BOILERMECH

Boilermech Holdings Berhad (897694-T)

BROADENING HORIZONS FOR SUSTAINABLE GROWTH

Annual Report 2019

VISION, MISSION AND VALUES

With a strategy that answers
the business challenges ahead

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

I
Integrity

T
Teamwork

P
Preseverence

I
Innovativeness

BROADENING HORIZONS FOR SUSTAINABLE GROWTH

In a world beset by over-development and limited resources, sustainability considerations are increasingly vital in order to maintain a fine balance between the economic, social and environmental needs of our world. Boilermech Group was formed with these priorities in mind and today, we continue to broaden our horizons to identify opportunities for growth in sustainable bussinesses and technologies.

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PROXY FORM

Boilermech HQ

WHO WE ARE

Boilermech started off as a boiler design and manufacturing company in September 2005, specializing in biomass boiler for the palm oil industry.

Boilermech has been listed on Bursa Malaysia Securities Berhad since 2011 and our financial achievements qualified us as Forbes Asia's 'Best Under A Billion' twice, in 2012 and 2014.

Today, Boilermech is the leading biomass boiler design and manufacturing company in Southeast Asia and our products are supplied to as far as the African Continent and South America. Over the years, Boilermech's capability has expanded beyond the biomass boilers to now include power generation systems, water treatment and water management systems and emission control.

As a group, Boilermech continues to focus and invest in developing new technologies and solutions which are efficient, cost effective and environmentally sustainable.

View our Report Online
For more information about Boilermech can be found at
http://www.boilermech.com/index.html

SOLUTIONS THAT CREATE OPPORTUNITIES

To capitalise on opportunities, we ensure that our products and services provide the solutions that are relevant to our customers' needs.

BOILER

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)

PT Bank Mandiri
(Persero) Tbk

AUDITORS

Messrs Crowe Malaysia PLT
(LLP0018817-LCA & AF 1018)
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

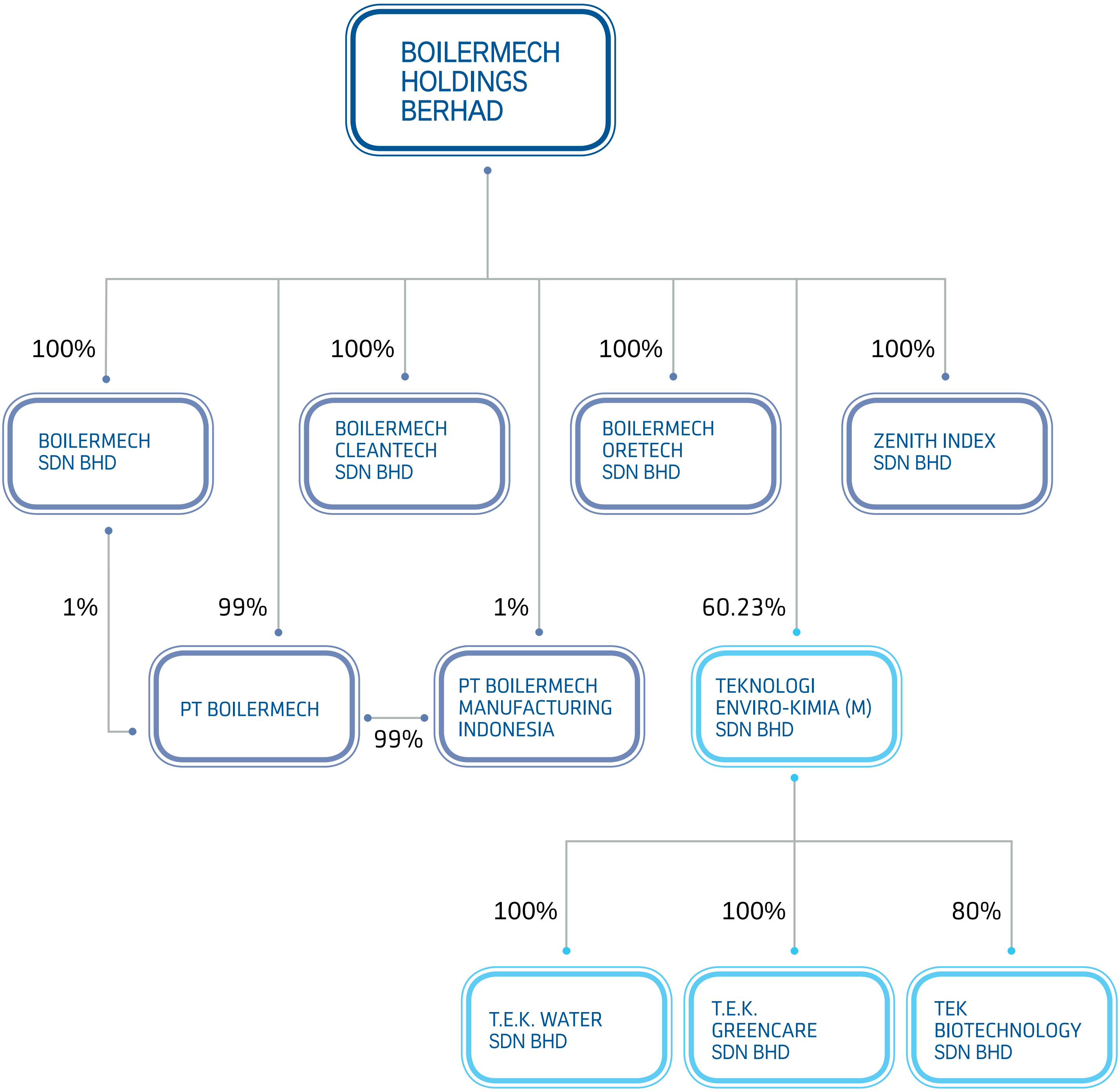
Tricor Investor & Issuing
House Services Sdn Bhd
(11324-H)
Unit 32-01, Level 32
Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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

