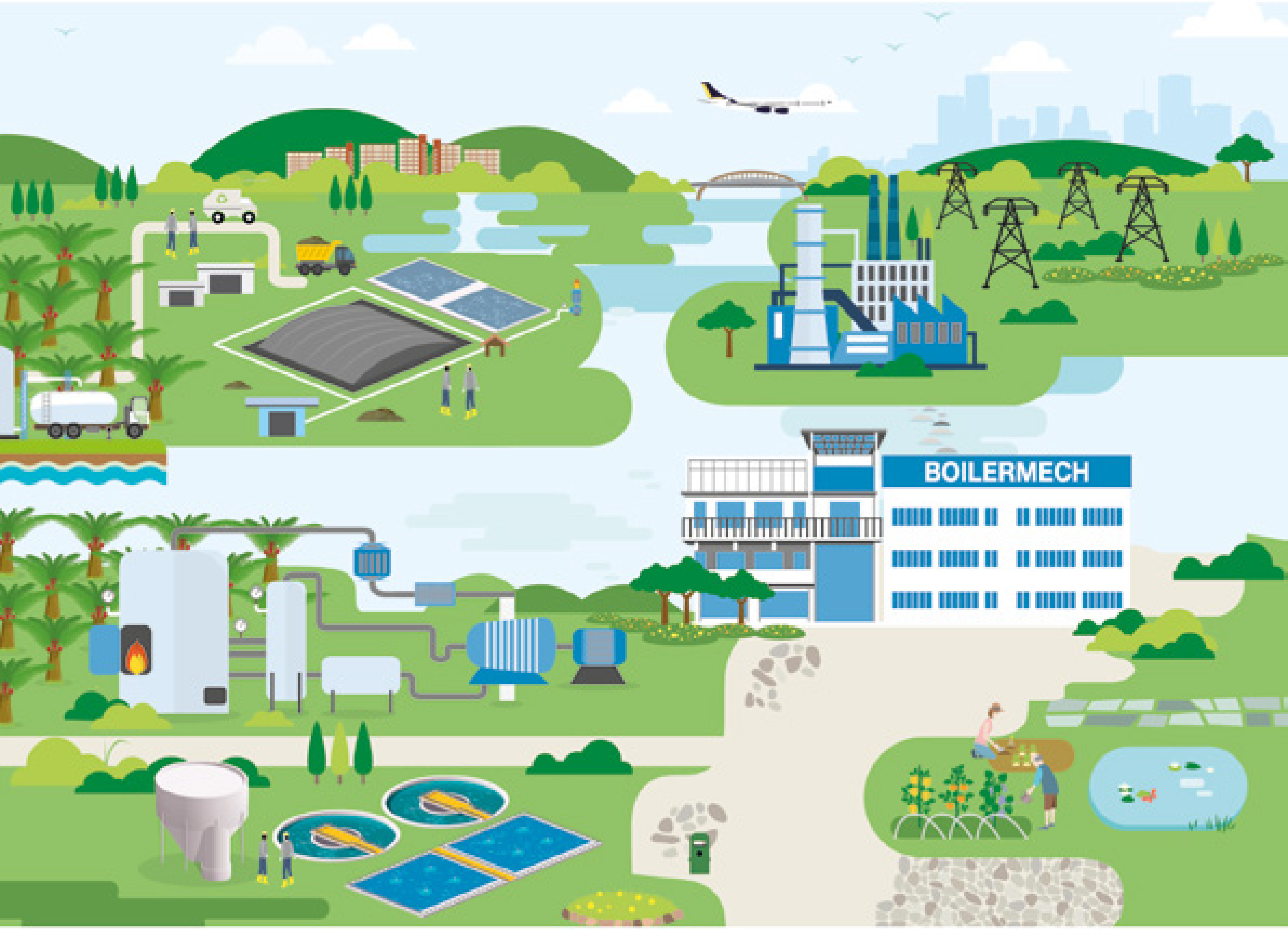
Boilermech Holdings Berhad (897694-T)



INNOVATING FOR A SUSTAINABLE FUTURE

Annual Report 2018

VISION

To be a regional leader in waste-to-energy (renewable) and sustainable environmental solutions.

MISSION

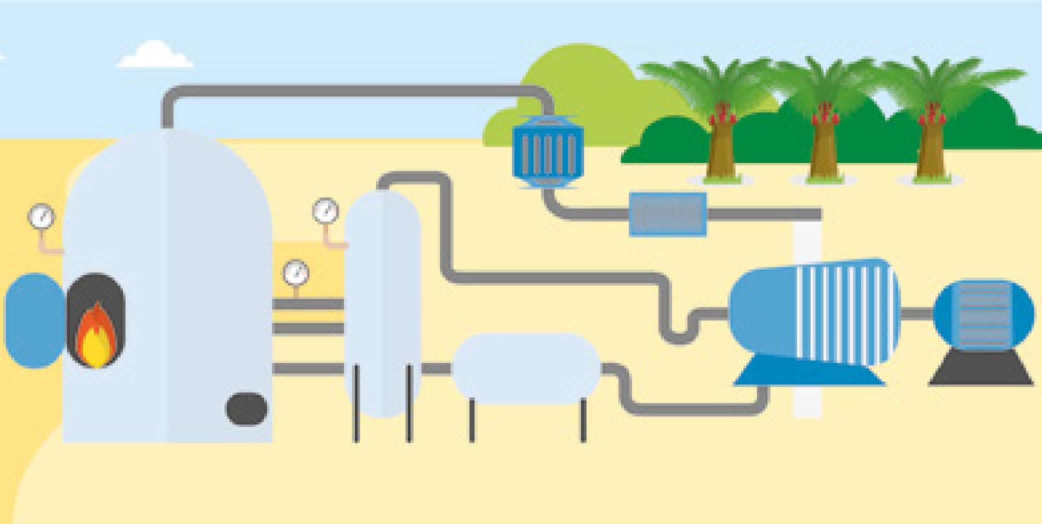
To create and share value with our stakeholders through the offering of innovative, sustainable and high quality renewable energy solutions.

VALUES

Integrity
Teamwork
Preseverence
Innovativeness

INNOVATING FOR A SUSTAINABLE FUTURE

Boilermech is indeed moving on the right track towards our vision of being a regional leader in providing waste-to-energy and sustainable environmental solutions. All our businesses support this vision and whilst we work towards meeting our corporate objectives, we are also mindful of creating and sharing value with all our stakeholders by ensuring a sustainable environment and future for the Company and the community at large.



Water tube boiler with combustion system.

Biomass electric power generation system.

Water treatment solution for various types of water application.

Biogas plant.

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CORPORATE INFORMATION

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

Adrian Chair Yong Huang
Member, Independent
Non-Executive Director

Ho Cheok Yuen
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 Overseas Bank (Malaysia) Bhd
(271809-K)

AUDITORS

Messrs Crowe Malaysia
(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

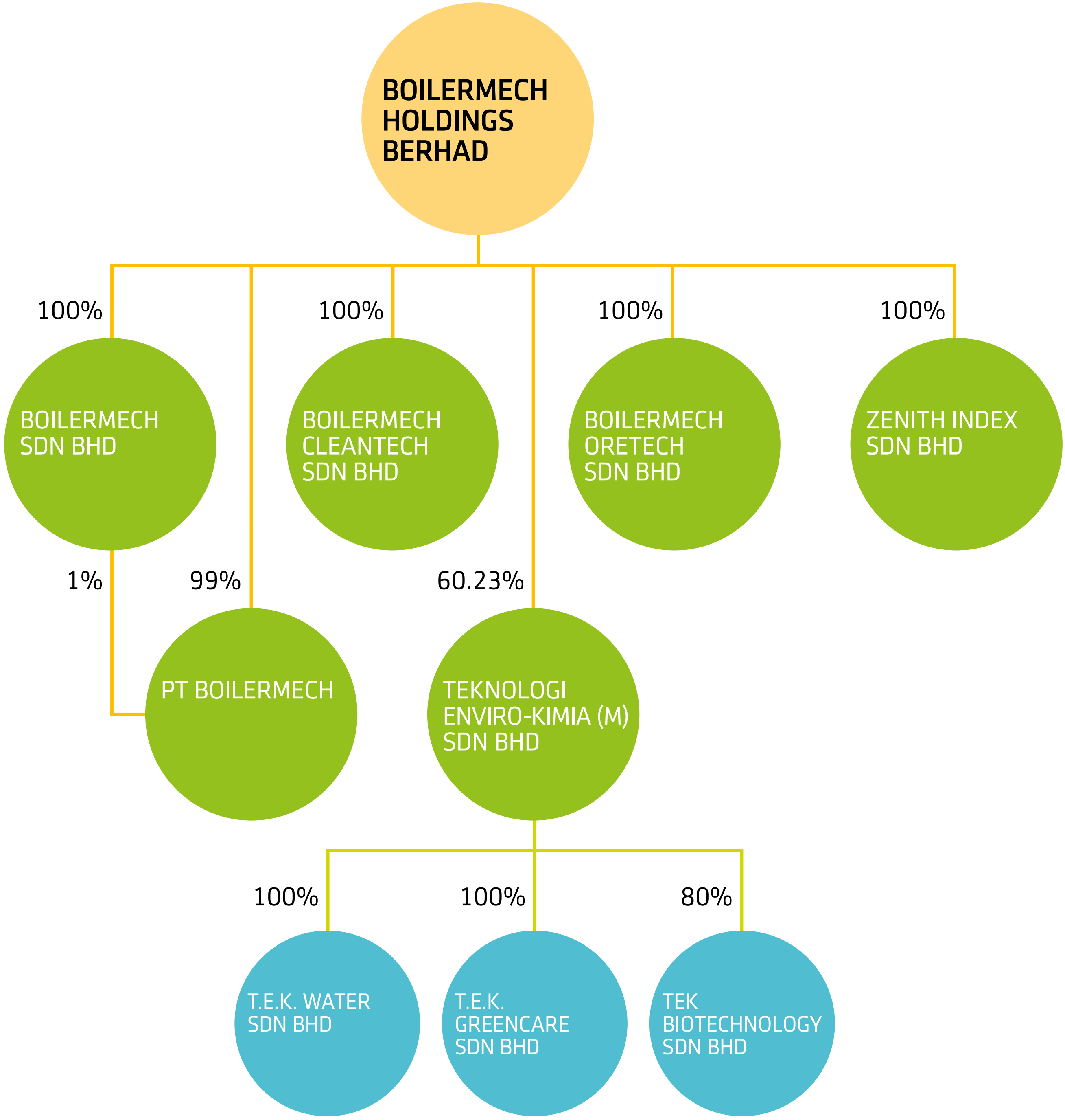
Tricor Investor & Issuing House Services Sdn Bhd
(11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Telephone 03-2783 9299
Facsimile 03-2783 9222

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE



BOARD OF DIRECTORS

(FROM LEFT TO RIGHT)

• EN MOHD YUSOF BIN HUSSIAN • MR CHIA SEONG FATT • MR CHIA LIK KHAI
• MR LOW TENG LUM • DR. CHIA SONG KUN

(FROM LEFT TO RIGHT)

• MR LEONG YEW CHEONG • MR GAN CHIH SOON • MR TEE SENG CHUN • MR HO CHEOK YUEN
• MR ADRIAN CHAIR YONG HUANG

DIRECTORS' PROFILE

DR. CHIA SONG KUN

Non-Independent Non-Executive Chairman

Male, Aged 68, 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 Executive Chairman of the Board of Directors 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 has beneficial interest in CBG (L) Foundation, the holding company of CBG (L) Pte Ltd, which is a major shareholder of QL and 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 2018 ("financial year").

Save for the disclosure in Item 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 five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

MR LEONG YEW CHEONG

Managing Director

Male, Aged 63,
Malaysian

Mr Leong Yew Cheong is the Managing Director of the Company and was appointed to the Board on 26 October 2010.

(Mr Leong Yew Cheong was previously a member of the Remuneration Committee. He stepped down as a member of the said committee in November 2017, in line with Guidance 6.2 of the Malaysian Code on Corporate Governance that the remuneration committee shall comprise solely of non-executive directors. In his place, Mr Ho Cheok Yuen, an Independent Non-Executive Director was appointed as 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 eight (38) 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 listed companies.

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 five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

DIRECTORS' PROFILE

MR CHIA LIK KHAI

Deputy Managing Director

Male, Aged 39, 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 experience 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 an Executive Director of QL Green Resources Sdn Bhd, a subsidiary of QL Resources Berhad and substantial shareholder of the Company in September 2010. He was appointed as Executive Director of QL Resources Berhad in November 2016 and subsequently resigned from the said position in April 2018 whilst remaining as an Alternate Director to one of its Executive Directors.

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 Item 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 five (5) 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 SEONG FATT

Alternate Director to Deputy Managing Director, Chia Lik Khai

Male, Aged 62, 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) years 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 Item 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 five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

DIRECTORS' PROFILE

MR GAN CHIH SOON

Executive Director

Male, Aged 44, 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 listed companies.

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 five (5) 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 54, 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 listed companies.

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

Mr Tee Seng Chun attended all 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 five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

DIRECTORS' PROFILE

MR LOW TENG LUM

Independent Non-Executive Director

Male, Aged 64, 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 is also a member of the Malaysian Alliance of Corporate Directors and its training faculty.

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, Guinness Anchor Berhad and General Corporation Berhad. During his fourteen (14) years 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 Director, after ten (10) years of service.

Mr Low Teng Lum currently sits on the Board of Salutica Berhad. He resigned as a director of Permaju Industries Berhad during the financial year under review.

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 five (5) 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 69, 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 a Certified Financial Planner. He was formerly a member of the ACCA Malaysian Advisory Committee.

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

He currently sits on the Boards of Proton Commerce Sdn Bhd (an associate company of Proton Holdings Berhad) and Tune Insurance Malaysia Berhad.

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 five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

DIRECTORS' PROFILE

MR HO CHEOK YUEN

Independent Non-Executive Director

Male, Aged 69, 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, Nomination Committee and Remuneration 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 listed companies.

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 five (5) 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 44,
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 listed companies.

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 five (5) 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 of Boilermech Holdings Berhad

MR CHIA LIK KHAI

Deputy Managing Director of Boilermech Holdings Berhad

MR GAN CHIH SOON

Executive Director of Boilermech Holdings Berhad

MR TEE SENG CHUN

Executive Director of Boilermech Sdn Bhd, a wholly-owned principal subsidiary of the Company

Please refer to Pages 11 to 20 for the profiles of the above Senior Management personnel.

MR YONG HUA KONG

Managing Director of Teknologi Enviro-Kimia (M) Sdn Bhd, a 60.23%-owned principal subsidiary of the Company

Male, aged 52, Malaysian

Mr Yong Hua Kong obtained his Bachelor of Science in Chemistry from University of Malaya, Malaysia in 1991. He started his career as a product specialist in water testing equipment and later joined an American water treatment company as a water treatment engineer.

He began his business venture in 1995 as a cofounder and Managing Director of Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK") group of companies. TEK is a total water management company offering a full range of water treatment solution to the Malaysian and Asean market. Mr Yong Hua Kong is responsible for the overall operation of TEK Group. He played an instrumental role in achieving many key achievements and milestones for TEK, including leading the team to develop several patented treatment plants for various industrial applications. These include the TEK MEMPLUS, a unique membrane based treatment process for palm oil effluent treatment and TEK WaterPak, a specially designed packaged water treatment plant for rural community clean water supply. He is also a registered wastewater specialist with the Department of Environment.

Mr Yong Hua Kong does not hold any directorship in any public listed companies. He has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

PERFORMANCE REVIEW

CHAIRMAN'S STATEMENT

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

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Boilermech Holdings Berhad, I am pleased to present the Company's Annual Report and Audited Financial Statements for the financial year ended ("FYE") 31 March 2018.

PERFORMANCE REVIEW

We are beginning to see some stabilization in the economic climate, albeit at a moderate pace, both globally and in the country. The region's palm oil sector, in which the Group's businesses largely operates, is also starting to pick up with improvements in production, as the effects of the El-Nino dry weather wanes off.

For the Group, the recovery in production and project activities is more pronounced at the later part of FYE 2018 with the improvement in order books for our biomass boilers under the Group's Bio-Energy segment.

The Group managed to pull in an encouraging performance for FYE 2018, with total revenue of RM225.9 million and profit before tax ("PBT") of RM30.2 million. Although revenue and PBT had decreased compared to the previous financial year (by 4.8% and 6.8% respectively), we are encouraged by the improvement in our order books from both our Bio-Energy and Water Treatment segments.

