount Austin, 81100 Johor Bahru, Johor.	Freehold	Land area: 362 square meters Built up area: 312 square meters	Office and warehouse	24 years	978	8 January 2016

OWNER COMPANY	LOCATION	TENURE OF LEASE	LAND AREA AND BUILT UP AREA	EXISTING USE	APPROXIMATE AGE OF BUILDINGS	NET BOOK VALUE 31 MARCH 2017 RM'000	DATE OF LAST REVALUATION
T.E.K. Water Sdn Bhd	No 68, Jalan Mutiara Emas 7/5, Taman Mount Austin, 81100 Johor Bahru, Johor.	Freehold	Land area: 362 square meters Built up area: 312 square meters	Office and warehouse	24 years	1,025	8 January 2016
T.E.K. Water Sdn Bhd	No 27, Jalan Austin Perdana 2/25, Taman Austin Perdana, 81100 Johor Bahru, Johor.	Freehold	Land area: 123 square meters Built up area: 117 square meters	Office	8 years	927	8 January 2016
T.E.K. Water Sdn Bhd	No 29, Jalan Austin Perdana 2/25, Taman Austin Perdana, 81100 Johor Bahru, Johor.	Freehold	Land area: 123 square meters Built up area: 117 square meters	Office	8 years	927	8 January 2016

SHAREHOLDERS' ANALYSIS REPORT

AS AT 30 JUNE 2017

Issued and paid-up capital	:	RM51,600,000 divided into 516,000,000 ordinary shares
Types of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

SHAREHOLDERS BY SIZE OF HOLDINGS

HOLDINGS	NO. OF HOLDERS	TOTAL HOLDINGS	%
Less than 100	8	169	0.00
100 – 1,000	165	117,915	0.02
1,001 – 10,000	1,431	8,654,900	1.68
10,001 – 100,000	1,277	45,884,500	8.89
100,001 to less than 5% of issued shares	317	179,100,756	34.71
5% and above of issued shares	3	282,241,760	54.70
	3,201	516,000,000	100.00

DIRECTORS' SHAREHOLDINGS

NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
Dr Chia Song Kun	400,000	0.08	219,835,936[1]	42.60
Leong Yew Cheong	62,405,824	12.09	2,000,000[4]	0.39
Chia Lik Khai	500,000	0.10	–	–
Gan Chih Soon	20,524,140	3.98	–	–
Chia Seong Fatt	200,000	0.04	219,835,936[2]	42.60
Tee Seng Chun	17,208,140	3.33	4,020,000[3]	0.78
Low Teng Lum	400,000	0.08	754,000[3]	0.15
Mohd Yusof Bin Hussian	420,000	0.08	50,000[3]	0.01
Ho Cheok Yuen	–	–	–	–
Adrian Chair Yong Huang	–	–	–	–

Notes:

[1] *Deemed interest by virtue of shares held by QL Green Resources Sdn Bhd ("QLGR") via his and his spouse's shareholdings of more than 20% in CBG Holdings Sdn Bhd ("CBG"), which is a major shareholder of QL Resources Berhad ("QL"). QL holds 100% shares in QLGR.*

[2] *Deemed interest by virtue of shares held by QLGR via his and his spouse's shareholdings of 20% in Farsathy Holdings Sdn Bhd ("Farsathy"), which is a major shareholder of QL. QL holds 100% shares in QLGR.*

[3] *Deemed interest via their spouses' shareholdings in the Company.*

[4] *Deemed interest via his daughter's shareholdings in the Company.*

SUBSTANTIAL SHAREHOLDERS

NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT	%	INDIRECT	%
QL Green Resources Sdn Bhd	219,835,936	42.60	–	–
Leong Yew Cheong	62,405,824	12.09	2,000,000[5]	0.39
Dr Chia Song Kun	400,000	0.08	219,835,936[1]	42.60
Chia Seong Fatt	200,000	0.04	219,835,936[2]	42.60
QL Resources Berhad	–	–	219,835,936[3]	42.60
CBG Holdings Sdn Bhd	–	–	219,835,936[4]	42.60
Farsathy Holdings Sdn Bhd	–	–	219,835,936[4]	42.60

Notes:

[1] *Deemed interest by virtue of shares held by QLGR via his and his spouse's shareholdings of more than 20% in CBG, which is a major shareholder of QL. QL holds 100% shares in QLGR.*
[2] *Deemed interest by virtue of shares held by QLGR via his and his spouse's shareholdings of 20% in Farsathy, which is a major shareholder of QL. QL holds 100% shares in QLGR.*
[3] *Deemed interest by virtue of its wholly-owned subsidiary, QLGR, pursuant to Section 8 of the Companies Act, 2016.*
[4] *Deemed interest by virtue of its substantial shareholdings in QL pursuant to Section 8 of the Companies Act, 2016.*
[5] *Deemed interest via his daughter's shareholdings in the Company.*