We have strong foundations in place for delivering to stakeholders and communities


MR CHIA SEONG FATT
MR HO CHEOK YUEN
MR GAN CHIH SOON
MR LEONG YEW CHEONG
DR. CHIA SONG KUN

DIRECTORS' PROFILE

DR. CHIA SONG KUN

Non-Independent Non-Executive Chairman

Gender:
Male

Age:
69

Nationality:
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 eight (8) Board of Directors' meetings held during the financial year ended 31 March 2019 ("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

Gender:
Male

Age:
64

Nationality:
Malaysian

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

He holds a Bachelor of Science in Mechanical Engineering from the University of Huddersfield, United Kingdom. He brings with him approximately thirty nine (39) 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 eight (8) 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 KAI

Deputy Managing Director

Gender:
Male

Age:
40

Nationality:
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 also sits on the Board of QL Resources Berhad as an Executive Director.

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 eight (8) 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

Gender:
Male

Age:
63

Nationality:
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 and subsequently resigned from the said position in April 2019 whilst remaining as an Alternate Director to one of its Executive Directors.

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 eight (8) 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

Gender:
Male

Age:
45

Nationality:
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 eight (8) 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

Gender:
Male

Age:
55

Nationality:
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 eight (8) 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

Gender:
Male

Age:
65

Nationality:
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 a Fellow member of the Institute of Chartered Secretaries and Administrators.

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

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

Mr Low Teng Lum currently sits on the Board of Salutica Berhad.

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

Mr Low Teng Lum attended all eight (8) 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

Gender:
Male

Age:
70

Nationality:
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), Tune Insurance Malaysia Berhad and NanoMalaysia Berhad.

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

En. Mohd Yusof Bin Hussian attended all eight (8) 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

Gender:
Male

Age:
70

Nationality:
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 seven (7) of the eight (8) 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

Gender:
Male

Age:
45

Nationality:
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 legal career in 1997 and was made a partner at Messrs Kadir Andri & Partners in 2004. In 2015, he co-founded Putri Norlisa Chair (PNC LAW) and served as Managing Partner. PNC LAW garnered various awards including Malaysia's Rising Law Firm of the Year 2017 and Malaysia's Boutique Law Firm of the Year 2018 accorded by the renown legal publication Asian Legal Business. In October 2018, PNC LAW merged with Adnan Sundra & Low (ASL), one of the largest and most well regarded law firms in Malaysia with a long and illustrious history and is currently a partner at ASL.