As we continued to manage our resources prudently, the Group's cash position strengthened with the increase in cash and cash equivalent balance from RM64.1 million in FYE 2017 to RM88.5 million in FYE 2018. Likewise our net tangible assets increased from RM165.1 million to RM186.4 million in FYE 2018.

BUSINESS REVIEW AND OUTLOOK

The sale of biomass boilers under our Bio-Energy segment remains our core business and major revenue contributor, with Indonesia and Malaysia being our 2 largest markets, contributing 82.6% to the Group's revenue in FYE 2018. Market competition has intensified over the years and we are mindful of the need to remain competitive. While we continue to heighten our sales efforts in Malaysia and Indonesia, we are also working on improving product cost competitiveness through localization and design optimization, so that we can offer our customers high quality products at the most cost efficient price. Synergistic with our biomass boiler sales, our boiler repair and maintenance business is also doing well bringing in significant contributions to the Group.

The Group's water treatment business under our subsidiary, Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK") is also progressing well. In fact, the improved contribution from TEK Group had helped to cushion the drop in the Group's revenue for FYE 2018. We believe there is untapped potential in Malaysia and in the region in the need for clean water and water treatment services, both for industrial usage as well as for domestic consumption. These are provided through TEK's proven products and solutions to treat waste water for general industrial use and treat raw water to clean water for industrial process and domestic use.

We are also excited about the progress and potential of our biogas business under TEK. We have the proven solutions to treat palm oil mill effluent ("POME") by capturing the biogas contained in POME to generate electricity and reducing the methane discharged into the atmosphere. The combination of our biogas solutions and tertiary treatment plants enable palm oil mills to ensure the final discharge of effluent into the watercourse meets the Biological Oxygen Demand ("BOD") requirement of 20 parts per million ("ppm"). To-date we have successfully installed 1 biogas plant in Sarawak which is performing well and have 4 projects currently in progress in Sarawak and Sabah. We see biogas as a high growth potential business and are looking at expanding the business to cover West Malaysia and further as well.

The Group is indeed moving on the right track towards our vision of being a regional leader in providing waste-to-energy and sustainable environmental solutions. In view of the vast untapped potential in Malaysia and Indonesia, we continue to look for investment opportunities to expand our businesses further in these two countries.

All our businesses support our vision and whilst we work towards meeting our corporate objectives, we are also mindful of creating and sharing value with all our stakeholders by ensuring a sustainable environment and future for the Company and the community at large.

With our strong business fundamentals and strategic plans in place, my fellow Board members and I are optimistic of Boilermech's future growth potential and sustainability. Your Board is steadfast and committed and together with a capable Management team and strong staff support, I am confident of the Group's potential and ability in meeting our goals.

TEK MCLplus - Modified Covered Lagoon for Efficient Biogas Management

DIVIDEND

I am pleased to announce that the Board is recommending a proposed final single tier dividend of 1.75 sen per ordinary share for FYE 2018 for shareholders' approval at the Company's forthcoming 8th Annual General Meeting. This is an increase from the rate of 1.50 sen declared and paid out from FYE 2017.

NOTE OF APPRECIATION

On behalf of my fellow Board members, I wish to convey my heartfelt gratitude to you, our shareholders, for your continuous support and faith in the Company. My sincere appreciation is also extended to our customers, suppliers, vendors, contractors and various stakeholders. Lastly, I would like to express my special appreciation to my fellow Board members for your contribution, counsel and support and to the Management and staff of Boilermech for your commitment and dedication in building and sustaining the Group's businesses.

Thank you.

DR. CHIA SONG KUN
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

Leong Yew Cheong
Managing Director

Business Overview

Boilermech Holdings Berhad Group ("Group") started its operations in 2005 as a design and manufacturing company, specialising in biomass boilers for the palm oil industry. The Group was first listed on the ACE Market on May 2011 and thereafter transferred to the Main Market in December 2014.

From the onset and over the years, the Group has continued to build its business and reputation and has now become the leading biomass boiler design and manufacturing company in Southeast Asia and supplies its products to as far as the African continent and also Central America.

The Group has also in recent years expanded its business and product range in tandem with the Group's objective of providing high quality renewable energy and sustainable environmental solutions.

VISION, MISSION AND VALUES

Our vision is to be a regional leader in providing waste-to-energy (renewable) and sustainable environmental solutions. We achieve this by creating and sharing value with our stakeholders through the offering of innovative, sustainable and high quality renewable energy solutions.

In Boilermech, we emphasise on our core values of Integrity, Teamwork, Perseverance and Innovativeness to support our vision and shape our culture.

PRINCIPAL ACTIVITIES OF THE GROUP

The principal segments in which the Group operates are the Bio-Energy and Water Treatment segments, where the Bio-Energy segment remains the primary business activity and income generator.

- **Bio-Energy segment**

The Bio-Energy segment refers principally to 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. This segment is operated through the Group's five (5) wholly-owned direct subsidiaries as follows:

Subsidiary name	Principal place of business	Principal activities
Boilermech Sdn Bhd	Malaysia	Manufacturing, repairing and servicing of boilers
Boilermech Cleantech Sdn Bhd	Malaysia	Producing integrated biomass electric power generation system
Zenith Index Sdn Bhd	Malaysia	Manufacturing biomass renewable energy system
Boilermech Oretech Sdn Bhd	Malaysia	Supply of palm oil recovery enhancement system
PT Boilermech	Indonesia	Repairing and servicing of boilers

The Bio-Energy segment's main manufacturing facilities are located at Taman Perindustrian Subang, Selangor, where the maximum capacity is a combination of 80 boilers per annum. The same premise also houses the administrative and corporate office of the Group, and as at 31 March 2018, the Bio-Energy segment has approximately 200 employees.

Our Indonesian subsidiary, PT Boilermech, is based in Jakarta. The office is set up to support the Group's Bio-Energy business in Indonesia, and as at 31 March 2018, the subsidiary has approximately 20 employees.

45,000kg/hr
Power Plant Boiler

MANAGEMENT DISCUSSION & ANALYSIS

TEK POME Treatment lagoon

- **Water Treatment segment**

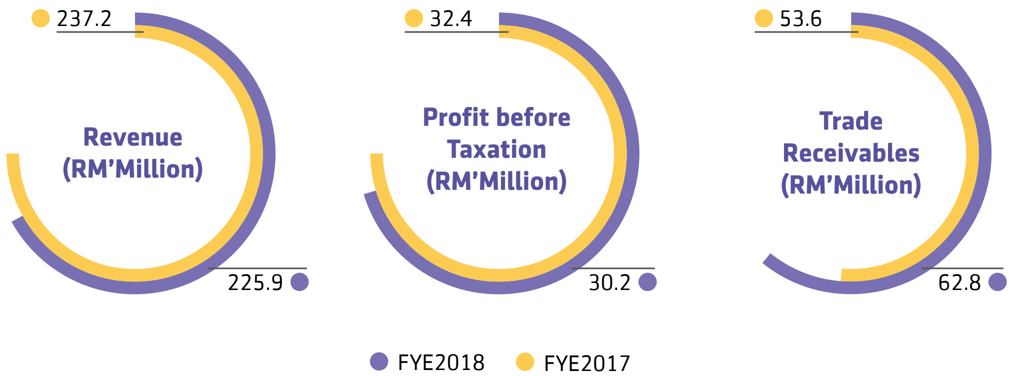
The Water Treatment segment refers principally to activities in the business of total water management, water treatment chemicals supply and field application services, new water treatment plant research and development and plant fabrication and supplies. This segment is operated through the Group's direct subsidiary, Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK"), an ISO9001:2015 Quality Management System certified company and three (3) indirect subsidiaries via TEK, all of which are based in Malaysia, details of which are as follows:

Company name	Effective equity interest	Principal activities
Direct subsidiary		
Teknologi Enviro-Kimia (M) Sdn Bhd	60.23%	Trader and contractor of water treatment chemicals and equipment
Indirect subsidiary		
T.E.K. Greencare Sdn Bhd	60.23%	Water treatment, chemicals and contract works
T.E.K. Water Sdn Bhd	60.23%	Supply water treatment chemical, related accessories and contractor for water treatment facilities
TEK Biotechnology Sdn Bhd	48.18%	Management services, technical consultancy service, project management, laboratory testing, trading and engineering works

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. As at 31 March 2018, TEK has approximately 100 employees.

REVIEW OF FINANCIAL RESULTS, PERFORMANCE AND FINANCIAL CONDITION

The Group's financial performance for the financial year under review (i.e. financial year ended ("FYE") 31 March 2018) as compared to the previous financial year (i.e. FYE 31 March 2017) is presented below:



	FYE 2018 (RM'million)	FYE 2017 (RM'million)	Variance (RM'million)	Variance (%)
Revenue	225.9	237.2	(11.3)	(4.8)
Profit before Taxation	30.2	32.4	(2.2)	(6.8)
Trade receivables	62.8	53.6	9.2	17.2

In comparing the financial results for the financial year under review (i.e. FYE 31 March 2018) against the preceding year (i.e. FYE 31 March 2017), the financial year under review was a challenging one for the Group, where it registered a 4.8% decrease in revenue. This was mainly caused by the after-effects of the El-Nino struck palm oil market, being the Group's major income contributor. Nonetheless, the Group's revenue reduction was cushioned by the improved contribution of the Water Treatment segment to the Group.

Profit Before Tax ("PBT") for the Group also recorded a decrease of 6.8%, from RM32.4 million to RM30.2 million, corresponding with the lower revenue reported.

Trade receivables increased from RM53.6 million to RM62.8 million, mainly due to the improved order book during the financial year under review and increased billing (i.e. jobs completed and billed as per milestone) in the 4th Quarter of FYE 2018 for the Bio-Energy segment.

In our efforts to manage the Group's resources prudently, our cash position continued to strengthen with cash and cash equivalent increasing from RM64.1 million to RM88.5 million, with no net borrowing at the Group level, which augurs well for the Group. There was no major capital investment during the financial year under review and the Group's working capital requirements are well supported by internally generated fund.

The Group's net tangible assets continued to grow as we remained profitable. By the end of the financial year under review, the net tangible assets had increased from RM165.1 million to RM186.4 million.

MANAGEMENT DISCUSSION & ANALYSIS

SEGMENTAL PERFORMANCE

The financial performance of the Group, by segment, is as follows:

	FYE 2018		FYE 2017	
	(RM'million)	Contribution percentage (%)	(RM'million)	Contribution percentage (%)
Revenue				
Bio-Energy Segment	190.7	84.4	207.3	87.4
Water Treatment Segment	35.2	15.6	29.9	12.6
Total	**225.9**	**100**	**237.2**	**100**
PBT				
Bio-Energy Segment	25.9	85.8	29.6	91.4
Water Treatment Segment	4.3	14.2	2.8	8.6
Total	**30.2**	**100**	**32.4**	**100**
PBT Margin (in %)				
Bio-Energy Segment	**13.6**		**14.3**	
Water Treatment Segment	**12.2**		**9.4**	
Overall	**13.4**		**13.7**	

Bio-Energy segment

Despite the slowdown in demand for biomass boilers due to after-effects of the El-Nino phenomenon which resulted in lower production yield of fresh fruit bunch from our customers in palm oil plantations and leading to lower investment in milling capacity, coupled with adverse global market conditions and the relatively stronger US Dollar, the Bio-Energy segment continues to be the major income contributor for the Group, contributing 84.4% to the Group's total revenue.

The Bio-Energy segment recorded an 8% decrease in revenue, dropping from RM207.3 million in FYE 2017 to RM190.7 million in FYE 2018. The 8% decline was mainly due to lower demand and activities at the beginning of the financial year. Nevertheless, the Bio-Energy segment had seen a gradual recovery as our order book for the financial year under review has improved and started to contribute to a stronger revenue from the 4th Quarter of FYE 2018 onwards.

The overall PBT margin was lower at 13.6% for FYE 2018 as compared to 14.3% recorded for FYE 2017. As there were no major changes to the cost of sales in relation to revenue (i.e. gross profit margin), the reduction in PBT margin was due to lesser revenue generated to cover the fixed overheads.

As part of our strategy 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 been extending and are consistently increasing our sales reach to other countries such as Thailand, Cambodia, Philippines, Africa, Papua New Guinea and South America.

However, for FYE 2018, 82.6% of our revenue came from Malaysia and Indonesia combined, an increase of 12.8% compared to the 69.8% combined revenue recorded in FYE 2017, details of which are illustrated in the table below:

	FYE 2018		FYE 2017	
	Revenue (RM'million)	Contribution percentage (%)	Revenue (RM'million)	Contribution percentage (%)
Malaysia	69.0	36.2	65.9	31.8
Indonesia	88.6	46.4	78.7	38.0
Others	33.1	17.4	62.7	30.2
Total	**190.7**	**100**	**207.3**	**100**

Despite the reduced contribution from countries other than Malaysia and Indonesia, we will continue to increase our marketing strategies and efforts in expanding our market reach beyond Malaysia and Indonesia.

Water Treatment segment

TEK was previously acquired as a form of diversification plan and also to strengthen the Group's aim in becoming a leader in providing renewable energy and sustainable environmental solutions. As at 31 March 2018, the Water Treatment segment contributed 15.6% to the Group's total revenue.

For FYE 2018, revenue contribution by the Water Treatment segment has improved by 17.7% from RM29.9 million to RM35.2 million, cushioning the Group's revenue reduction from the Bio-Energy segment. This improvement was mainly due to the increase in new projects orders which amounted to more than RM30 million secured during the financial year.

As the execution of projects optimises the utilisation of our existing capacity in TEK, the Water Treatment segment was able to achieve an improved profit margin of 12.2% in FYE 2018 as compared to 9.4% in FYE 2017. As a result of the growth in the Water Treatment segment, TEK's PBT contribution to the Group for FYE 2018 increased by 53.6% from RM2.8 million to RM4.3 million.

SIGNIFICANT RISKS TO THE GROUP

The Group has established an Enterprise Risk Management ("ERM") Framework to guide in the identification, analysis, evaluation, management/mitigation and monitoring of key risks to safeguard shareholders' investments and the Group's assets. Through the ERM Framework, the following three (3) key business risks have been identified, which the Group is rigorously managing and monitoring:

- Dependence on single industry or product

  This refers to reliance of the Group on a single industry (in which the majority of customers are in) or on a single product (in which the majority of sales/revenue are from). To mitigate this risk, the Group is constantly monitoring and analysing market demand, developing adjacent businesses and technologies where possible and seeking for opportunities to diversify;

- Competition

  This refers to increased competition which may have an adverse impact on the Group, in terms of customer growth, revenue or profitability. To manage this risk, the Group regularly performs competitor analysis to identify and understand our competitors' strengths and weaknesses, in addition to innovating and improving on our products and solutions to offer better quality at lower production cost. The Group also maintains good working relationship with customers and obtain feedback from them to further improve on our products and service offerings. We are also working on expanding our customer base, including focusing on our export market, in order to entrench our position as one of the largest market players in the industry; and

- Unanticipated project delays

  This refers to the inability to deliver or complete a project in accordance with the contractual timeframe or the agreed Extension of Time, if any. To mitigate this risk, the Group adopts stringent practices to diligently monitor on project scheduling. The Group also has a strict procurement and supplier selection process to reduce raw material delivery or production delays.

MANAGEMENT DISCUSSION & ANALYSIS

OTHER CORPORATE HIGHLIGHTS

Disposal of Dormant Subsidiaries under TEK

On 22 November 2017, the Company announced the proposed disposal of two (2) dormant subsidiaries under TEK via the following:
- Share Sale Agreement for the disposal of 55,000 ordinary shares representing 55% of the issued and paid up share capital in Tekflow Engineering Sdn Bhd for a total cash consideration of RM37,619; and
- Share Sale Agreement for the disposal of 45,000 ordinary shares representing 100% of the issued and paid up share capital in T.E.K. Specialties Sdn Bhd for a total cash consideration of RM71,439.

The above disposals were made in line with TEK's rationale to divest its interest in inactive subsidiaries and focus its resources fully on its active subsidiaries. The disposals were completed on 20 December 2017 and the two (2) entities effectively ceased to be subsidiaries of TEK and indirect subsidiaries of Boilermech.

DIVIDEND

Declaration and payment of dividend depend upon a number of factors, including amongst others, the Group's earnings, capital commitments, general financial conditions and other factors to be considered by the Board. The Board of Directors has on 23 May 2018 proposed a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 for the financial year ended 31 March 2018, subject to approval by shareholders at the forthcoming 8th Annual General Meeting of the Company.