TOP THIRTY (30) LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	SHAREHOLDINGS	%
1.	QL Green Resources Sdn Bhd	180,763,636	35.03
2.	Leong Yew Cheong	62,405,824	12.09
3.	QL Green Resources Sdn Bhd	39,072,300	7.57
4.	Gan Chih Soon	20,524,140	3.98
5.	Tee Seng Chun	17,208,140	3.33
6.	Lai Yee Kein	6,680,730	1.29
7.	Wong Poon Han	6,300,372	1.22
8.	Law Chee Wong	5,880,000	1.14
9.	Wong Wee Voo	4,740,970	0.92
10.	Liu Fui Moy	4,021,000	0.78
11.	Hong Yuet Ngan	4,000,000	0.78
12.	Len Tze Jian	3,131,728	0.61
13.	Nahoorammah A/P Sithamparam Pillay	3,000,000	0.58
14.	Loh Foo	2,930,104	0.57
15.	Heng Chin Choo	2,189,600	0.42

SHAREHOLDERS' ANALYSIS REPORT
AS AT 30 JUNE 2017

TOP THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

NO.	NAME OF SHAREHOLDERS	SHAREHOLDINGS	%
16.	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Yoong Kah Yin)	2,180,500	0.42
17.	Laura Lorraine Leong Pei-Pei	2,000,000	0.39
18.	They Heng Chong @ Teh Chong Fay	1,876,000	0.36
19.	Lim See Pek	1,845,000	0.36
20.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged securities account for Lim See Pek)	1,600,000	0.31
21.	Tay Puat Keng @ Tee Puat Keng	1,429,000	0.28
22.	Malacca Equity Nominees (Tempatan) Sdn Bhd (Exempt AN for Phillip Capital Management Sdn Bhd (EPF))	1,412,500	0.27
23.	Yong Yew San	1,410,000	0.27
24.	Kumpulan Wang Persaraan (Diperbadankan)	1,390,600	0.27
25.	DB (Malaysia) Nominee (Asing) Sdn Bhd (The Bank of New York Mellon for SLG International Opportunities, L.P.)	1,370,800	0.27
26.	Liu & Chia Holdings Sdn Bhd	1,367,000	0.26
27.	Hoe Wei Ying	1,360,000	0.26
28.	Tai Chang Eng @ Teh Chang Ying	1,250,000	0.24
29.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Yeo Kiah Yoo (E-TSA/UTM))	1,121,600	0.22
30.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chia Suan Hooi (E-TWU))	1,105,000	0.21
		385,566,544	74.72

BOILERMECH
Boilermech Holdings Berhad (897694-T)
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at Throne, Empire Hotel Subang, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 23 August 2017 at 10.00 a.m.

AGENDA

As Ordinary Business

1. To receive the Statutory Financial Statements for the financial year ended 31 March 2017 together with the Reports of the Directors and Auditors thereon. — **Refer to Explanatory Note 1**

2. To approve the payment of Directors' fees and benefits (comprising meeting allowances) to the Non-Executive Directors ("NED") of the Company for the financial year ending 31 March 2018, i.e. from 1 April 2017 until the next Annual General Meeting of the Company:- — **Refer to Explanatory Note 2**

   (a) Directors' fees amounting to RM32,000 and SGD2,500 per month. — **Resolution 1**

   (b) Meeting allowance of RM1,500 per Malaysian NED and SGD1,600 per Singaporean NED per meeting day. — **Resolution 2**

3. To re-elect the following directors who retire pursuant to Article 78 of the Company's Articles of Association and being eligible offer themselves for re-election:

   (a) Gan Chih Soon — **Resolution 3**

   (b) Ho Cheok Yuen — **Resolution 4**

   (c) Adrian Chair Yong Huang — **Resolution 5**

4. To approve the payment of a final single tier dividend of 1.50 sen per ordinary share amounting to RM7,740,000 for the financial year ended 31 March 2017. — **Resolution 6**

5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. — **Resolution 7**

As Special Business:

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

6. **Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016** — **Resolution 8** **Refer to Explanatory Note 3**

   "THAT, subject to the Companies Act 2016, 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 Sections 75 and 76 of the Companies Act 2016 to issue and allot shares 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 total number of the issued shares (excluding treasury shares) for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING

7. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Resolution 9
Refer to Explanatory Note 4

"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 28 July 2017 ("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 is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

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."

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of Members at the Seventh Annual General Meeting of the Company to be held on 23 August 2017, a final single tier dividend of 1.50 sen per ordinary share for the financial year ended 31 March 2017, will be paid on 15 September 2017 to Depositors whose names appear in the Record of Depositors of the Company on 28 August 2017.