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 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 eight (8) 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 YONG HUA KONG
Managing Director of Teknologi Enviro-Kimia (M) Sdn Bhd, a 60.23%-owned principal subsidiary of the Company

Male, aged 53, 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.

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 8 to 17 for the profiles of the above Senior Management personnel.

DRIVING INNOVATION

Ever mindful of the rapid development in the world today, we are driving innovation to acquire capabilities and technologies to better serve our customers and conserve our earth's precious resources.

WATER

CHAIRMAN'S STATEMENT

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 2019.

PERFORMANCE REVIEW

On the back of a market environment which is still challenging both locally and globally, I am very pleased to report that Boilermech has once again achieved another year of profitable results in FYE 2019. The Group managed to surpass the performance of FYE 2018, with improvements in both revenue and profit. Total revenue and profit before tax ("PBT") achieved by the Group in FYE 2019 was RM234.8 million and RM36.6 million respectively, an increase of RM8.9 million (3.9%) and RM6.4 million (21.2%) respectively from FYE 2018.

Being ever mindful of the current economic situation that we are operating in, we continued to manage our cash reserves and resources prudently. The Group's cash position strengthened with the increase in cash and cash equivalent balance from RM88.5 million in FYE 2018 to RM97.3 million in FYE 2019. Our healthy cash reserves will serve us well in supporting the Group's expansion plans and will allow us to take advantage of any strategic business opportunities that may arise in the future.

Our **Bio-Energy segment** continues to be the major contributor to the Group's revenue and profit, contributing 83.5% and 87.7% respectively to our revenue and PBT in FYE 2019. The challenges faced in the previous year by the palm oil industry had to some extent impacted our biomass boiler business, but we were able to cushion this with the contribution from our boiler repair and maintenance business. We are aware that our customers, the palm oil millers, may need to tighten their belts and control their capital expenditure in this tough economic climate. This provides the opportunity for our boiler repair and maintenance business to grow and make significant contributions to the overall performance of our Bio-Energy segment.

Further, in line with new regulations from the Department of Environment ("DOE") and synergistic with the Group's environmental sustainability agenda, Boilermech had a new product offering in the form of the Electrostatic Precipitator ("ESP"). The ESP is designed to regulate emission according to the DOE's requirement and is specially catered for the palm oil mill industry.

Our **Water Treatment segment**, operated under our subsidiary, Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK"), continues its steady performance. TEK has the proven products in total water management solutions, which are effective and cost efficient. These products will cater to the growing demand for clean water and water treatment services of both industrial applications and domestic consumption. These include their membrane filtration systems, pure water systems, water treatment plants and biogas plants. During the financial year under review, TEK successfully completed and commissioned two biogas plants in Sabah and Sarawak and is poise to expand the coverage area to include Peninsula Malaysia and beyond.

EXPANSION PLANS

Indonesia is expected to hold the leading position in the world's palm oil market, owing to their expanding matured plantation areas and favorable government regulations. Riding on these favorable conditions, we have decided to consolidate our position in Indonesia with plans to set up our own manufacturing plant.

On 23 April 2019, we announced that our newly formed Indonesian subsidiary, PT Boilermech Manufacturing Indonesia had entered into a sale and purchase agreement to acquire a piece of industrial land in Surabaya, Indonesia. The said acquisition is expected to be completed by the 3rd quarter of 2019 and we expect to commence on development plans thereafter.

MOVING FORWARD

We will continue to focus our efforts in promoting our businesses and identifying opportunities for growth in sustainable businesses and technologies. Even with rising costs and intense market competition, we remain committed to providing products and solutions of high quality, cost effective and which promote and contribute towards sustaining a clean environment.

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 all these years. I am pleased to announce that the Board is recommending a proposed final single tier dividend of 2.00 sen per ordinary share for FYE 2019 for shareholders' approval at the Company's forthcoming 9th Annual General Meeting, which is an increase from the rate of 1.75 sen declared and paid out from FYE 2018.