FUTURE PLANS AND PROSPECTS

Amidst challenges within the palm oil industry, the Group is seeing an improvement in demand for bio-energy products from the palm oil industry in the financial year under review, and the Group's presence in the world's two largest palm-producing countries, i.e. Malaysia and Indonesia, remains strong.

Similarly, we expect the demand for water treatment solutions, effluent treatment and biogas to increase in tandem with increased environmental concerns and growing demand for clean water. The Group is poised to benefit from this by increasing operating synergies between the Bio-Energy and Water Treatment segments, where marketing strategies can be formulated to package the products and services from both segments in a synergistic manner, e.g. allow the Water Treatment segment to tap into the Bio-Energy segment's customer base and vice-versa.

Notwithstanding the above, we are aware of the economic headwinds, both globally and locally. Industry challenges such as geopolitical uncertainties and trade policies affecting the markets, unfavourable weather conditions affecting palm oil production, fluctuations in palm oil prices and foreign exchange rates will invariably affect the Group's performance. Nevertheless, the Group has an established and robust risk management system, where key business risks are closely monitored and mitigated to acceptable levels, where possible. We will continue to diversify, innovate and improve our product quality and technology, increase our focus towards non-palm oil applications and adopt a prudent policy to mitigate against the economic headwinds and uncertainties.

The Group is constantly on the lookout for opportunities to expand and grow. However, we are careful in selecting and formulating our next moves. With our prudent practices, our cash reserves remain at a healthy level and are expected to be sufficient for the Group to withstand economic challenges and take advantage of any business opportunities which may arise.

As for development plans on our property at Pulau Indah Industrial Park, Klang, in view of the current market conditions, we have decided to defer the project.

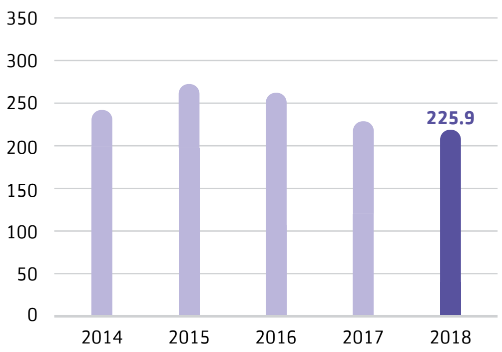
CONCLUSION

In spite of the lower revenue and profit before tax recorded for the financial year under review, fundamentals driving the Group's performance have improved, where increase in order book for both the Bio-Energy and Water Treatment segments were recorded during the financial year. We continue to stay focused in our delivery of the two core segments and with the continuous growth and contribution of the Water Treatment segment towards the Group's revenue, the Board is optimistic of the Group's performance in the next financial year.

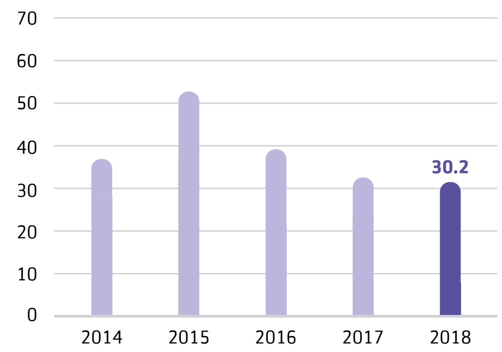
FINANCIAL HIGHLIGHTS

	2014 RM Mil	2015 RM Mil	2016 RM Mil	2017 RM Mil	2018 RM Mil
Revenue	242.0	277.9	260.1	237.2	225.9
Profit before Taxation	38.2	52.2	39.6	32.4	30.2
Profit after Taxation after Minority Interest	31.0	39.2	30.8	23.1	20.6
Total Assets	214.2	229.2	299.0	273.1	308.4
Net Tangible Assets	104.8	131.2	157.7	165.1	186.4

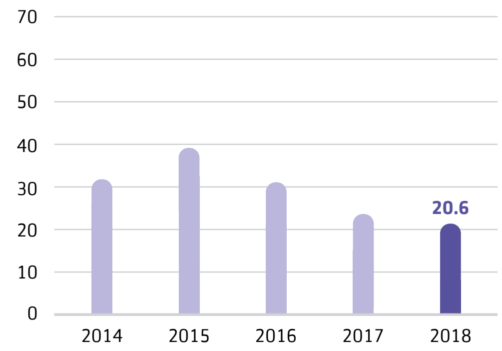
Revenue (RM Mil)



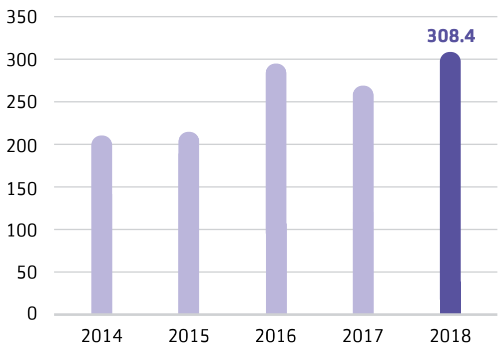
Profit before Taxation (RM Mil)



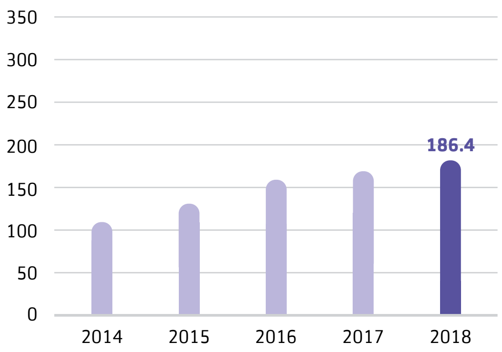
Profit after Taxation after Minority Interest (RM Mil)



Total Assets (RM Mil)



Net Tangible Assets (RM Mil)



SUSTAINABILTY STATEMENT

SUSTAINABILITY STATEMENT

This General Sustainability Statement ("Statement"), which is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), sets out what the Board of Directors ("Board") of Boilermech Holdings Berhad ("Boilermech" or "Company") considers as material sustainability risks and opportunities (collectively known as "Material Sustainability Matters") that impact the way the operations of Boilermech and its subsidiaries ("Group") are carried out as well as how such Material Sustainability Matters are identified and managed. In preparing this Statement, the Board has considered the Sustainability Reporting Guide, including its accompanying Toolkits, issued by Bursa Securities.

This Statement underlines the Group's commitment towards ensuring that its business operations are carried out sustainably and responsibly, taking cognizance of the economic, environmental and social ("EES") implications it is exposed to.

The contents of this Statement encompass both the Group's business segments, namely the Bio-Energy Segment and the Water Treatment Segment.

MATERIAL SUSTAINABILITY MATTERS

During the financial year and up to the date of this Statement, the Group has engaged an external consultant to facilitate an internal engagement session to identify sustainability matters which are material to the Group's businesses, considering both the Bio-Energy Segment and Water Treatment Segment. Members of the Executive Committee participated in and contributed to the internal engagement session, setting out the Material Sustainability Matters of the Group, as detailed below in the thematic aspects of Economic, Environmental and Social.

Economic

Having customers prioritised in its business operations, the Group views the attraction and retention of key customers as being vital for the sustainability of the Group. Therefore, the Group views the quality of its products and services as well as timely delivery of the same as material aspects to its economic performance. Accordingly, the Group has in place established policies and procedures to ensure production and delivery are made in accordance with standards and specification as well as terms of contractual agreements entered.

Committed to the delivery of quality products and services, the Group's main subsidiary in the Bio-Energy Segment, Boilermech Sdn Bhd is an ISO 9001:2008 (Quality Management System) accredited Company and is in the midst of upgrading its accreditation to the newer ISO 9001:2015 (Quality Management System). The Group's subsidiary in the Water Treatment Segment, Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK") is also an ISO 9001:2015 (Quality Management System) accredited Company. With these accreditations, the Group is able to demonstrate its ability to provide quality products and services that meet both its customers' and regulatory requirements.

The Group's Quality Assurance and Quality Control Department conducts stringent quality checks at critical stages of manufacturing before the products are certified by the External Inspectors, who provide additional assurance to the quality of products, before they are delivered to customers. Emphasis is placed on key factors affecting product quality, including the sourcing of materials, manufacturing process and workmanship.

SUSTAINABILITY STATEMENT

The Group's provision of services in both the Bio-Energy and Water Treatment Segments is delivered by highly skilled, knowledgeable and experienced engineers and skilled workers. Our employees are provided with regular training to keep them abreast of the latest development and technology.

With over 13 years of experience in the industry, the Group has gained experience in devising an efficient delivery logistics system for the timely delivery of its products and services. The Project Team is tasked with scheduling and monitoring of project and project management to ensure delivery plans are implemented by the Manufacturing, Packing and Logistics Team. In addition, the Group assesses and maintains records on the performance of its suppliers, contractors and forwarders in terms of quality of service, reliability and timeliness. Such processes enable the Group to optimise the deployment of resources in its delivery, especially for the Group's key customers.

The Group also views pricing as an important economic element to the Group's operational sustainability, having to strike a balance between generating returns for shareholders and meeting the demand-supply curve in the market. To remain competitive in the market, the Group, through its Design team, seeks to optimise and rationalise production cost, by improving product design to reduce material usage and wastage and sourcing for materials of the same or higher quality at more competitive costs.

Environmental

The nature of Boilermech's businesses supports and promotes environmental sustainability. Boilermech provides products and solutions to treat or reduce its customers' emissions, waste and effluents, and manage the consumption of resources such as water and energy.

The Group's core product under the Bio-Energy Segment, which is the biomass boiler, is designed to use various biomass wastes as fuel, such as oil palm wastes (e.g. Empty Fruit Bunches or "EFB"), wood wastes and rice husks to name a few, to generate steam and electricity. This provides a cleaner alternative for power generation as compared to boilers using fossil fuel which generally result in higher level of pollution. Besides this, the use of biomass fuel for power and steam generation also helps to address the biomass waste management issue.

Boilermech also provides solutions to its customers for air pollution control by providing suitable technology and products to comply with the Clean Air Act set by the Department of Environment ("DOE").

The Group, through its Water Treatment Segment under TEK, provides solutions to treat palm oil mill effluent ("POME") to firstly, capture the biogas from POME to generate electricity and reduce the methane[1] discharged into the atmosphere. Secondly, the combination of our biogas solutions and tertiary treatment plants enable palm oil mills to ensure the final discharge of effluent into the watercourse meets the Biological Oxygen Demand ("BOD") requirement of 20 parts per million ("ppm").

[1] *A potent greenhouse gas emitted by EFB with a global warming potential higher than carbon dioxide*

TEK also provides wastewater treatment solutions for industrial use. During the financial year under review, the Group supplied and installed 250m^3/hour and 200m^3/hour of wastewater and raw water treatment capacity respectively.

Committed to progressing further in the Group's environmental sustainability agenda, the Management is also tasked to explore and develop potentially new technology and enhance existing technology to step up the capacity and capability of the Group's products and services in achieving carbon efficiency and pollution minimisation.

The Group is continuously working on innovating and improving its designs and technology in renewable energy generating systems which are environmentally friendly and cost efficient. Through its products and services, the Group aims to minimise wastages, achieve optimal usage of biomass fuel and reduce harmful emissions into the environment.

Social

At the social realm, the Group places its employees and workers at the forefront and considers them as its most important assets. Strong emphasis is placed on the employees' occupational safety and health ("OSH") matters as well as talent development and retention. The Group is committed to providing its employees and workers with a safe and conducive working environment which encourages optimal productivity.

In terms of OSH matters, the Group, with the assistance of the Safety and Health Committee which is helmed by the Managing Director, has established and embedded an OSH Policy which guides all health and safety practices for factory, site and office workers, to be adhered to at all times. The said committee is responsible for ensuring the OSH Policy is reviewed on a regular basis to ensure its relevance, as well as to monitor and ensure the implementation of the OSH Policy throughout the Group. A Safety and Health Officer performs periodic audit at the factory and sites, and reports improvement opportunities and any non-compliances to the Safety and Health Committee and employees for timely corrective actions to be taken.

Various health and safety programmes are regularly conducted to inculcate a mindset on safety awareness and practices amongst the employees, workers and contractors, who are trained to anticipate, recognise, evaluate, control and manage possible safety and health hazards arising at the workplace.

Apart from the abovementioned in-house training, the Group also invites external professionals to provide OSH-related trainings to its employees and workers from time to time, with the objective of broadening employees' awareness and knowledge pertaining to workplace safety and ability to respond to incidences.

No major incidences on safety and health issues were recorded for the financial year ended 31 March 2018.

The Group is mindful of the need to constantly upskill its workforce and treat its employees fairly by providing equal opportunities to all for personal and career enhancement within the Group. The relevant training is provided in developing employees' functional development, leadership skills as well as soft skills.

The Company also recognises the value of dedicated and long serving employees, acknowledging their loyalty and contribution to the Group. The Company has a policy to provide incentives to award long serving employees when they complete 10 years of service within the Group.

TOWARDS A SUSTAINABLE FUTURE

Notwithstanding the Material Sustainability Matters disclosed in this Statement, the Group also considers other aspects of sustainability risks and opportunities, in terms of economic, environmental and social, and has invested resources and efforts to manage these sustainability matters where applicable.

The Board is of the view that the existing sustainability practices adopted are adequate and pertinent to steer the Group's sustainable growth. Nonetheless, it will consider the need to implement other sustainability practices, as appropriate, to augment existing ones as the Board monitors the sustainability performance of the Group's operations on an ongoing basis.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Boilermech Holdings Berhad ("Boilermech" or "Company") presents this Statement to provide an overview of the Company's application of the Principles set out in the Malaysian Code on Corporate Governance for the financial year under review and up to the date of this Statement.

The Board recognises the importance of implementing high standards of corporate governance in the Company for the purposes of safeguarding the interest of its stakeholders and the assets of Boilermech and its subsidiaries ("Group"). In adopting corporate governance practices, the Board is mindful in considering the five pillars of transparency, accountability, ethical culture, sustainability and financial performance.

As such, the Board seeks to embed in the Group a culture that is aimed at delivering balance between conformance requirements and the need to deliver long-term strategic imperatives through performance, without compromising on personal or corporate ethics and integrity.

Following the introduction of the new Malaysian Code on Corporate Governance ("MCCG") by the Securities Commission on 26 April 2017, the Board is cognizant of the growing level of expectations for proper corporate governance and has taken such steps as are necessary to strengthen and ensure such level of governance is adopted throughout the Group.

The details on how the Company has applied each of the 36 Practices as set out in the MCCG are disclosed in the Corporate Governance Report, which is available for viewing on the Company's website at www.boilermech.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Company is led by a Board who is responsible for the overall business direction of the Group. The Board provides stewardship to the Company and oversees the conduct of the business affairs of the Group's operations and performance in achieving long term values to shareholders as well as other stakeholders of the Group.

The Company has established a Board Charter, the objective of which is to serve as a source of reference and primary guide to the Board and Senior Management as it sets out the roles, functions, composition, operation and processes of the Board and seeks to ensure that all Board members are fully aware of their duties and responsibilities. To enable the Board to function effectively and with proper accountability, the Board Charter has delineated a schedule of matters reserved for the Board's deliberation and decision. This is to ensure that the powers and direction of the Company are vested in the Board.

The Board Charter is accessible on the Company's website at www.boilermech.com.

To assist in the discharge of its stewardship role, the Board has delegated and conferred some of its authorities and powers to its Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee. The demarcation of roles and responsibilities of the Board of Directors, Board Committees, Chairman and Managing Director, is summarised as follows:

Board
Responsible for the overall business direction and conduct of the Group's business.

Board Chairman
Responsible for leadership of the Board, by ensuring effective conduct of the Board and effective communication with shareholders and stakeholders.

Audit Committee ("AC")	Nomination Committee ("NC")	Remuneration Committee ("RC")
Oversees matters relating to financial reporting, external audit, internal audit, related party transactions, conflict of interest situations and risk management.	Oversees matters pertaining to the structure, size and composition of the Board and Board Committees, including identifying and nominating candidates to fill Board/Board Committee vacancies and the annual evaluation of the Board, Board Committees and individual Directors.	Reviews and recommends to the Board the remuneration of Directors and Senior Management to align with the long-term objectives, business strategy and performance of the Group.

Managing Director
Responsible for ensuring efficiency and effectiveness of the Group's operations, implementing policies, strategies and decisions adopted by the Board and highlighting material and relevant matters to the attention of the Board in an accurate, comprehensive and timely manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is chaired by Dr. Chia Song Kun, a Non-Independent Non-Executive Director, whereas the Managing Director position is held by Mr Leong Yew Cheong, providing a clear distinction and separation of the two roles, maintaining a balance of power and authority to the Board's dynamics and ensuring no one individual has unfettered decision-making powers.