A Depositor shall qualify for entitlement only in respect of:

(a) Securities transferred into the Depositor's securities account before 4:00 p.m. on 28 August 2017 in respect of ordinary transfers; and

(b) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TAN BEE HWEE (MAICSA 7021024)
WONG WAI FOONG (MAICSA 7001358)
ANGELINE NG SEK OI (MAICSA 7054606)
Company Secretaries

Date: 28 July 2017

NOTES:-

1. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming Seventh Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 15 August 2017. Only a depositor whose name appears on the Record of Depositors as at 15 August 2017 shall be entitled to attend and vote at the meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.
2. 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 a Member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.
3. A Member may appoint not more than two (2) proxies to attend the same meeting. Where a Member of the Company is an authorised nominee as defined under 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.
4. Where a Member or the authorised nominee appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
5. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where an exempt authorised nominee appoints two (2) or more proxies to attend and vote at the same meeting, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

   An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. 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, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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.
7. If the 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 the 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 with the Proxy Form.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes on Ordinary Business/Special Business:

1. **Item 1 of the Agenda**
   To receive the Statutory Financial Statements for the Financial Year Ended 31 March 2017

   This Agenda item is meant for discussion only as the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Statutory Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Item 2 of the Agenda**
   Payment of Directors' Fees and Benefits

   In compliance with Section 230(1) of the Companies Act 2016, the Ordinary Resolutions 1 and 2 are proposed to seek shareholders' approval for the payment of Directors' fees and benefits for the financial year ending 31 March 2018, i.e. from 1 April 2017 until the next Annual General Meeting ("AGM") of the Company (estimated period is 17 months) to the Non-Executive Directors ("NED") of the Company.

   The amounts of Directors' fees tabled for approval is based on the current composition of the Board which currently has 5 NED, comprising 4 Malaysian NED and 1 Singaporean NED. The total amount of Directors' fees for the estimated period is RM544,000 and SGD42,500. There has been no revision to the Directors' fees previously approved by the shareholders at the Sixth AGM of the Company held on 18 August 2016.

   The benefits comprise of meeting allowance to the NED for their attendance at meeting(s) per meeting day. The total amount of meeting allowance based on the estimated meetings scheduled for the estimated period is RM60,000 and SGD16,000.

3. **Item 6 of the Agenda**
   Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

   The Ordinary Resolution 8 is proposed to seek for a renewal of the general mandate for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016. If passed, it will empower the Directors of the Company from the date of the Seventh AGM until the next AGM to allot and issue shares in the Company up to an amount not exceeding in total 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

   The Company has not issued any new shares under the general mandate for the issuance of new ordinary shares which was approved at the Sixth AGM of the Company held on 18 August 2016 (hence, no proceeds were raised therefrom) and which will lapse at the conclusion of the Seventh AGM.

   The above renewal of the general mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to 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 costs and time-consuming to organise a general meeting.

4. **Item 7 of the Agenda**
   Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

   The Ordinary Resolution 9 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 Holdings Berhad (897694-T)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No. of Authorised Nominee*

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, ____________________ 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 SEVENTH ANNUAL GENERAL MEETING of the Company to be held at Throne, Empire Hotel Subang, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 23 August 2017 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

ITEM	AGENDA			
1.	To receive the Statutory Financial Statements for the financial year ended 31 March 2017 together with the Reports of the Directors and Auditors thereon.			
	ORDINARY RESOLUTIONS	**RESOLUTION**	**FOR**	**AGAINST**
2.	To approve the payment of Directors' fees and benefits (comprising meeting allowances) to the Non-Executive Directors ("NED") of the Company for the financial year ending 31 March 2018, i.e. from 1 April 2017 until the next Annual General Meeting of the Company:- (a) Directors' fees amounting to RM32,000 and SGD2,500 per month. (b) Meeting allowance of RM1,500 per Malaysian NED and SGD1,600 per Singaporean NED per meeting day.	 1 2		
3.	To re-elect the following directors who retire pursuant to Article 78 of the Company's Articles of Association and being eligible offer themselves for re-election: (a) Gan Chih Soon (b) Ho Cheok Yuen (c) Adrian Chair Yong Huang	 3 4 5		
4.	To approve the payment of a final single tier dividend of 1.50 sen per ordinary share amounting to RM7,740,000 for the financial year ended 31 March 2017.	6		
5.	To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.	7		
6.	Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.	8		
7.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	9		

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.

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

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
TOTAL		**100%**

____
Signature/Common Seal

Number of shares held:
Date:

NOTES:-

1. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming Seventh Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 15 August 2017. Only a depositor whose name appears on the Record of Depositors as at 15 August 2017 shall be entitled to attend and vote at the meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.
2. 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 a Member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.
3. A Member may appoint not more than two (2) proxies to attend the same meeting. Where a Member of the Company is an authorised nominee as defined under 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.
4. Where a Member or the authorised nominee appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
5. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where an exempt authorised nominee appoints two (2) or more proxies to attend and vote at the same meeting, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

   An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. 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, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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.
7. If the 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 the 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 with the Proxy Form.

2nd Fold here

Affix Stamp

The Share Registrar

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

1st Fold here

www.boilermech.com

Boilermech Holdings Berhad (897694-T)

Lot 875, Jalan Subang 8
Taman Perindustrian Subang
47620 Subang Jaya
Selangor Darul Ehsan
Tel (6)03 8023 9137
Fax (6)03 8023 2127