My sincere appreciation is also extended to our customers, suppliers, vendors, contractors and various stakeholders of the Group. Last but not least, I would like to express my special appreciation to my fellow Board members for your unwavering support, contribution and counsel and to the Management and staff of Boilermech for your commitment and dedication in building and sustaining the Group's businesses.

With our strong business fundamentals and strategic plans in place and further supported by sound enterprise risk management and internal control systems, my fellow Board members and I are indeed optimistic of Boilermech's future growth potential and sustainability. We have a steadfast Board who is truly committed to its stewardship role, a capable Management team and strong staff support. I hope you will continue to journey with us as we broaden our horizons to take advantage of the vast opportunities available in the region and to ensure our sustainable growth.

Thank you.
DR. CHIA SONG KUN
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF BUSINESS AND OPERATIONS

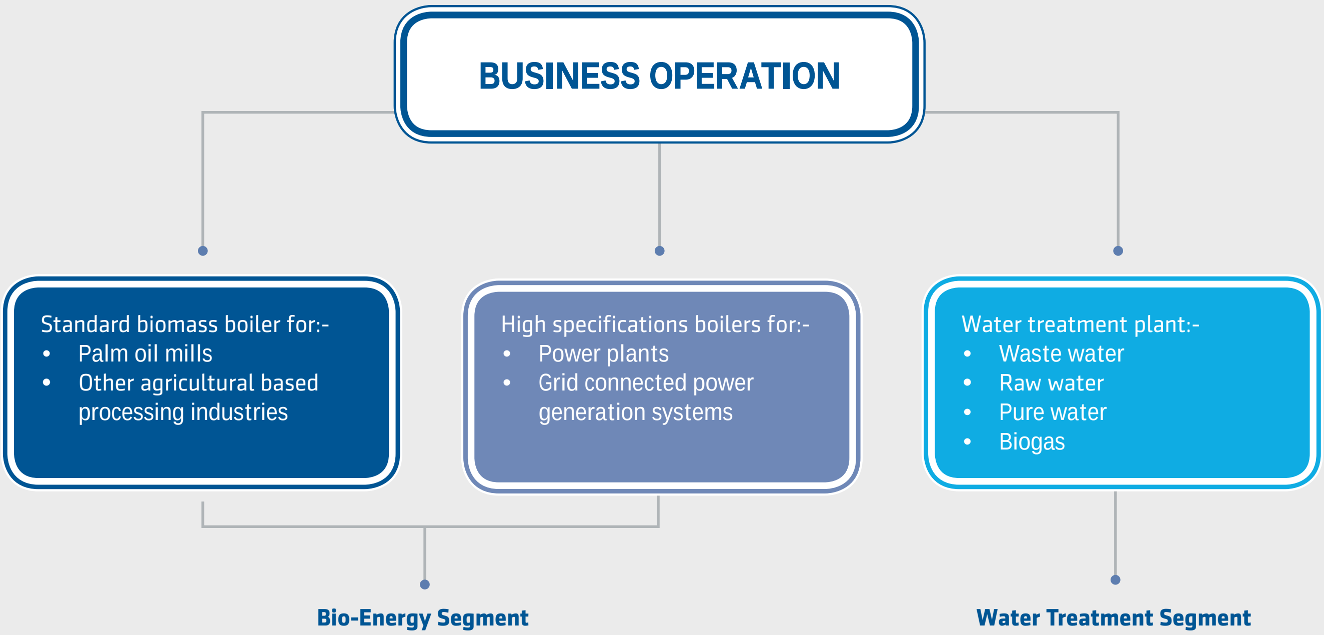
Boilermech Holdings Berhad ("Boilermech") Group ("Group") started operations in 2005 in the design and manufacturing of biomass boilers, which are primarily used to generate steam or energy through the combustion of palm oil and other agricultural wastes.

In the short span of almost 14 years, Boilermech has become the largest such manufacturer in South East Asia and has established itself as a global player, expanding beyond our home base in Malaysia to countries such as Indonesia, Thailand, Cambodia, Phillipines, Papua New Guinea, Africa and South America.