Whilst Dr. Chia Song Kun focuses on providing overall leadership to the Board, the Independent Audit Committee Chairman, namely Mr Low Teng Lum, provides checks and balances by leading the AC to independently oversee and scrutinise the Group's financial reporting and related matters, external and internal audits, related party transactions, including any conflict of interest situations and system of internal controls and risk management.

The Nomination Committee is chaired by an Independent Director, Mr Adrian Chair Yong Huang, to lead the NC to objectively and independently perform its duties, including overseeing matters pertaining to the structure, size and composition of the Board and other Board Committees, identifying and nominating candidates to fill Board and Board Committee vacancies, conducting the annual evaluation of the Board, Board Committees and individual Directors, assessing the retiring directors to be re-elected at the Company's annual general meetings and overseeing Directors' training needs and succession planning.

The Board is committed to conducting its business in accordance with the highest standards of business ethics and in compliance with all the relevant laws, rules and regulations. The Company has in place a Code of Ethics which sets out the standards of conduct expected from the Directors and employees of the Group, to ensure an ethical culture and high standards of behaviour permeate all levels of the Group.

To further fortify the Group's governance framework, a Whistleblower Policy has been formalised to enable internal and external stakeholders of the Group to raise in confidentiality any concerns relating to wrongful activities or possible breaches of laws within the Group. The Company's Code of Ethics and Whistleblower Policy is accessible on the on the Company's website at www.boilermech.com.

The Board members have unrestricted access to the Company Secretaries who provides advisory services to the Board, particularly on Corporate Governance issues and compliance with the relevant laws and regulatory requirements and policies and procedures, in addition to administrative matters.

The Board is committed to devoting sufficient time and effort in carrying out their duties and responsibilities, which include attending Board and Board Committee meetings. Details of the attendance of the Directors in office during the financial year under review are as follows:-

Directors	Designation	Meeting Attendance			
		Board	AC	NC	RC
Dr. Chia Song Kun	Chairman	6/6	6/6	2/2	3/3
Leong Yew Cheong	Managing Director	6/6	-	-	*2/2
Chia Lik Khai	Deputy Managing Director	6/6	-	-	-
Chia Seong Fatt	Alternate Director to Chia Lik Khai	6/6	-	-	-
Gan Chih Soon	Executive Director	6/6	-	-	-
Tee Seng Chun	Alternate Director to Gan Chih Soon	6/6	-	-	-
Low Teng Lum	Independent Non-Executive Director	6/6	6/6	2/2	3/3
Mohd Yusof Bin Hussian	Independent Non-Executive Director	6/6	6/6	2/2	-
Ho Cheok Yuen	Independent Non-Executive Director	6/6	6/6	2/2	*1/1
Adrian Chair Yong Huang	Independent Non-Executive Director	6/6	6/6	2/2	3/3

* *Mr Leong Yew Cheong stepped down as a member of the RC in November 2017, in line with Guidance 6.2 of the MCCG that the RC shall comprise solely of non-executive directors. In his place, Mr Ho Cheok Yuen, an Independent Non-Executive Director was appointed as a member of the RC.*

The Board acknowledges the importance of continuous education and training programmes for its members to enable the effective discharge of its responsibilities and to be apprised on the changes to regulatory requirements and the impact of such regulatory requirements on the Group. The Company Secretaries circulate to the Board the relevant guidelines on statutory and regulatory requirements and any changes thereto and brief the Board on the updates at Board meetings.

All Directors have completed the Mandatory Accreditation Programme as required by the Listing Requirements of Bursa Malaysia Securities Berhad. Via the NC's annual evaluation of the Board, Board Committees and individual Directors, the Board also assess the training needs of the Directors. During the financial year under review, the trainings attended by the Directors included seminars, workshops, conferences and briefings conducted by the relevant regulatory authorities and professional bodies, details of which are as follows:-

Directors	Training programmes, briefings, seminars, workshops and conferences attended
Dr. Chia Song Kun	• Bursa Malaysia Berhad: CG Breakfast Series for Directors - Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World
Leong Yew Cheong	• Boilermech in-house training: Introduction to Performance Management • Boilermech in-house training: Performance Planning, Tracking, Coaching and Appraisal
Chia Lik Khai	• QL in-house training: Leadership Program - Developing Organisational Talent 3 • Boilermech in-house training: Introduction to Performance Management • Boilermech in-house training: Performance Planning, Tracking, Coaching and Appraisal
Chia Seong Fatt	• QL in-house training: Leadership Program - Developing Organisational Talent 3 • QL in-house training: 4th Broiler Conference • QL in-house training: 5th Layer Conference • Dalian Commodity Exchange: 12th China International Oils and Oilseeds Conference • Bursa Malaysia Berhad and CME Group: Palm and Lauric Oil Price Outlook Conference & Exhibition (POC) 2018
Gan Chih Soon	• Boilermech in-house training: Introduction to Performance Management • Boilermech in-house training: Performance Planning, Tracking, Coaching and Appraisal
Tee Seng Chun	• Boilermech in-house training: Introduction to Performance Management • Boilermech in-house training: Performance Planning, Tracking, Coaching and Appraisal • Boilermech in-house training: Digital Transformation - Time to Change
Low Teng Lum	• Malaysian Institute of Accountants: Capital Market Conference 2017 • Malaysian Institute of Accountants: MIA Oracle Breakfast Talk Series - Digital Disruption and How CFOs Can Stay On Top of Change • Malaysian Institute of Accountants: MIA International Accountants Conference 2017 • Malaysian Institute of Accountants: MIA-SC Workshop on Malaysian Code on Corporate Governance • Terus Mesra Sdn Bhd: The Malaysian Code on Corporate Governance • Crowe Malaysia: Goods and Services Tax
Mohd Yusof Bin Hussian	• Securities Industry Development Corporation (SIDC): Reg Tech -The Innovation to Manage Risk & Compliance • AON Hewitt & Boardroom: Raising the Bar on Corporate Governance • FIDE: 3rd Distinguished Board Leadership Series - Crypto Currency & Blockchain Technology • Khazanah Nasional Berhad: Khazanah Megatrends Forum 2017 • Bank Negara Malaysia & International Association of Insurance Supervisors (IAIS): 24th Annual IAIS Annual Conference • Audit Committee Institute (ACI) & KPMG Management and Risk Consulting Sdn Bhd: Audit Committee Institute Breakfast Roundtable 2018
Ho Cheok Yuen	• Aram Global Sdn Bhd: Annual Combatting Procurement Fraud and Corruption In the Public and Private Sectors Seminar 2018 - "Prevention, Detection and Elimination of Corruption and Fraud in Procurement"
Adrian Chair Yong Huang	• A&O Global Law Conference • Khazanah Nasional Berhad: Khazanah Megatrends Forum 2017

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. Board Composition

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 fulfils the MCCG requirement that at least half the Board comprise of Independent Directors. The Independent Directors provide unbiased and independent judgment in ensuring that the strategies proposed by the Management are fully and objectively deliberated, challenged and examined, taking into account the interests of shareholders and other stakeholders of the Company. They are essential for protecting the interests of minority shareholders and make significant contributions to the Board's decision making by bringing in the quality of detached impartiality.

The assessment of the independence of each of the Independent Directors is undertaken annually according to the criteria as prescribed by the MCCG and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Board recognises that diverse professional backgrounds, skills and extensive experience and knowledge are pivotal towards the Group's performance, financial or otherwise. The current Board members possess a diverse range of skills and experience, including, amongst other, in the areas of boiler designing and manufacturing, business, finance, accountancy, auditing, law, education, agro-food, manufacturing and electrical, mechanical and agricultural engineering.

The Board does not have a specific policy for setting targets for gender, ethnic or age diversity on the Board. Evaluation of the suitability of candidates is based on the candidates' competency, character, integrity, time commitment and experience in meeting the Company's needs. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre. With respect to addressing the gender diversity agenda, the Board has tasked itself to source for a suitably qualified female director before the Company's Annual General Meeting ("AGM") in 2019.

The Board, through the NC, conducts an annual evaluation of the Board and Board Committees, to determine if the Board and Board Committees have the right composition, adequate information in decision making and have effectively discharged their duties and responsibilities. The individual Directors also undertook a self and peer-assessment of their performance during the financial year under review. Through these assessments, the Board is satisfied that the Board, Board Committees and individual Directors are functioning effectively and collectively possess adequate knowledge and skills to meet the Company's needs.

A summary of key activities undertaken by the NC in discharging its duties during the financial year under review is set out below:-

- Reviewed the mix of skills, integrity, competencies, experience, time commitment, contribution and other qualities required of the Board;
- Assessed the performance and effectiveness of the Board, Board Committees and individual Directors;
- Reviewed the composition of the Board and Board Committees;
- Reviewed the performance of the Audit Committee and the AC members;
- Assessed the independence of the Independent Directors;
- Assessed the training needs of the Directors;
- Assessed the Directors who are due for retirement and re-election at the Company's forthcoming AGM; and
- Reviewed the Group's human capital development and talent management plan, including succession planning.

III. Remuneration

The Remuneration Committee is tasked to review and recommend the remuneration of the Directors and Senior Management for the Board's approval. The criteria for consideration in determining Executive Directors' remuneration includes corporate and individual performances. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise, level of responsibilities and time commitment undertaken by the respective Non-Executive Director.

The Directors are required to abstain from deliberating and voting on their own remuneration at Board and/or RC Meetings.

The aggregate remuneration of Directors received from the Company and on Group basis for the financial year ended 31 March 2018 is as follows:-

Directors	Fees RM	Salaries and EPF RM	Bonuses RM	Other allowances/ emoluments RM	Benefits in-kind RM	Total RM
Group						
Non-Executive Director						
Dr. Chia Song Kun	108,000	-	-	12,000	-	120,000
Low Teng Lum	96,000	-	-	12,000	-	108,000
Mohd Yusof Bin Hussian	84,000	-	-	12,000	-	96,000
Ho Cheok Yuen	105,453[(1)]	-	-	40,190[(1)]	-	145,643[(1)]
Adrian Chair Yong Huang	84,000	-	-	12,000	-	96,000
Executive Director[(2)]						
Leong Yew Cheong	-	756,115	173,225	593	28,000	957,933
Chia Lik Khai	-	391,510	91,000	852	-	483,362
Gan Chih Soon	-	457,610	104,000	852	17,400	579,862
Tee Seng Chun	-	468,203	107,250	1,705	17,400	594,558
Chia Seong Fatt	36,000[(3)]	-	-	-	-	36,000
Company						
Non-Executive Director						
Dr. Chia Song Kun	108,000	-	-	12,000	-	120,000
Low Teng Lum	96,000	-	-	12,000	-	108,000
Mohd Yusof Bin Hussian	84,000	-	-	12,000	-	96,000
Ho Cheok Yuen	105,453[(1)]	-	-	40,190[(1)]	-	145,643[(1)]
Adrian Chair Yong Huang	84,000	-	-	12,000	-	96,000

Notes:

(1) *Mr Ho Cheok Yuen's fees and meeting allowance have been converted from Singapore Dollar to Ringgit Malaysia as shown above based on the average exchange rate of SGD1:RM3.1.*
(2) *Salaries, bonuses, etc. for Executive Directors derived only from subsidiary.*
(3) *This refers to Director's fee paid to Mr Chia Seong Fatt, in his capacity as Director of the Company' subsidiary, Boilermech Sdn Bhd.*

The position of the top four (4) Senior Management of the Group is occupied by the four (4) Executive Directors of the Group, namely Mr Leong Yew Cheong, Mr Chia Lik Khai, Mr Gan Chih Soon and Mr Tee Seng Chun. Details of their remuneration are as disclosed above. The 5th Senior Management personnel is Mr Yong Hua Kong, the Managing Director of Teknologi Enviro-Kimia (M) Sdn Bhd, the 60.23% owned subsidiary of the Company. His remuneration (comprising salary, benefits-in-kind and other emoluments) for the financial year ended 31 March 2018 which is provided herewith in bands of RM50,000 falls within the range of RM400,001 to RM450,000.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Board has established an Audit Committee which is tasked to oversee matters relating to financial reporting, auditing, internal controls, risk management, related party transactions and conflicts of interest situations.

The AC comprises five (5) members, four (4) of whom, including the AC Chairman, are Independent Non-Executive Directors and one (1) member who is a Non-Independent Non-Executive Director. The requirements for the AC to consist of at least three (3) members, all of whom shall be non-executive with majority being Independent Directors and the requirement for the AC Chairman to be an Independent Director are set out in the AC's Terms of Reference.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The AC brings to the Board an independent and objective approach that safeguards the integrity of the Company's financial reporting, which includes ensuring the independence and quality of audit activities which are key to providing objective assurance to the AC in forming the basis for their recommendations to the Board.

Subsequent to the financial year under review, the AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC and such policy has been incorporated in the AC's Terms of Reference.

In the annual assessment on the suitability, objectivity and independence of the External Auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the Listing Requirements.

The performance of the AC and AC members is evaluated annually by the Nomination Committee and the results are reported to the Board. The evaluation covers key aspects such as the members' independence and discharge of their duties under the AC's Terms of Reference. Based on the assessment for the financial year ended 31 March 2018, the Board was satisfied with the performance of the AC and AC members. As disclosed earlier in this Statement, the AC members have attended various training programmes and seminars to broaden their knowledge and keep abreast with the relevant development and changes in laws, regulations, internal control systems and risk environment in which the Group operates.

II. Risk Management and Internal Control Framework

The Board has the overall responsibility for maintaining a sound system of risk management and internal control in the Group that provides reasonable assurance on the effective and efficient business operations, fair financial and other reporting, compliance with laws and regulations as well as internal procedures and guidelines.

The Board, through the AC, oversees the risk management matters of the Group, which include identifying, analysing, evaluating, managing, monitoring, treating and mitigating significant risks across the Group. In this respect, the AC and Board is assisted by the Risk Management Unit ("RMU"), a Management level working committee established to ensure the implementation of an effective management system and to review the adequacy and integrity of the Group's internal control and management information system.

Further information on the Group's risk management and internal control framework, as well as the activities carried out during the financial year under review and reporting processes, can be referred to in the Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Board recognizes the importance of being transparent and accountable to the Company's stakeholders and acknowledges that continuous communication between the Company and its stakeholders would facilitate mutual understanding of each party's objectives and expectations. As such, the Board provides clear, comprehensive and timely information to stakeholders via various disclosures and announcements, including the quarterly and annual financial results which provide investors with up-to-date financial information of the Group. All the announcements and other information about the Company are available on the Company's website which shareholders, investors and the public may access via www.boilermech.com.

In addition, the Directors also facilitate engagement with shareholders through designated question and answer sessions during the Company's Annual General Meetings.

II. Conduct of General Meetings

The Annual General Meeting, which is the principal forum for shareholders dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. Shareholders are encouraged to participate in deliberations at the AGM and seek clarification where needed. During the last AGM held on 23 August 2017, the Chairman provided ample time for the question and answer sessions. All the Directors together with the Managing Director, Chief Financial Officer and Management were present to respond to all queries raised.

In compliance with Practice 12.1 of the MCCG, Notice of the Company' forthcoming 8th AGM to be held on 24 August 2018 shall be issued at least 28 days prior to the AGM date to allow shareholders sufficient time to review the Company's Annual Report and explanatory notes supporting the resolutions proposed.

This statement was approved by the Board on 4 July 2018.

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 2018 ("financial year") are as follows:

	Group (RM)	Company (RM)
Audit fees	183,070	53,000
Non-audit fees	3,500	3,500

2. Material contracts involving directors, chief executive who is not a director and major shareholders for the financial year

There were no material contracts entered into during the financial year by the Group involving directors' or major shareholders' interests. The Company does not have a chief executive who is not a director.

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 directors' 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 28 July 2017 during the Company's Annual General Meeting held on 23 August 2017.

The Company had announced on 4 July 2018 that the Company is seeking its shareholders' approval for the Proposed Renewal of Shareholders' Mandate for Existing RRPT at the Company's forthcoming 8th 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 26 July 2018 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 Resources Berhad ("QL") Group and Boilermech Group(1)	QL is one of the substantial shareholders of Boilermech	The provision of engineering solutions to QL in relation to bio-energy systems and water treatment activities.	4,858
EITA Resources Berhad ("EITA") Group and Boilermech Group(2)	A substantial shareholder of EITA is connected to a director of Boilermech Group	The purchase of boiler electronic equipment from EITA Group.	204

Notes:

(1) 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.

(2) Mr Chia Seong Fatt also has substantial shareholdings in EITA, held through Ruby Technique Sdn Bhd via Farsathy Holdings Sdn Bhd.

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 2018 ("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 questions raised by the Audit Committee members during their meetings. The Audit Committee also deliberated on 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 related party transactions in respect of the disposal by Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK"), a 60.23%-owned subsidiary of the Company, of two (2) dormant subsidiaries, namely Tekflow Engineering Sdn Bhd and T.E.K. Specialties Sdn Bhd to two (2) of TEK's directors respectively.

4. Reviewed the operational and financial monitoring by Management of the new subsidiaries of the Group, i.e. TEK group of companies.

5. 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.

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

7. Evaluated the External Auditors' independence, objectivity, effectiveness, terms of engagement and audit fees, 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.

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

9. Reviewed the internal audit reports of the Group, which outlined the audit findings and 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.

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

11. 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.

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

13. 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 2018 to the Board on 4 July 2018.

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 ended 31 March 2018, the Internal Auditors had focused on TEK Group and reviewed and assessed the adequacy of their internal controls systems. The Internal Auditors 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:-

- General management;
- High level governance;
- Revenue management;
- Financial management; 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 ("Board") of a listed issuer to include in its Annual Report a statement about the state of risk management and internal control of the listed issuer as a group. Accordingly, the 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 2018.

Board's Responsibility

The Board acknowledges its responsibility in maintaining a sound and robust system of risk management and internal control to safeguard shareholders' investments and the Group's assets. The Board is assisted by the Audit Committee to oversee and monitor the effectiveness of the Group's risk management system. The Audit Committee meets on a quarterly basis, where principal risks identified and action plans to address the risks will be highlighted by the Risk Management Unit, a Management Committee. The Audit Committee then reports the same to the Board.

The Board and the Audit Committee have 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.

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.

Risk Management and Internal Control Structure

Risk management and internal controls are regarded as an integral part of the Group's business management processes. Some of the key elements of the Group's risk management and internal control system are as follows:

- **Organization structure**

  The Group has established an organizational structure with formally defined lines of responsibility and delegation of authority, augmented by hierarchical reporting culminating in the Board. The organizational structure enables each department to focus on the respective roles and responsibilities assigned to them and enhances operational efficiency and effectiveness.

- **Code of Ethics**

  The Group has a formalized Code of Ethics to provide a behavioral framework which sets out the Group's standards of integrity, acceptable conduct and behavior. The Code of Ethics is communicated to all employees of the Group.

- **Policies and Procedures**

  The Group has established policies and procedures for the Group's core business units, which are clearly communicated to all relevant parties. These policies and procedures are reviewed and updated from time-to-time to adapt to the changing business environment.

- **Business performance monitoring**

  Business performance is monitored periodically, focusing on both financial and operational results. The Group's annual business plan and budget for all major business units is reviewed and approved 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.

  The Board receives Management's reports on business performance, which include action plans to address areas of concerns, if any. The Audit Committee assists the Board in reviewing quarterly financial results, which are approved by the Board before the same is announced to the regulators and the public. The full-year financial statements are audited by the External Auditors before announcement of the same to the regulators and the public.

  The Managing Director and his fellow Executive Directors are actively involved in the day-to-day running of the major businesses, including having regular discussions with Senior Management personnel on operational issues.

  The internal controls of the Group are further supported by formalized limits of authority for the various committees and personnel as designated. Support functions such as 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.

Enterprise Risk Management ("ERM") Framework and Policy

The Board has established an ERM Framework and Policy to guide in the identification, assessment, evaluation, treatment and monitoring of principal risks to safeguard shareholders' investments and the Group's assets. The ERM framework is being guided by the ISO 31000:2018. The ERM processes are as follows:

- **Risk identification**

  This process involves the identification of key risks that could have a material negative impact on the Group's ability to achieve its objectives. During this process, risks are considered from both strategic and operational perspectives, as well as through various sources such as business operations, internal and external audit findings, customer complaints and incidents occurred.

- **Risk rating**

  Risks identified are then assessed and ranked based on the severity of consequences and likelihood of occurrence, giving different risk rating to each identified risk. This allows risks to be prioritized and resources to be effectively used in managing the principal risks identified.

- **Risk treatment**

  Risk treatment process includes actions, measures and strategies undertaken by Management to bring principal risks to an acceptable rating level. The implementation of risk treatment plans are generally the responsibility of the risk owners and risk delegates.

- **Risk monitoring**

  Principal risks identified are monitored by risk owners and risk delegates to ensure the risk ratings remain relevant and that controls that have been put in place remain effective and adequate amidst changing circumstances. Any changes will be reported, and appropriate action plans will be devised with a view to realign the risk rating to an acceptable level.

The Group adopts a decentralized approach to risk management, whereby all employees take ownership and accountability for risks at their respective levels. The process of risk management and treatment is the responsibilities of the Heads of Department.

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 a risk based 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 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 2018 amounted to approximately RM35,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Review of the Statement on Risk Management and Internal Control

In accordance with Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *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 2018, and reported to the Board that nothing has come to their attention that caused 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.

AAPG 3 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 2018 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 4 July 2018.

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 2018 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.

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 2018.

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	21,927,092	11,017,449
Attributable to:-		
Owners of the Company	20,574,805	11,017,449
Non-controlling interests	1,352,287	-
	21,927,092	11,017,449

DIVIDENDS

Dividends paid or declared by the Company since 31 March 2017 are as follows:-

	RM
In respect of the financial year 31 March 2017	
A final single tier dividend of 1.50 sen per ordinary share, approved by the shareholders at the Annual General Meeting held on 23 August 2017, paid on 15 September 2017	7,740,000

At the forthcoming Annual General Meeting, a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 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 for as a liability in the financial year ending 31 March 2019.

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.

DIRECTORS' REPORT

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

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

The names of directors of the Company who served during 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)

The names of directors of the Company's subsidiaries who served during the financial year and up to date of this report, not including those directors mentioned above, are as follows:-

Benja Boonyakitsombat
Hii Hiong Swee
Ling Pick Wuong
Yong Hua Kong
Yong Yew San
Liu Chuan Yew (Resigned on 5.5.2017)

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 1.4.2017	Bought	Sold	At 31.3.2018
The Company				
Direct Interests				
Chia Song Kun	400,000	-	-	400,000
Leong Yew Cheong	64,405,824	-	8,000,000	56,405,824
Chia Lik Khai	500,000	-	-	500,000
Gan Chih Soon	20,424,140	250,000	-	20,674,140
Low Teng Lum	400,000	-	-	400,000
Mohd Yusof Bin Hussian	420,000	30,000	-	450,000
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

DIRECTORS' INTERESTS (CONT'D)

	<---------------------- Number of Ordinary Shares --------------------->			
	At 1.4.2017	Bought	Sold	At 31.3.2018
The Company				
Indirect Interests				
Chia Song Kun [(1)]	219,835,936	5,498,000	-	225,333,936
Low Teng Lum [(2)]	754,000	-	-	754,000
Mohd Yusof Bin Hussian [(2)]	50,000	-	-	50,000
Leong Yew Cheong [(3)]	-	2,000,000	-	2,000,000
Chia Seong Fatt (Alternate to Chia Lik Khai) [(4)]	219,835,936	5,498,000	-	225,333,936
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 beneficial interest in CBG (L) Foundation, the holding company of CBG (L) Pte Ltd, which is a major shareholder of QL Resources Berhad ("QL"), the holding company of QL Green Resources Sdn Bhd.*

[(2)] *Deemed interest via their spouses' shareholdings in the Company.*

[(3)] *Deemed interest via his daughter's shareholdings in the Company.*

[(4)] *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 Farsathy Holdings Sdn Bhd, a major shareholder of QL, the holding company of QL Green Resources Sdn Bhd.*

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 35 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 34 to the financial statements.

INDEMNITY AND INSURANCE COST

The directors and certain officers of the Group and the Company are covered by directors and officers liability insurance for any liability incurred in the discharge of their duties. The insurance premium paid during the financial year amounted to RM16,000. No indemnity given to or insurance effected for auditors of the Company.

SUBSIDIARIES

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

AUDITORS

The auditors, Messrs. Crowe Malaysia (formerly known as Crowe Horwath), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 27 to the financial statements.

Signed in accordance with a resolution of the directors dated 4 July 2018

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 63 to 125 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 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 4 July 2018

Leong Yew Cheong

Chia Lik Khai

STATUTORY DECLARATION

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

I, Chan Van Chee, MIA Membership Number: 18449, 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 63 to 125 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Chan Van Chee, NRIC Number: 730506-05-5418
at Kuala Lumpur
in the Federal Territory
on this 4 July 2018

Chan Van Chee

Before me
Lai Din
No. W-668
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 2018 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 63 to 125.

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 2018, 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 of the 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.

Goodwill impairment
Refer to Note 9 to the financial statements

Key Audit Matter	**How our audit addressed the Key Audit Matter**
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.	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.

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 26 and 11 in the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
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. • 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 12 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
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

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

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 skepticism 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 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 Malaysia
Firm No: AF 1018
Chartered Accountants

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

4 July 2018

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2018

		The Group		The Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	39,699,556	39,699,556
Property, plant and equipment	6	77,602,290	80,075,701	11,848,877	11,999,021
Investment property	7	6,321,184	6,452,290	-	-
Deferred tax assets	8	172,663	431,576	-	-
Goodwill	9	3,931,378	3,931,378	-	-
		88,027,515	90,890,945	51,548,433	51,698,577
CURRENT ASSETS					
Inventories	10	26,955,053	29,149,435	-	-
Amount owing by contract customers	11	29,382,478	27,915,570	-	-
Trade receivables	12	62,768,140	53,557,068	-	-
Other receivables, deposits and prepayments	13	6,910,375	5,179,203	116,994	99,497
Amount owing by subsidiaries	14	-	-	2,412,240	1,209,258
Current tax assets		1,190,762	2,365,716	18,260	7,343
Derivative assets	15	4,673,236	-	-	-
Dividend receivable		-	-	12,000,000	10,000,000
Liquid investments	16	69,239,094	47,507,913	1,235,013	1,026,989
Cash and bank balances		19,291,574	16,566,747	22,937	10,582
		220,410,712	182,241,652	15,805,444	12,353,669
TOTAL ASSETS		308,438,227	273,132,597	67,353,877	64,052,246

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

	Note	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	51,600,000	51,600,000	51,600,000	51,600,000
Cash flow hedge reserve	18	4,439,942	(4,035,464)	-	-
Merger deficit	19	(21,809,998)	(21,809,998)	-	-
Foreign exchange translation reserve	20	37,137	94,778	-	-
Retained profits		156,047,541	143,212,736	15,675,668	12,398,219
Equity attributable to owners of the Company		190,314,622	169,062,052	67,275,668	63,998,219
Non-controlling interests		9,197,818	7,876,356	-	-
TOTAL EQUITY		199,512,440	176,938,408	67,275,668	63,998,219
NON-CURRENT LIABILITIES					
Hire purchase payables	21	738,283	678,783	-	-
Term loans	22	4,376,188	4,784,272	-	-
Deferred tax liabilities	8	1,523,495	2,721,176	-	-
		6,637,966	8,184,231	-	-
CURRENT LIABILITIES					
Amount owing to contract customers	11	48,148,371	44,153,200	-	-
Trade payables	23	40,490,827	27,735,073	-	-
Other payables and accruals		10,071,587	12,382,899	76,154	54,027
Amount owing to a subsidiary	14	-	-	2,055	-
Short-term borrowings	24	2,939,372	2,937,115	-	-
Current tax liabilities		637,664	2,548	-	-
Derivative liabilities	15	-	799,123	-	-
		102,287,821	88,009,958	78,209	54,027
TOTAL LIABILITIES		108,925,787	96,194,189	78,209	54,027
TOTAL EQUITY AND LIABILITIES		308,438,227	273,132,597	67,353,877	64,052,246
NET ASSETS PER ORDINARY SHARE (RM)	25	0.37	0.33		

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 2018

		The Group		The Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
REVENUE	26	225,907,371	237,189,948	12,000,000	10,000,000
COST OF SALES		(172,664,347)	(182,661,494)	-	-
GROSS PROFIT		53,243,024	54,528,454	12,000,000	10,000,000
OTHER INCOME		9,045,339	9,091,572	76,848	254,512
		62,288,363	63,620,026	12,076,848	10,254,512
SELLING AND MARKETING EXPENSES		(4,876,531)	(4,550,509)	-	-
ADMINISTRATIVE EXPENSES		(16,609,152)	(16,729,564)	(907,602)	(889,044)
OTHER EXPENSES		(10,187,945)	(9,471,031)	(150,144)	(150,144)
FINANCE COSTS		(409,886)	(477,723)	-	(114,931)
PROFIT BEFORE TAXATION	27	30,204,849	32,391,199	11,019,102	9,100,393
INCOME TAX EXPENSE	28	(8,277,757)	(8,533,008)	(1,653)	(27,430)
PROFIT AFTER TAXATION		21,927,092	23,858,191	11,017,449	9,072,963
OTHER COMPREHENSIVE INCOME/ (EXPENSES)					
Item that may be reclassified subsequently to profit or loss					
- Cash flow hedge		8,475,406	(7,923,187)	-	-
- Foreign currency translation differences		(57,641)	105,639	-	-
TOTAL OTHER COMPREHENSIVE INCOME/ (EXPENSES)		8,417,765	(7,817,548)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		30,344,857	16,040,643	11,017,449	9,072,963
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		20,574,805	23,052,112	11,017,449	9,072,963
Non-controlling interests		1,352,287	806,079	-	-
		21,927,092	23,858,191	11,017,449	9,072,963
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		28,992,570	15,234,564	11,017,449	9,072,963
Non-controlling interests		1,352,287	806,079	-	-
		30,344,857	16,040,643	11,017,449	9,072,963
EARNINGS PER SHARE (SEN)					
- Basic	29	3.99	4.47		
- Diluted	29	3.99	4.47		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 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	30	-	-	-	-	(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	31	-	-	-	-	(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
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 31 March 2017/ 1 April 2017		51,600,000	(4,035,464)	(21,809,998)	94,778	143,212,736	169,062,052	7,876,356	176,938,408
Profit after taxation for the financial year		-	-	-	-	20,574,805	20,574,805	1,352,287	21,927,092
Other comprehensive income/ (expenses) for the financial year:									
- cash flow hedge		-	8,475,406	-	-	-	8,475,406	-	8,475,406
- foreign currency translation differences		-	-	-	(57,641)	-	(57,641)	-	(57,641)
Total comprehensive income for the financial year		-	8,475,406	-	(57,641)	20,574,805	28,992,570	1,352,287	30,344,857
Contributions by and distributions to owners of the Company:									
- dividend	30	-	-	-	-	(7,740,000)	(7,740,000)	-	(7,740,000)
Total transactions with owners		-	-	-	-	(7,740,000)	(7,740,000)	-	(7,740,000)
Disposal of subsidiaries	32	-	-	-	-	-	-	(30,825)	(30,825)
Balance at 31 March 2018		51,600,000	4,439,942	(21,809,998)	37,137	156,047,541	190,314,622	9,197,818	199,512,440

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

The Company	Note	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 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	30	-	(7,740,000)	(7,740,000)
Balance at 31 March 2017/1 April 2017		51,600,000	12,398,219	63,998,219
Profit after taxation/Total comprehensive income for the financial year		-	11,017,449	11,017,449
Distributions to owners of the Company: - dividend	30	-	(7,740,000)	(7,740,000)
Balance at 31 March 2018		51,600,000	15,675,668	67,275,668

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	The Group 2018 RM	The Group 2017 RM	The Company 2018 RM	The Company 2017 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		30,204,849	32,391,199	11,019,102	9,100,393
Adjustments for:-					
Allowance for impairment losses on:					
- trade receivables		1,074,191	4,114,514	-	-
- amount owing by contract customers		277,958	-	-	-
Bad debts written off		18,094	235,299	-	-
Depreciation of property, plant and equipment		4,572,456	4,494,607	150,144	150,144
Depreciation of investment property		131,106	131,107	-	-
Equipment written off		16,572	13,956	-	-
Fair value loss on derivatives		3,046,676	-	-	-
Interest expense		409,886	477,723	-	114,931
Inventories written down		35,715	-	-	-
Inventories written off		484,939	533,190	-	-
Loss on disposal of subsidiaries		437	-	-	-
Unrealised loss/(gain) on foreign exchange		1,676,531	(3,273,513)	-	-
Dividend income		-	-	(12,000,000)	(10,000,000)
Fair value gain on derivatives		(43,629)	(367,130)	-	-
Gain on disposal of equipment		(242,805)	(281,452)	-	-
Interest income		(2,230,220)	(1,430,280)	(76,848)	(254,512)
Reversal of inventories previously written down		-	(6,981)	-	-
Write-back of allowance for impairment losses on trade receivables		(844,861)	(2,857,239)	-	-
Operating profit/(loss) before working capital changes		38,587,895	34,175,000	(907,602)	(889,044)
(Increase)/Decrease in amount owing by contract customers		(1,777,992)	11,413,174	-	-
Decrease in inventories		1,662,642	2,186,496	-	-
(Increase)/Decrease in trade and other receivables		(12,947,630)	41,525,419	(17,497)	(78,107)
Increase/(Decrease) in trade and other payables		10,655,211	(10,415,770)	22,127	(161,063)
Increase/(Decrease) in amount owing to contract customers		4,169,961	(9,655,297)	-	-
CASH FROM/(FOR) OPERATIONS		40,350,087	69,229,022	(902,972)	(1,128,214)
Interest paid		(409,886)	(477,723)	-	(114,931)
Income tax paid		(7,438,111)	(7,897,301)	(12,570)	(60,208)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		32,502,090	60,853,998	(915,542)	(1,303,353)