We pride ourselves in meeting the high standards of quality expected by our cutomers and we have grown from strength to strength by consistently applying our core values of Integrity, Teamwork, Perserverance and Innovativeness in all our products and services and in the way we operate in the market place. We continue to enhance our position in the region by creating and sharing value with our stakeholders through the offering of innovative, sustainable and high-quality waste-to-energy (renewable) and sustainable environmental solutions.

In 2016, Boilermech ventured into the business of water management solutions through the treatment of waste and raw water for industrial applications as well as the biogas sector as part of the Group's strategy to secure another pillar of revenue and profitability.

The principal segments of the Group's business operations are the Bio-Energy and Water Treatment segments, where the Bio-Energy segment remains the primary business activity and income generator of the Group.



Bio-Energy Segment

The Group's 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, food processing and rubber-based manufacturing.

Bio-energy system is a renewable energy system which generates energy from agricultural wastes, such as palm wastes, rice husks and wood chips. This provides the double solution to our customers, in catering to their energy needs as well as efficiently managing their agricultural wastes. The Group's bio-energy products offer sustainable solutions enabling energy cost efficiencies and management of environmental quality, such as emission control and carbon reduction.

The Bio-Energy segment's main Research, Design and Manufacturing facilities is based in Taman Perindustrian Subang, Selangor, which also houses our Marketing, Administrative and Corporate Office in Malaysia. The plant has an annual production capacity of 80 units.

Our Indonesian presence is supported by one of our wholly-owned subsidiaries based in Jakarta, which focuses on business development and support services to our Indonesian customers. Indonesia represents our largest foreign market and is also the top palm oil producing country in the world. Hence for strategic purposes, we intend to further strengthen our competitiveness and presence by setting up a manufacturing plant in Indonesia. This will enable us to foster closer business relationships with our customers, facilitate faster response time to their needs and to take advantage of the lower cost structure at the local scene.

In this respect, we have on 23 April 2019, entered into a sale and purchase agreement to acquire an industrial land in Surabaya for the purpose of setting up our manufacturing plant there.

Water Treatment segment

The Water Treatment segment refers to the entire spectrum of waste and raw water treatment, including consultancy and repair services, equipment fabrication and contract works, and the supply of water treatment chemicals and related accessories. This segment also encompasses the development and treatment of biogas plants.

The Water Treatment Segment is spearheaded by our subsidiary,Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK"), which is based in Kuching, Sarawak. TEK is one of the largest water treatment companies in East Malaysia and one of the leading providers of palm oil effluent polishing plant via the application of membrane technology.

MANAGEMENT DISCUSSION & ANALYSIS

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 2019) as compared to the previous financial year (i.e. FYE 31 March 2018) is presented below:

	FYE 2019 (RM'million)	FYE 2018 (RM'million)	Variance (RM'million)	Variance (%)
Revenue	234.8	225.9	8.9	3.9
Profit before Taxation	36.6	30.2	6.4	21.2

In comparing the financial results between FYE 2019 and FYE 2018, FYE 2019 recorded a 3.9% increase in revenue, driven by an increase in project delivery in both the Bio-Energy and Water Treatment segments.

The Group's Profit Before Tax ("PBT") also recorded a significant increase of 21.2%, in line with the increase in revenue and the improved efficiency.

In our effort to manage the Group's resources prudently, our cash position continued to strengthen with cash and cash equivalent increasing from RM88.5 million to RM97.3 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 funds.

The Group's net tangible assets continued to grow, and we remained profitable. By the end of the financial year under review, our net tangible assets had increased from RM186.4 million to RM 200.3 million.