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

		The Group		The Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Repayment from subsidiaries		-	-	(1,202,982)	14,509,286
Acquisition of non-controlling interests	31	-	(1,044,761)	-	-
Net cash outflow on disposal of subsidiaries	32	(2,345)	-	-	-
Proceeds from disposal of equipment		267,555	362,183	-	-
Purchase of property, plant and equipment	33	(1,553,867)	(1,189,131)	-	-
Dividend received		-	-	10,000,000	10,000,000
Interest received		2,230,220	1,430,280	76,848	254,512
NET CASH FROM/(FOR) INVESTING ACTIVITIES		941,563	(441,429)	8,873,866	24,763,798
CASH FLOWS FOR FINANCING ACTIVITIES					
Repayment of term loans		(405,322)	(416,084)	-	-
Repayment of hire purchase obligations		(570,005)	(416,414)	-	-
Net drawdown/(repayment) of bankers' acceptances		27,000	(1,232,000)	-	-
Net repayment of revolving credits		-	(13,500,000)	-	(15,000,000)
Advances from a subsidiary		-	-	2,055	-
Proceeds from issuance of shares to non-controlling interests		-	60,000	-	-
Dividend paid		(7,740,000)	(7,740,000)	(7,740,000)	(7,740,000)
NET CASH FOR FINANCING ACTIVITIES		(8,688,327)	(23,244,498)	(7,737,945)	(22,740,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS		24,755,326	37,168,071	220,379	720,445
Effect of foreign exchange in cash and cash equivalents		(299,318)	595,081	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		64,074,660	26,311,508	1,037,571	317,126
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33	88,530,668	64,074,660	1,257,950	1,037,571

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

1. GENERAL INFORMATION

The Company is a public limited liability 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 4 July 2018.

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)
Amendments to MFRS 107: Disclosure Initiative
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRS Standards 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard

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 except as follows:-

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. A reconciliation between opening and closing balances of these items is provided in Note 33 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 as 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
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
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 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
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 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 140 - Transfers of Investment Property	1 January 2018
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
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
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019

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 Financial Instruments

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the guidance in MFRS 139 on the classification and measurement of financial assets and financial liabilities, impairment of financial assets and on hedge accounting.

The initial application of MFRS 9 is not expected to have any material impact to the financial statements of the Group for the current financial year and prior periods as the Group will apply the standard retrospectively from 1 April 2018 with the practical expedients permitted under the standard, and that the comparatives (i.e. current period financial information) will not be restated.

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):-

(i) MFRS 9 Financial Instruments (Cont'd)

Based on the assessments undertaken to date, the Group has determined the impact of its initial application of MFRS 9 as follows:-

Classification and Measurement

The Group does not expect a significant impact on its statements of financial position on applying the classification and measurement requirements of MFRS 9.

Loans and receivables financial assets are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria to be measured at amortised cost under MFRS 9. Therefore, the Group does not expect the standard to affect the measurement of its debt financial assets.

In addition, the Group expects to continue measuring at fair value all financial assets currently held at fair value.

Impairment of Financial Assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. In view of strong creditworthiness of the Group's receivables, the Group has concluded that the expected impacts of ECL on trade and other receivables (including related party balances) are insignificant upon the initial application of MFRS 9.

Hedge Accounting

The Group will elect an accounting choice allowed under MFRS 9 to continue applying its existing hedge accounting requirements in MFRS 139 upon the adoption of MFRS 9. Therefore, the Group does not expect the standard to affect its financial statements upon the initial application of MFRS 9.

The analysis above are based on the assessments undertaken to date and maybe subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

(ii) MFRS 15 Revenue from Contracts with Customers

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 distinct promised 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 also required by MFRS 15 about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Based on the assessments undertaken to date, the Group has determined that the impact on its financial statements upon the initial application of MFRS 15 is insignificant as the timing and amount of revenue to be recognised for the contract revenue, trading and services under the new standard are unlikely to be materially different from its current practice. However, the Group is required to disclose additional information about its contracts with customers in the financial statements.

The analysis above are based on the assessments undertaken to date and maybe subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future.

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):-

(iii) MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed 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. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 9 to the financial statements.

(c) 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. The carrying amount of inventories as at the reporting date is disclosed in Note 10 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Impairment of Property, Plant and Equipment and Investment Property

The Group determines whether its property, plant and equipment and investment property are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment and investment property as at the reporting date are disclosed in Notes 6 and 7 to the financial statements.

(e) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 8 to the financial statements.

(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. The carrying amount of trade and other receivables as at the reporting date is disclosed in Notes 12 and 13 to the financial statements.

(g) Construction Contracts

Significant judgement is required in determining the stage of completion of a construction contract, the extent of the construction costs incurred, the estimation of the variation works and total budgeted construction costs, as well as the recoverability of the construction project. 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. The gross amount owing by contract customers for contract works as at the reporting date is disclosed in Note 11 to the financial statements.

(h) 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. The carrying amount of the Group and the Company's current tax assets as at reporting date is RM1,190,762 (2017 - RM2,365,716) and RM18,260 (2017 - RM7,343), respectively. The carrying amount of the Group's current tax liabilities as at reporting date is RM637,664 (2017 - RM2,548).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) 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.

(b) 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.

(c) 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.

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iv) Available-for-sale Financial Assets (Cont'd)

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.

(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 and recorded at the proceeds received, net of directly attributable transaction costs.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(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.

(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).

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(f) Hedge Activities (Cont'd)

(ii) Fair Value 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 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.

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 a 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.

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

4.10 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 LEASED ASSETS (CONT'D)

(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).

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 INCOME TAXES (CONT'D)

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.

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 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 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.

4.19 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.

4.20 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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 REVENUE AND OTHER INCOME (CONT'D)

(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.

4.21 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.

4.22 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	
	2018 RM	2017 RM
Unquoted shares in Malaysia, at cost	38,874,000	38,874,000
Unquoted shares outside Malaysia, at cost	825,556	825,556
	39,699,556	39,699,556

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2018 %	2017 %	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. Greencare Sdn. Bhd. ("TGSB")	Malaysia	60.23	60.23	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.
TEK Biotechnology Sdn. Bhd.	Malaysia	48.18	48.18	Management services, technical consultancy service, project management, laboratory testing, trading and engineering works.
Duowin Sdn. Bhd. (Formerly known as T.E.K. Specialties Sdn. Bhd.)("DSB")	Malaysia	-	60.23	Trading in water treatment chemicals and related contract works.
Yonamiq Sdn. Bhd. (Formerly known as Tekflow Engineering Sdn. Bhd.)("YSB")	Malaysia	-	33.13	Water treatment plant contractor and supplier of chemical products.

* *1% held by a subsidiary, BSB.*
\# *The subsidiary was audited by a member firm of Crowe Global of which Crowe Malaysia is a member.*

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) During the current financial year, a subsidiary company, TEK, disposed of its entire equity interest in DSB and YSB. The details of the disposal are disclosed in Note 32 to the financial statements.

(b) In the previous financial year, the Group had acquired an additional 29.51% equity interests in TGSB from its non-controlling interests. Following the completion of the acquisition, TGSB became a 60.23%-owned subsidiary of the Group. The details of the acquisition are disclosed in Note 31 to the financial statements.

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

	Effective Equity Interest		The Group	
	2018 %	2017 %	2018 RM	2017 RM
TEK	39.77	39.77	9,197,818	7,876,356

(d) 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	
	2018 RM	2017 RM
At 31 March		
Non-current assets	15,038,104	14,822,428
Current assets	25,585,018	18,794,851
Non-current liabilities	(6,528,877)	(6,907,515)
Current liabilities	(11,458,797)	(7,215,404)
Net assets	22,635,448	19,494,360
Financial Year Ended 31 March		
Revenue	35,194,073	29,860,866
Profit after taxation for the financial year	3,171,912	1,782,874
Total comprehensive income	3,171,912	1,782,874
Total comprehensive income attributable to non-controlling interests	1,352,287	806,079
Net cash flows from operating activities	3,946,817	2,857,627
Net cash flows for investing activities	(639,808)	(1,251,068)
Net cash flows for financing activities	(948,328)	(504,497)

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.4.2017 RM	Additions RM	Disposals RM	Written Off RM	Depreciation Charges RM	Translation Differences RM	At 31.3.2018 RM
2018							
Net Book Value							
Freehold land and buildings	2,001,383	-	-	-	(44,876)	-	1,956,507
Leasehold land	26,431,049	-	-	-	(361,203)	-	26,069,846
Leasehold land and buildings	40,444,378	-	-	-	(1,111,340)	-	39,333,038
Factory building extension	599	156,689	-	-	(31,937)	-	125,351
Computers	726,784	179,770	-	(2,621)	(267,557)	(2,395)	633,981
Furniture, fittings and office equipment	1,857,078	252,945	-	(13,951)	(296,337)	(7,131)	1,792,604
Signboard	7,882	-	-	-	(2,183)	-	5,699
Machinery	4,943,960	203,450	-	-	(999,495)	-	4,147,915
Motor vehicles	2,565,838	1,121,754	(24,750)	-	(1,261,951)	(5,974)	2,394,917
Renovation	988,332	241,259	-	-	(195,577)	-	1,034,014
Capital work-in-progress	108,418	-	-	-	-	-	108,418
	80,075,701	2,155,867	(24,750)	(16,572)	(4,572,456)	(15,500)	77,602,290

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2018			
Freehold land and buildings	2,050,000	(93,493)	1,956,507
Leasehold land	27,097,618	(1,027,772)	26,069,846
Leasehold land and buildings	45,574,467	(6,241,429)	39,333,038
Factory building extension	178,566	(53,215)	125,351
Computers	2,154,351	(1,520,370)	633,981
Furniture, fittings and office equipment	3,179,563	(1,386,959)	1,792,604
Signboard	23,464	(17,765)	5,699
Machinery	10,134,177	(5,986,262)	4,147,915
Motor vehicles	8,967,289	(6,572,372)	2,394,917
Renovation	1,705,764	(671,750)	1,034,014
Capital work-in-progress	108,418	-	108,418
	101,173,677	(23,571,387)	77,602,290
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

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.4.2017 RM	Depreciation Charge RM	At 31.3.2018 RM
2018			
Net Book Value			
Leasehold land	11,999,021	(150,144)	11,848,877

	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

The Company	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2018			
Leasehold land	12,299,309	(450,432)	11,848,877
2017			
Leasehold land	12,299,309	(300,288)	11,999,021

(a) Included in the assets of the Group at the end of reporting period were motor vehicles with total net book value of RM1,041,944 (2017 - RM750,979), 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 which have been pledged to licensed banks as security for banking facilities granted to the Group are as follows:-

	The Group 2018 RM	2017 RM
Freehold land and buildings	1,956,508	2,001,383
Leasehold land and buildings	2,158,766	21,605,234
	4,115,274	23,606,617

7. INVESTMENT PROPERTY

The Group	At 1.4.2017 RM	Depreciation Charge RM	At 31.3.2018 RM
2018			
Net Book Value			
Land and buildings	6,452,290	(131,106)	6,321,184

	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

The Group	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
2018			
Land and buildings	6,941,327	(620,143)	6,321,184
2017			
Land and buildings	6,941,327	(489,037)	6,452,290

	2018 RM	2017 RM
Fair value	6,662,000	6,662,000

(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 value of investment property at the end of the reporting period was determined by the directors by reference to the valuations of these properties by professional valuers and the recent transactions and asking price of similar properties in and around the locality with adjustment for different factors such as availability of amenities.

8. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2018 RM	2017 RM
Deferred tax assets		
At 1 April	431,576	512,152
Recognised in profit or loss (Note 28)	(258,913)	(80,576)
At 31 March	172,663	431,576
Deferred tax liabilities		
At 1 April	(2,721,176)	(1,470,217)
Recognised in profit or loss (Note 28)	1,197,681	(1,250,959)
At 31 March	(1,523,495)	(2,721,176)

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

	The Group	
	2018 RM	2017 RM
Deferred tax assets		
Accelerated capital allowances over depreciation	250	(127,130)
Other temporary differences	172,413	558,706
	172,663	431,576
Deferred tax liabilities		
Accelerated capital allowances over depreciation	(1,277,946)	(1,245,186)
Revaluation of property	(1,284,361)	(1,320,151)
Other temporary differences	2,453,217	1,286,385
Fair value adjustment on properties through acquisition of a subsidiary	(1,414,405)	(1,442,224)
	(1,523,495)	(2,721,176)

9. GOODWILL

	The Group	
	2018 RM	2017 RM
Cost:- At 1 April/At 31 March	3,931,378	3,931,378

9. 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	
	2018 %	2017 %	2018 %	2017 %	2018 %	2017 %
Water treatment segment	34.0	35.0	18.0	18.0	9.74	8.95

(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.

10. INVENTORIES

	The Group	
	2018 RM	2017 RM
At cost:-		
Raw materials	22,968,386	26,514,945
Work-in-progress	165,077	147,129
Goods in transit	189,772	-
Finished goods	2,684,110	1,331,476
	26,007,345	27,993,550
At net realisable value:-		
Raw materials	947,708	1,155,885
	26,955,053	29,149,435
Recognised in profit or loss:-		
Inventories recognised as cost of sales	83,649,392	82,144,039
Reversal of inventories previously written down	-	(6,981)
Inventories written down	35,715	-
Inventories written off	484,939	533,190

11. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	The Group	
	2018 RM	2017 RM
Costs incurred on contracts to date	225,796,250	245,703,589
Attributable profits	77,787,271	85,894,588
	303,583,521	331,598,177
Progress billings	(322,071,456)	(347,835,807)
Less: Allowance for impairment losses	(277,958)	-
	(18,765,893)	(16,237,630)
Allowance for impairment losses:-		
At 1 April	-	-
Addition during the financial year	(277,958)	-
At 31 March	(277,958)	-
The amounts owing comprise the following:-		
Amount owing by contract customers	29,382,478	27,915,570
Amount owing to contract customers	(48,148,371)	(44,153,200)
	(18,765,893)	(16,237,630)

12. TRADE RECEIVABLES

	The Group	
	2018 RM	2017 RM
Trade receivables - Third parties	61,934,623	53,928,170
Trade receivables - Related parties	1,196,805	2,195,968
Retention receivables	6,996,098	4,563,314
	70,127,526	60,687,452
Allowance for impairment losses	(7,359,386)	(7,130,384)
	62,768,140	53,557,068
Allowance for impairment losses:-		
At 1 April	(7,130,384)	(5,873,109)
Addition during the financial year	(1,074,191)	(4,114,514)
Write-back during the financial year	844,861	2,857,239
Translation difference	328	-
At 31 March	(7,359,386)	(7,130,384)

(a) The Group's normal trade credit terms range from 30 to 90 (2017 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) The retention sums are unsecured, interest-free and are expected to be collected within periods ranging from 6 to 12 months (2017 - 6 to 12 months).

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables	1,670,070	524,826	29,170	29,169
Deposits	950,112	748,794	1,000	1,000
Prepayments	2,896,289	3,213,693	50,689	34,692
Goods and services tax recoverable	1,393,904	691,890	36,135	34,636
	6,910,375	5,179,203	116,994	99,497

Included in prepayments of the Group are amounts paid in advance to suppliers amounting to approximately RM2,429,000 (2017 - RM2,572,000).

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2018 RM	2017 RM
Amount owing by:		
- Non-trade	2,412,240	1,209,258
Amount owing to:		
- Non-trade	(2,055)	-

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

15. DERIVATIVE ASSETS/(LIABILITIES)

	The Group			
	Contract/Notional Amount		Assets /(Liabilities)	
	2018 RM	2017 RM	2018 RM	2017 RM
Forward foreign currency contracts:-				
Cash flow hedge	70,411,897	50,254,079	4,439,942	(4,035,464)
Fair value through profit or loss	36,490,084	32,576,858	233,294	3,236,341
	106,901,981	82,830,937	4,673,236	(799,123)

(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.

15. DERIVATIVE ASSETS/(LIABILITIES) (CONT'D)

(a) Cash Flow Hedge (Cont'd)

The cash flow hedge of the expected future transactions were assessed to be highly effective and the related net unrealised gain of RM8,475,406 (2017 - loss of RM7,923,187) 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 net loss of RM3,003,047 (2017 - gain of RM367,130) 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 40.4 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 3.59% (2017 - 3.44%) per annum at the end of the reporting period.

17. SHARE CAPITAL

	The Group/The Company			
	2018	2017	2018	2017
	Number Of Shares		RM	RM
Issued and Fully Paid-Up				
Ordinary shares with no par value	516,000,000	516,000,000	51,600,000	51,600,000

(a) 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.

(b) 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.

18. CASH FLOW HEDGE RESERVE

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

	The Group	
	2018 RM	2017 RM
At 1 April	(4,035,464)	3,887,723
Gain/(Loss) on cash flow hedge	8,475,406	(7,923,187)
At 31 March	4,439,942	(4,035,464)

19. 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.

20. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

21. HIRE PURCHASE PAYABLES

	The Group	
	2018 RM	2017 RM
Minimum hire purchase payments: - not later than one year	421,608	442,223
- later than one year but not later than five years	799,138	717,295
	1,220,746	1,159,518
Less: Future finance charges	(110,017)	(80,784)
Present value of hire purchase payables	1,110,729	1,078,734
Analysed by:- Current liabilities (Note 24)	372,446	399,951
Non-current liabilties	738,283	678,783
	1,110,729	1,078,734

(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 6.45% (2017 - 4.61% to 6.79%). The interest rates are fixed at the inception of the hire purchase arrangements.

22. TERM LOANS

	The Group	
	2018 RM	2017 RM
Current liabilities (Note 24)	409,926	407,164
Non-current liabilities	4,376,188	4,784,272
	4,786,114	5,191,436

The term loans bore interest rates ranging from 4.76% to 4.97% (2017 - 4.65% to 5.09%) 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.

23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2017 - 30 to 90) days.

24. SHORT-TERM BORROWINGS

	The Group	
	2018 RM	2017 RM
Bankers' acceptances	657,000	630,000
Revolving credits	1,500,000	1,500,000
Hire purchase payables (Note 21)	372,446	399,951
Term loans (Note 22)	409,926	407,164
	2,939,372	2,937,115

(a) Bankers' acceptances bore a weighted average interest rate of 4.62% (2017 - 4.56%) 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 5.42% (2017 - 5.15%) per annum at the end of the reporting period.

25. 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 RM190,314,622 (2017 - RM169,062,052) divided by the number of ordinary shares at the end of the reporting period of 516,000,000 (2017 - 516,000,000).

26. REVENUE

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trading and services	25,189,582	22,788,634	-	-
Contract revenue	200,717,789	214,401,314	-	-
Dividend income	-	-	12,000,000	10,000,000
	225,907,371	237,189,948	12,000,000	10,000,000

27. PROFIT BEFORE TAXATION

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for impairment losses on trade receivables	1,074,191	4,114,514	-	-
Allowance for impairment losses on amount owing by contract customers	277,958	-	-	-
Auditors' remuneration:				
- audit fees	183,070	172,627	53,000	48,200
- non-audit fees:				
- auditors of the Company	3,500	7,500	3,500	3,500
- other auditors	35,000	32,000	-	32,000
Bad debts written off	18,094	235,299	-	-
Depreciation of property, plant and equipment	4,572,456	4,494,607	150,144	150,144
Depreciation of investment property	131,106	131,107	-	-
Direct operating expenses on investment property	13,049	19,585	-	-
Directors' fees	513,453	512,785	477,453	476,785
Directors' non-fee emoluments	2,641,105	2,870,491	88,190	65,591
Equipment written off	16,572	13,956	-	-
Interest expense:				
- bankers' acceptances	38,764	48,383	-	-
- hire purchase	54,804	53,371	-	-
- revolving credits	77,970	114,931	-	114,931
- term loans	238,348	261,038	-	-
Inventories written down	35,715	-	-	-
Inventories written off	484,939	533,190	-	-
Loss on disposal of subsidiaries	437	-	-	-
Rental expense on:				
- equipment	139,483	-	-	-
- motor vehicles	867	48,331	-	-
- factory	235,050	179,250	-	-
- premises	254,297	138,000	-	-
Staff costs:				
- defined contribution plan	1,971,219	1,751,332	-	-
- salaries and other benefits	18,733,954	17,326,769	-	-
Dividend income	-	-	(12,000,000)	(10,000,000)
Fair value loss on derivatives	3,046,676	-	-	-
Fair value gain on derivatives	(43,629)	(367,130)	-	-
Gain on disposal of equipment	(242,805)	(281,452)	-	-
(Gain)/Loss on foreign exchange:				
- realised	(5,018,616)	911,380	-	-
- unrealised	1,676,531	(3,273,513)	-	-

27. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-				
Interest income of financial assets:				
- at fair value through profit or loss	(1,775,180)	(1,315,264)	(76,025)	(112,787)
- not at fair value through profit or loss	(455,040)	(115,016)	(823)	(141,725)
Rental income	(332,350)	(322,150)	-	-
Reversal of inventories previously written down	-	(6,981)	-	-
Write-back of allowance for impairment losses on trade receivables	(844,861)	(2,857,239)	-	-

The estimated monetary value of non-cash benefits provided to certain directors of the Group during the financial year amounted to RM62,800 (2017 - RM62,800).

28. INCOME TAX EXPENSE

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax:				
- for the financial year	9,473,176	7,443,906	188	28,157
- (over)/underprovision in the previous financial year	(256,651)	(242,433)	1,465	(727)
	9,216,525	7,201,473	1,653	27,430
Deferred tax assets (Note 8):				
- origination and recognition of temporary differences	(54,338)	(13,340)	-	-
- overprovision in the previous financial year	313,251	93,916	-	-
	258,913	80,576	-	-
Deferred tax liabilities (Note 8):				
- origination and recognition of temporary differences	(1,131,837)	1,297,256	-	-
- 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)	(27,819)	-	-
- (over)/underprovision in the previous financial year	(2,235)	17,312	-	-
	(1,197,681)	1,250,959	-	-
	8,277,757	8,533,008	1,653	27,430

28. 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	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before taxation	30,204,849	32,391,199	11,019,102	9,100,393
Tax at the statutory tax rate of 24%	7,249,163	7,773,888	2,644,584	2,184,094
Tax effects of:- Non-taxable income	(802,140)	(360,425)	(2,898,246)	(2,427,069)
Non-deductible expenses	1,437,546	1,375,125	253,850	271,132
Effect of tax incentive	-	(60,766)	-	-
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)	(27,819)	-	-
Deferred tax asset not recognised during the financial year	402,432	-	-	-
(Over)/Underprovision in the previous financial year: - current tax	(256,651)	(242,433)	1,465	(727)
- deferred tax liabilities	(2,235)	17,312	-	-
Overprovision in the previous financial year: - deferred tax assets	313,251	93,916	-	-
Income tax expense for the financial year	8,277,757	8,533,008	1,653	27,430

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

For years of assessment 2017 and 2018, the Malaysian statutory tax rate will be reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment.

29. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to owners of the Company of RM20,574,805 (2017 - RM23,052,112) by the number of ordinary shares in issue during the financial year of 516,000,000 (2017 - 516,000,000).

	The Group	
	2018 RM	2017 RM
Profit attributable to owners of the Company (RM)	20,574,805	23,052,112
Number of ordinary shares at 31 March	516,000,000	516,000,000
Basic earnings per share (sen)	3.99	4.47

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.

30. DIVIDEND

	The Group/The Company	
	2018 RM	2017 RM
In respect of the financial year ended 31 March 2017:-		
Paid:		
- final single tier dividend of 1.50 sen per ordinary share	7,740,000	-
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

At the forthcoming Annual General Meeting, a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 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 for as a liability in the financial year ending 31 March 2019.

31. ACQUISITION OF NON-CONTROLLING INTERESTS

In the previous 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

There is no acquisitions of non-controlling interests during the current financial year.

32. DISPOSAL OF SUBSIDIARIES

During the current financial year, TEK disposed of its entire equity interest in DSB and YSB for a total consideration of RM109,058.

The financial effects of the disposal at the date of disposal are summarised below:-

	The Group 2018 RM
Current tax assets	28,917
Cash and cash equivalents	111,403
Non-controlling interests	(30,825)
Carrying amount of net assets disposed of	109,495
Loss on disposal of subsidiaries	(437)
Consideration received, satisfied in cash	109,058
Less: Cash and cash equivalents of the subsidiaries disposed	(111,403)
Net cash outflow on disposal of subsidiaries	(2,345)

There were no disposals of subsidiaries in the previous financial year.

33. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group 2018 RM	2017 RM
Cost of property, plant and equipment purchased	2,155,867	1,387,131
Amount financed through hire purchase	(602,000)	(198,000)
Cash disbursed for purchase of property, plant and equipment	1,553,867	1,189,131

33. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM	Hire Purchase Payables RM	Banker Acceptances RM	Revolving Credits RM	Total RM
2018					
At 1 April	5,191,436	1,078,734	630,000	1,500,000	8,400,170
Changes in Financing Cash Flows					
Repayment of borrowing principal	(405,322)	(570,005)	-	-	(975,327)
Repayment of borrowing interests	(238,348)	(54,804)	(38,764)	(77,970)	(409,886)
Net drawdown of borrowings	-	602,000	27,000	-	629,000
Non-cash Changes					
Finance charges recognised in profit or loss	238,348	54,804	38,764	77,970	409,886
At 31 March	4,786,114	1,110,729	657,000	1,500,000	8,053,843

Comparative information is not presented by virtue of the exemption given in MFRS 107.

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

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Liquid investments	69,239,094	47,507,913	1,235,013	1,026,989
Cash and bank balances	19,291,574	16,566,747	22,937	10,582
	88,530,668	64,074,660	1,257,950	1,037,571

34. 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.

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

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors of the Company				
Executive directors:				
- emoluments	2,259,677	2,495,123	-	-
- fees	36,000	36,000	-	-
- defined contribution plan	293,238	309,777	-	-
- benefits-in-kind	62,800	62,800	-	-
	2,651,715	2,903,700	-	-
Non-executive directors:				
- fees	477,453	476,785	477,453	476,785
- allowances	88,190	65,591	88,190	65,591
	565,643	542,376	565,643	542,376
	3,217,358	3,446,076	565,643	542,376
Directors of the Subsidiaries				
Executive directors:				
- emoluments	1,387,670	1,534,596	-	-
Total directors' remuneration	4,605,028	4,980,672	565,643	542,376

35. 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.

35. 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	
	2018 RM	2017 RM	2018 RM	2017 RM
Purchase of equipment from:				
- Eita Electric Sdn. Bhd.*	196,436	235,414	-	-
- Eita Elevator (M) Sdn. Bhd.*	7,160	20,900	-	-
Sales to:				
- QL Fishmeal Sdn. Bhd. #	3,394,621	717,949	-	-
- QL Foods Sdn. Bhd. #	62,560	531,907	-	-
- QL Marine Products Sdn. Bhd. #	4,680	6,666	-	-
- QL Plantation Sdn. Bhd. #	89,120	60,063	-	-
- PT Pipit Mutiara Indah #	27,820	21,212	-	-
- QL Ansan Poultry Farm Sdn. Bhd. #	67,296	536,403	-	-
- QL Figo (Johor) Sdn. Bhd. #	64,640	47,161	-	-
- QL Endau Marine Products Sdn. Bhd. #	156,600	44,198	-	-
- QL Agroventures Sdn. Bhd. #	30,860	-	-	-
- QL Breeder Farm Sdn. Bhd. #	184,725	-	-	-
- QL Poultry Farm Sdn. Bhd. #	57,650	-	-	-
- Hybrid Figures Sdn. Bhd. #	711,568	-	-	-
- Leisure Pyramid Sdn. Bhd. #	6,000	-	-	-
- QL Livestock Farming Sdn. Bhd. #	-	9,450	-	-
- QL Lian Hoe Sdn. Bhd. #	-	7,350	-	-
- QL Vietnam Agroresources Liability Limited Co. #	-	8,623	-	-
- QL Endau Deep Sea Fishing Sdn. Bhd. #	-	4,478	-	-
Dividend income from subsidiaries:				
- Boilermech Sdn. Bhd.	-	-	(10,000,000)	(10,000,000)
- Boilermech Cleantech Sdn. Bhd.	-	-	(2,000,000)	-
Interest income from subsidiaries:				
- Boilermech Sdn. Bhd.	-	-	-	(134,377)
- 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.*

35. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances (Cont'd)

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

No expense was recognised during the financial year for impairment losses in respect of the amounts owed by the related parties other than those disclosed in Note 12 to the financial statements.

36. 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 2 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.

(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	Group RM
2018			
Revenue			
External revenue	190,713,298	35,194,073	225,907,371
Inter-segment revenue	1,049,024	-	1,049,024
	191,762,322	35,194,073	226,956,395
Adjustments and eliminations			(1,049,024)
Consolidated revenue			225,907,371

36. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy Systems RM	Water Treatment RM	Group RM
2018			
Results			
Segment results	32,895,176	5,692,719	38,587,895
Interest income	2,192,904	37,316	2,230,220
Interest expense	-	(409,886)	(409,886)
Allowance for impairment losses on trade receivables	(1,074,191)	-	(1,074,191)
Allowance for impairment losses on amount owing by contract customers	(277,958)	-	(277,958)
Bad debts written off	-	(18,094)	(18,094)
Depreciation of property, plant and equipment	(3,583,736)	(988,720)	(4,572,456)
Depreciation of investment property	-	(131,106)	(131,106)
Equipment written off	-	(16,572)	(16,572)
Fair value loss on derivatives	(3,046,676)	-	(3,046,676)
Fair value gain on derivatives	43,629	-	43,629
Inventories written off	(484,939)	-	(484,939)
Inventories written down	(35,715)	-	(35,715)
Loss on disposal of subsidiaries	-	(437)	(437)
Unrealised loss on foreign exchange	(1,676,531)	-	(1,676,531)
Gain on disposal of equipment	149,887	92,918	242,805
Write-back of impairment losses on trade receivables	814,136	30,725	844,861
	25,915,986	4,288,863	30,204,849
Income tax expense			(8,277,757)
Consolidated profit after taxation			21,927,092
Assets			
Segment assets	263,586,773	43,488,029	307,074,802
Deferred tax assets			172,663
Current tax assets			1,190,762
Consolidated total assets			308,438,227
Liabilities			
Segment liabilities	90,350,528	16,414,100	106,764,628
Current tax liabilities			637,664
Deferred tax liabilities			1,523,495
Consolidated total liabilities			108,925,787
Other Segments Items			
Additions to non-current assets other than financial instruments:			
- property, plant and equipment	761,420	1,394,447	2,155,867

36. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy Systems RM	Water Treatment RM	Group RM
2017			
Revenue			
External revenue	208,243,261	28,966,713	237,209,974
Inter-segment revenue	-	894,153	894,153
	208,243,261	29,860,866	238,104,127
Adjustments and eliminations			(914,179)
Consolidated revenue			237,189,948
Results			
Segment results	30,332,773	3,842,227	34,175,000
Interest income	1,397,442	32,838	1,430,280
Interest expense	(114,931)	(362,792)	(477,723)
Allowance for impairment losses on trade receivables	(4,046,739)	(67,775)	(4,114,514)
Bad debts written off	-	(235,299)	(235,299)
Depreciation of property, plant and equipment	(3,654,419)	(840,188)	(4,494,607)
Depreciation of investment property	-	(131,107)	(131,107)
Equipment written off	(5,362)	(8,594)	(13,956)
Inventories written off	(533,190)	-	(533,190)
Unrealised gain on foreign exchange	3,266,411	7,102	3,273,513
Fair value gain on derivatives	367,130	-	367,130
Gain on disposal of equipment	259,471	21,981	281,452
Reversal of inventories previously written down	6,981	-	6,981
Write-back of impairment losses on trade receivables	2,401,953	455,286	2,857,239
	29,677,520	2,713,679	32,391,199
Income tax expense			(8,533,008)
Consolidated profit after taxation			23,858,191
Assets			
Segment assets	233,849,882	36,485,423	270,335,305
Deferred tax assets			431,576
Current tax assets			2,365,716
Consolidated total assets			273,132,597
Liabilities			
Segment liabilities	80,794,555	12,675,910	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

36. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

	Revenue	
	2018 RM	2017 RM
Local	103,568,285	95,048,083
Overseas	122,339,086	142,141,865
	225,907,371	237,189,948

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.