Segmental Performance

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

	FYE 2019		FYE 2018	
REVENUE				
	RM Million	**Contribution percentage (%)**	**RM Million**	**Contribution percentage (%)**
Bio-Energy Segment	196.1	83.5	190.7	84.4
Water Treatment Segment	38.7	16.5	35.2	15.6
Total	**234.8**	**100.0**	**225.9**	**100.0**
PROFIT BEFORE TAX				
	RM Million	**Contribution percentage (%)**	**RM Million**	**Contribution percentage (%)**
Bio-Energy Segment	32.1	87.7	25.9	85.8
Water Treatment Segment	4.5	12.3	4.3	14.2
Total	**36.6**	**100.0**	**30.2**	**100.0**
PROFIT MARGIN (%)				
Bio-Energy Segment	**16.4**		**13.6**	
Water Treatment Segment	**11.6**		**12.2**	
Overall	**15.6**		**13.4**	

Bio-Energy Segment

The Bio-Energy segment continues to be the major income contributor for the Group, contributing 83.5% to the Group's total revenue in FYE 2019. Amidst challenges in the palm oil industry such as negative European Union sentiment towards palm-based biofuel, competition from other edible oils such as soybean oil and other factors affecting market forces such as the US-China trade war, the Bio-Energy segment recorded a 2.8% increase in revenue, from RM190.7 million in FYE 2018 to RM196.1 million in FYE 2019, supported by higher sales in biomass boiler. As at 31 March 2019, the Bio-Energy segment's order book remains strong, which should keep operations busy in the coming financial year.

The overall PBT margin was higher at 16.4% for FYE 2019, as compared to 13.6% recorded for FYE 2018, attributable to the increase in revenue and improved efficiency. The PBT contribution to the Group for FYE 2019 increased by 23.9% from RM25.9 million to RM32.1 million.

Water Treatment Segment

As at 31 March 2019, the Water Treatment segment, operated via TEK, contributed 16.5% to the Group's total revenue.

For FYE 2019, revenue contribution by the Water Treatment segment improved by 9.9% from RM35.2 million to RM38.7 million, mainly due to the increase in water treatment project sales and delivery during the financial year. The Water Treatment segment's order book remained strong, driven by demand from various industries including the palm oil industry and food industry.

That said however, the segment's PBT margin decreased slightly to 11.6% in FY 2019 partially due to the increase in overhead cost arising from increased investment in resources to facilitate delivery of future growth in subsequent years. TEK's PBT contribution to the Group for FYE 2019 increased by 4.7% from RM4.3 million to RM4.5 million.

MANAGEMENT DISCUSSION & ANALYSIS

Group Presence

As part of our strategy to expand our geographical and technical scope in both the Bio-Energy and Water Treatment segments and to lessen our reliance on traditional markets such as Malaysia and Indonesia, we are continuously extending our sales reach to other countries in the region and beyond.

Our sales footprint since the commencement of business in 2005 are as below:

The distribution of the Group's revenue is illustrated in the table below.

	FYE 2019		FYE 2018	
	Revenue (RM Million)	**Contribution percentage (%)**	**Revenue (RM Million)**	**Contribution percentage (%)**
Group Revenue				
Malaysia	99.0	42.2%	103.6	45.9%
Others	135.8	57.8%	122.3	54.1%
Segment Total	**234.8**	**100.0%**	**225.9**	**100.0%**

Amidst the current complex global market forces at play, the Group will continue to place concerted efforts and identify opportunities to expand our market reach beyond Malaysia and Indonesia.

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 diligently managing and monitoring.

- **Strong dependence on single industry**

  The Group started its operation as a design and manufacturing company, specialising in biomass boilers for the palm oil industry. Over the years, the Company has ventured into the production of higher specification boilers for power plants and grid connected power generation systems and the water treatment business. Despite these diversification strategies and activities, the Group is currently still strongly reliant on a single industry (in which the majority of customers operate).

  To mitigate this risk, the Group is constantly monitoring and analysing market demand, developing adjacent businesses and technologies where possible and continuously seeking 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 a good working relationship with customers and obtains 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

- **Currency Risk**

  The Group's business dealings in the international scene is mostly as an exporter, hence this exposes us to foreign currency risk especially from sales proceeds in foreign currency. To manage this, we monitor currency movements closely and enter into forward foreign currency contracts to hedge against our foreign exchange exposures.

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 of Directors ("Board"). The Board has on 28 May 2019 proposed a final single tier dividend of 2.00 sen per ordinary share amounting to RM10,320,000 for the financial year ended 31 March 2019, subject to approval by shareholders at the forthcoming 9th Annual General Meeting of the Company.

MANAGEMENT DISCUSSION & ANALYSIS

FUTURE PLANS AND PROSPECTS

Amidst current global and local challenges, from geopolitical uncertainties and trade policies to fluctuations in palm oil prices and foreign exchange rates, the Group continues to see improvement in the demand for bio-energy products and environmental solutions, such as effluent treatment, water treatment and biogas systems, from the palm oil industry. Demand for cost-effective energy solutions, increasing environmental concerns, demand for clean water and increasing government efforts in environmental regulations continue to drive the Group's Bio-Energy and Water Treatment segments.

The Group is strategically positioned in its product offerings, where marketing strategies can be formulated to package products and services from both the Bio-Energy and Water Treatment segments in a synergistic manner. Backed by this strategic competitive edge, we will continue to enhance our already-strong presence and market share in the traditional markets, especially in the vast Indonesian palm oil market. The Group's diversified portfolio of products and services also paves the path for us to maintain our position as the leading provider of bio-energy solutions and environmental management solutions, not only to the palm oil industry but beyond.

The Group is constantly on the lookout for opportunities to expand and grow, guided by prudent business decision-making processes and backed by a strong and healthy level of cash reserves. While we drive the Group towards achieving our vision in a more-than-ever dynamic economic environment, an established and robust risk management system is in place to systematically assess, monitor and manage key business risks. 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 economic headwinds and uncertainties.

Our strategy has thus far enabled the Group to diversify across a wide range of geographical reach and product segments, whilst maintaining an orchestrated focus in achieving the objective of providing high-quality renewable energy and sustainable environmental solutions. The Group's improved revenue and profit before tax for the financial year under review marks a healthy fundamental to the Group's strategic positioning towards achieving our long-term objective and value creation.

Apart from the intended construction of the manufacturing plant in Indonesia, the Group has no other major capital expenditure plans in the near term.

We remain focused in our delivery of our two core segments, banking on the potential growth in our Water Treatment segment and a cautious potential recovery of the palm oil sector. We will continue to pay close attention to the growing Indonesian palm oil market and prudently time the execution of our expansion plans. With the healthy combined order book from both segments, the Board is optimistic of the Group's performance in the next financial year.


Outdoor Type Power Plant Boiler with Electrostatic Precipitator (ESP)

AT A GLANCE

Non-financial review

In line with new regulations from the Department of Environment ("DOE") and synergistic with **the Group's environmental sustainability agenda**, Boilermech had a new product offering in the form of the **Electrostatic Precipitator ("ESP")**. The ESP is designed to regulate emission according to the DOE's requirement and is specially catered for the palm oil mill industry.

PT Boilermech Manufacturing Indonesia had entered into a sale and purchase agreement **to acquire a piece of industrial land in Surabaya, Indonesia**. The said acquisition is expected to be completed by the 3rd quarter of 2019.

Financial review

+3.9%

Total Revenue
has increased from RM225.9 million in FYE 2018 to RM234.8 in FYE 2019.

+21.2%

Profit Before Tax ("PBT")
achieved by the Group in FYE 2018 and FYE 2019 was RM 30.2 million and RM36.6 million respectively.

+7.5%

Net Tangible Assets
had increased from RM186.4 million to RM 200.3 million.

2.00 sen

Final single tier dividend of 2.00 sen per ordinary share

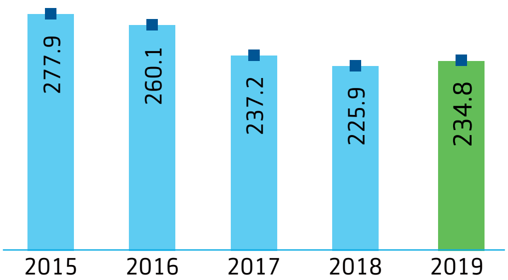
The Board has on 28 May 2019 proposed a final single tier dividend of 2.00 sen per ordinary share amounting to RM10,320,000 for the financial year ended 31 March 2019, subject to approval by shareholders at the forthcoming 9th Annual General Meeting of the Company.