37. CAPITAL COMMITMENT

	The Group	
	2018 RM	2017 RM
Purchase of property, plant and equipment: - approved and contracted for	-	252,247

38. CONTINGENT LIABILITY

	The Company	
	2018 RM	2017 RM
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	94,275,000	94,275,000

39. 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	
	2018 RM	2017 RM
United States Dollar	3.8630	4.4230
Indonesian Rupiah	0.0003	0.0003
Euro	4.7621	4.7295

40. 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.

40.1 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
2018						
Financial assets						
Trade receivables	585,075	19,935,075	855,564	-	41,392,426	62,768,140
Other receivables and deposits	49,175	-	-	-	3,964,911	4,014,086
Derivative assets	-	-	-	-	4,673,236	4,673,236
Liquid investments	-	-	-	-	69,239,094	69,239,094
Cash and bank balances	770,763	9,143,051	15,879	982	9,360,899	19,291,574
	1,405,013	29,078,126	871,443	982	128,630,566	159,986,130
Financial liabilities						
Trade payables	532,221	1,930,064	1,457,259	33,301	36,537,982	40,490,827
Other payables and accruals	310,692	588,217	-	-	9,172,678	10,071,587
Hire purchase payables	-	-	-	-	1,110,729	1,110,729
Term loans	-	-	-	-	4,786,114	4,786,114
Revolving credits	-	-	-	-	1,500,000	1,500,000
Bankers' acceptances	-	-	-	-	657,000	657,000
	842,913	2,518,281	1,457,259	33,301	53,764,503	58,616,257

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 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
2018						
Net financial assets/ (liabilities)	562,100	26,559,845	(585,816)	(32,319)	74,866,063	101,369,873
Less: Forward foreign currency contracts (contracted notional principal)	-	(26,548,296)	-	-	-	(26,548,296)
Less: Net financial assets denominated in the entity's functional currencies	(916,457)	-	-	-	(74,866,063)	(75,782,520)
Currency exposure	(354,357)	11,549	(585,816)	(32,319)	-	(960,943)
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
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

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 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						
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

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 2018 RM	The Group 2017 RM
Effects on Profit After Taxation			
IDR/RM	- strengthened by 10%	-26,931	+18,857
	- weakened by 10%	+26,931	-18,857
USD/RM	- strengthened by 10%	+878	+208,484
	- weakened by 10%	-878	-208,484
EUR/RM	- strengthened by 10%	-44,522	+163,909
	- weakened by 10%	+44,522	-163,909
Effects on Other Comprehensive Income			
IDR/RM	- strengthened by 10%	+91,646	+14,581
	- weakened by 10%	-91,646	-14,581
USD/RM	- strengthened by 10%	-	-
	- weakened by 10%	-	-
EUR/RM	- strengthened by 10%	-	-
	- weakened by 10%	-	-

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis (Cont'd)

Strengthening/Weakening of Ringgit Malaysia against the other foreign currencies at the end of the reporting period would not have material 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 16 and 22 to the financial statements.

Interest Rate Risk Sensitivity Analysis

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

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Effects on Profit After Taxation				
Increase of 25 basis points	+164,004	+108,906	+3,088	+2,567
Decrease of 25 basis points	-164,004	-108,906	-3,088	-2,567
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.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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, liquid investments 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.

(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
2018				
Trade receivables:-				
Not past due	27,071,504	-	(12,946)	27,058,558
Past due 0 - 30 days	8,971,273	-	(375,024)	8,596,249
Past due more than 30 days	27,088,651	(2,293,387)	(3,649,514)	21,145,750
	63,131,428	(2,293,387)	(4,037,484)	56,800,557
Retention receivables:-				
Not past due	1,400,536	-	(2,377)	1,398,159
Past due	5,595,562	(409,478)	(616,660)	4,569,424
	6,996,098	(409,478)	(619,037)	5,967,583
	70,127,526	(2,702,865)	(4,656,521)	62,768,140

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis (Cont'd)

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

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

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.

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

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
2018						
Non-derivative Financial Liabilities						
Trade payables	-	40,490,827	40,490,827	40,490,827	-	-
Other payables and accruals	-	10,071,587	10,071,587	10,071,587	-	-
Hire purchase payables	2.43 - 3.45	1,110,729	1,220,746	421,608	799,138	-
Term loans	4.76 - 4.97	4,786,114	6,042,253	633,710	2,343,448	3,065,095
Bankers' acceptances	4.58 - 4.70	657,000	657,000	657,000	-	-
Revolving credits	5.42	1,500,000	1,531,629	1,531,629	-	-
		58,616,257	60,014,042	53,806,361	3,142,586	3,065,095
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	-	-

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
2018						
Non-derivative Financial Liabilities						
Other payables and accruals	-	76,154	76,154	76,154	-	-
Amount owing to a subsidiary	-	2,055	2,055	2,055	-	-
		78,209	78,209	78,209	-	-
2017						
Non-derivative Financial Liability						
Other payables and accruals	-	54,027	54,027	54,027	-	-

40.2 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
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

40. FINANCIAL INSTRUMENTS (CONT'D)

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Financial Assets				
Loans and Receivables Financial Assets				
Trade receivables	62,768,140	53,557,068	-	-
Other receivables and deposits	4,014,086	1,965,510	66,305	64,805
Amount owing by subsidiaries	-	-	2,412,240	1,209,258
Dividend receivable	-	-	12,000,000	10,000,000
Cash and bank balances	19,291,574	16,566,747	22,937	10,582
	86,073,800	72,089,325	14,501,482	11,284,645
Fair Value through Profit or Loss				
Derivative assets	233,294	3,236,341	-	-
Liquid investments	69,239,094	47,507,913	1,235,013	1,026,989
	69,472,388	50,744,254	1,235,013	1,026,989
Others				
Derivative assets - cash flow hedge	4,439,942	-	-	-
Financial Liability				
Other Financial Liabilities				
Trade payables	40,490,827	27,735,073	-	-
Other payables and accruals	10,071,587	12,382,899	76,154	54,027
Amount owing to subsidiaries	-	-	2,055	-
Hire purchase payables	1,110,729	1,078,734	-	-
Term loans	4,786,114	5,191,436	-	-
Bankers' acceptances	657,000	630,000	-	-
Revolving credits	1,500,000	1,500,000	-	-
Derivative liabilities - cash flow hedge	-	4,035,464	-	-
	58,616,257	52,553,606	78,209	54,027

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 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.

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
2018								
Financial Assets								
Liquid investments	69,239,094	-	-	-	-	-	69,239,094	69,239,094
Derivative assets	-	4,673,236	-	-	-	-	4,673,236	4,673,236
Financial Liabilities								
Hire purchase payables	-	-	-	-	1,110,729	-	1,120,765	1,110,729
Term loans	-	-	-	-	4,786,114	-	4,786,114	4,786,114
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
The Company								
2018								
Financial Asset								
Liquid investments	1,235,013	-	-	-	-	-	1,235,013	1,235,013
2017								
Financial Asset								
Liquid investments	1,026,989	-	-	-	-	-	1,026,989	1,026,989

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 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 3.25% (2017 - 3.31%).

LIST OF PROPERTIES
AS AT 31 MARCH 2018

Owner Company	Location	Tenure of lease	Land area or built up area	Existing use	Approximate age of buildings	Net Book Value 31 March 2018 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 and administrative office & factory	21 years	18,844	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	21 years	18,331	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	11,849	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	11,849	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	7 years	5,765	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	18 years	904	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	2,373	5 January 2016

LIST OF PROPERTIES
AS AT 31 MARCH 2018

Owner Company	Location	Tenure of lease	Land area or built up area	Existing use	Approximate age of buildings	Net Book Value 31 March 2018 RM'000	Date of last revaluation
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	25 years	955	8 January 2016
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	25 years	1,001	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	9 years	905	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	9 years	905	8 January 2016

SHAREHOLDERS' ANALYSIS REPORT
AS AT 29 JUNE 2018

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	10	88	0.00
100 – 1,000	176	122,796	0.02
1,001 – 10,000	1,392	8,552,000	1.66
10,001 – 100,000	1,264	45,215,400	8.76
100,001 to less than 5% of issued shares	302	178,323,956	34.56
5% and above of issued shares	3	283,785,760	55.00
	3,147	516,000,000	100.00

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct	%	Indirect	%
Dr. Chia Song Kun	400,000	0.08	227,379,936[1]	44.07
Leong Yew Cheong	56,405,824	10.93	2,000,000[2]	0.39
Chia Lik Khai	500,000	0.10	-	-
Gan Chih Soon	20,674,140	4.01	-	-
Chia Seong Fatt	200,000	0.04	227,379,936[3]	44.07
Tee Seng Chun	17,208,140	3.33	4,020,000[4]	0.78
Low Teng Lum	400,000	0.08	754,000[4]	0.15
Mohd Yusof Bin Hussian	475,000	0.09	50,000[4]	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 beneficial interest in CBG (L) Foundation, the holding company of CBG (L) Pte Ltd, which is a major shareholder of QL Resources Berhad ("QL"), the holding company of QLGR.*

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

(3) *Deemed interest by virtue of shares held by QLGR via his and his spouse's shareholdings of more than twenty percent (20%) in Farsathy Holdings Sdn Bhd, which is a major shareholder of QL, the holding company of QLGR.*

(4) *Deemed interest via their spouses' shareholdings in the Company.*

SHAREHOLDERS' ANALYSIS REPORT

AS AT 29 JUNE 2018

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct	%	Indirect	%
QL Green Resources Sdn Bhd	227,379,936	44.07	-	-
Leong Yew Cheong	56,405,824	10.93	2,000,000[(1)]	0.39
Dr. Chia Song Kun	400,000	0.08	227,379,936[(2)]	44.07
Chia Seong Fatt	200,000	0.04	227,379,936[(3)]	44.07
Chia Seong Pow	-	-	227,379,936[(3)]	44.07
QL Resources Berhad	-	-	227,379,936[(4)]	44.07
CBG (L) Pte Ltd	-	-	227,379,936[(5)]	44.07
CBG (L) Foundation	-	-	227,379,936 [6)]	44.07
Farsathy Holdings Sdn Bhd	-	-	227,379,936[(5)]	44.07

Notes:

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

(2) *Deemed interest by virtue of shares held by QL Green Resources Sdn Bhd ("QLGR") via his and his spouse's beneficial interest in CBG (L) Foundation, the holding company of CBG (L) Pte Ltd, which is a major shareholder of QL Resources Berhad ("QL"), the holding company of QLGR.*

(3) *Deemed interest by virtue of shares held by QLGR via his and his spouse's shareholdings of more than twenty percent (20%) in Farsathy Holdings Sdn Bhd, which is a major shareholder of QL, the holding company of QLGR.*

(4) *Deemed interest by virtue of its wholly-owned subsidiary, QLGR, pursuant to Section 8 of the Companies Act 2016.*

(5) *Deemed interest by virtue of its substantial shareholdings in QL, the holding company of QLGR, pursuant to Section 8 of the Companies Act 2016.*

(6) *Deemed interest by virtue of being the holding company of CBG (L) Pte Ltd, which is a substantial shareholder of QL, the holding company of QLGR.*

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	56,405,824	10.93
3.	QL Green Resources Sdn Bhd	46,616,300	9.03
4.	Gan Chih Soon	20,674,140	4.01
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	5,878,200	1.14
9.	Wong Wee Voo	4,740,970	0.92
10.	Liu Fui Moy	4,071,000	0.79
11.	Hong Yuet Ngan	4,000,000	0.78
12.	Loh Foo	3,690,004	0.72
13.	Len Tze Jian	3,131,728	0.61
14.	Nahoorammah A/P Sithamparam Pillay	3,000,000	0.58
15.	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Lim See Pek (MY2305))	2,700,100	0.52

No.	Name of Shareholders	Shareholdings	%
16.	Heng Chin Choo	2,454,600	0.48
17.	Liu & Chia Holdings Sdn Bhd	2,088,500	0.40
18.	CIMSEC Nominees (Tempatan) Sdn Bhd (CIMB Bank for Yoong Kah Yin (MY2443))	2,085,500	0.40
19.	Lim See Pek	2,025,000	0.39
20.	Laura Lorraine Leong Pei-Pei	2,000,000	0.39
21.	They Heng Chong @ Teh Chong Fay	1,755,000	0.34
22.	Tay Puat Keng @ Tee Puat Keng	1,429,000	0.28
23.	Yong Yew San	1,410,000	0.27
24.	Hoe Wei Ying	1,360,000	0.26
25.	Tai Chang Eng @ Teh Chang Ying	1,250,000	0.24
26.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Yeo Kiah Yoo (E-TSA/UTM))	1,220,600	0.24
27.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chia Suan Hooi (E-TWU))	1,135,000	0.22
28.	Len Tze Kang	1,065,000	0.21
29.	Chen Fun Chow	1,031,100	0.20
30.	Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chuah Kang Boon (6000945))	1,016,000	0.20
		389,186,444	75.42

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 8th 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 Friday, 24 August 2018 at 10.00 a.m.

AGENDA

As Ordinary Business

1. To receive the Statutory Financial Statements for the financial year ended 31 March 2018 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 period commencing from the conclusion of the 8th Annual General Meeting ("AGM") until the next AGM 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 RM2,000 per Malaysian NED and SGD1,800 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) Dr. Chia Song Kun **Resolution 3**

   (b) Leong Yew Cheong **Resolution 4**

   (c) Low Teng Lum **Resolution 5**

4. To approve the payment of a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 for the financial year ended 31 March 2018. **Resolution 6**

5. To re-appoint Messrs Crowe Malaysia 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."

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 26 July 2018 ("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 ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of Members at the 8th Annual General Meeting of the Company to be held on 24 August 2018, a final single tier dividend of 1.75 sen per ordinary share for the financial year ended 31 March 2018, will be paid on 20 September 2018 to Depositors whose names appear in the Record of Depositors of the Company on 28 August 2018.

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 2018 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: 26 July 2018

NOTES:-

1. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 8th Annual General Meeting ("AGM") of the Company, the Company shall be requesting the Record of Depositors as at 16 August 2018. Only a depositor whose name appears on the Record of Depositors as at 16 August 2018 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.

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 2018

   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 period commencing from the conclusion of the 8th AGM until the next AGM of the Company (estimated period is 12 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 RM384,000 and SGD30,000. There has been no revision to the Directors' fees previously approved by the shareholders at the 7th AGM of the Company held on 23 August 2017.

   The benefits comprise of meeting allowance to the NED for their attendance at Board and Board Committee meeting(s) per meeting day. There is a proposed increase in meeting allowances from RM1,500 per Malaysian NED and SGD1,600 per Singaporean NED as previously approved by the shareholders at the 7th AGM to RM2,000 and SGD1,800 respectively. The proposed increase in meeting allowance takes into account the number of Board and Board Committee meetings normally held in a day and the length of time of the meetings. The total amount of meeting allowance based on the estimated meetings scheduled for the estimated period is RM64,000 and SGD14,400.

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 8th 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 7th AGM of the Company held on 23 August 2017 (hence, no proceeds were raised therefrom) and which will lapse at the conclusion of the 8th 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.

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BOILERMECH

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

CDS Account No. of Authorised Nominee*

PROXY FORM

I/We ____________________ IC No. /Passport No./Company No ____________________

of ____________________

being a member of **Boilermech Holdings Berhad**, hereby appoint ____________________

IC No./Passport No. ____________________ of ____________________

____

or failing him, ____________________ 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 8TH 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 Friday, 24 August 2018 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 2018 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 period commencing from the conclusion of the 8th Annual General Meeting ("AGM") until the next AGM of the Company:- (a) Directors' fees amounting to RM32,000 and SGD2,500 per month. (b) Meeting allowance of RM2,000 per Malaysian NED and SGD1,800 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) Dr. Chia Song Kun (b) Leong Yew Cheong (c) Low Teng Lum	 3 4 5		
4.	To approve the payment of a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 for the financial year ended 31 March 2018.	6		
5.	To re-appoint Messrs Crowe Malaysia 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 8th Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 16 August 2018. Only a depositor whose name appears on the Record of Depositors as at 16 August 2018 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.

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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.

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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

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