FINANCIAL HIGHLIGHTS

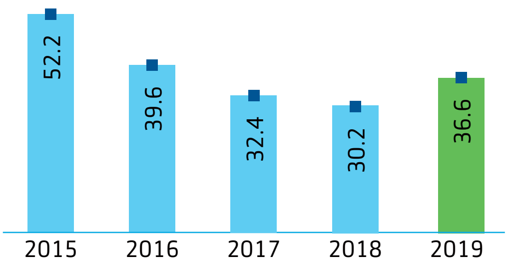
A holistic approach to measure

	2015 RM Mil	2016 RM Mil	2017 RM Mil	2018 RM Mil	2019 RM Mil
Revenue	277.9	260.1	237.2	225.9	234.8
Profit before Taxation	52.2	39.6	32.4	30.2	36.6
Profit after Taxation after Minority Interest	39.2	30.8	23.1	20.6	26.6
Total Assets	229.2	299.0	273.1	308.4	319.8
Net Tangible Assets	131.2	157.7	165.1	186.4	200.3

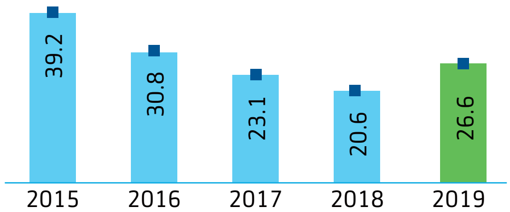
Revenue (RM Mil)



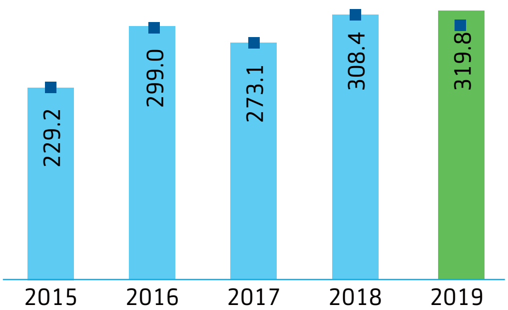
Profit before Taxation (RM Mil)



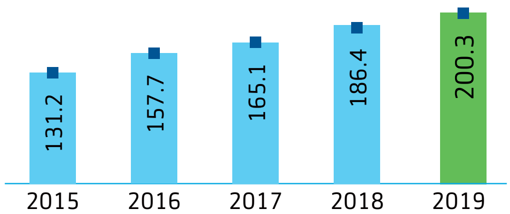
Profit after Taxation after Minority Interest (RM Mil)



Total Assets (RM Mil)



Net Tangible Assets (RM Mil)



KNOWLEDGE TO DEVELOP NEW MARKETS

We are continuously developing our knowledge and skill, to keep abreast of the latest technological advancements and our customers' needs, and for the opportunity to develop new markets.

BIOGAS

SUSTAINABILITY STATEMENT

INTRODUCTION

The Board of Directors ("Board") of Boilermech Holdings Berhad ("Boilermech" or "Company") is pleased to present the Sustainability Statement for the financial year ended 31 March 2019, which is prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"). This Statement sets out the management of material economic, environmental and social ("EES") risks and opportunities (collectively known as "Material Sustainability Matters") arising from the business operations of Boilermech and its subsidiaries ("Group").

In preparing this Statement, the Board has considered the Sustainability Reporting Guide - 2nd Edition and its accompanying Toolkits issued by Bursa.

This Statement underlines the Group's strategy and commitment towards ensuring that its business operations are carried out sustainably and responsibly, taking cognisance of the economic, environmental and social implications arising from the Group's operations.

SCOPE

The contents of this Statement encompass both of the Group's business segments, namely the Bio-Energy Segment (principally in activities of manufacturing, installation and repair of bio-energy systems and trading of related parts and accessories) and the Water Treatment Segment (principally in activities of total water management, water treatment chemicals supply and field application services, new water treatment plant research and development and plant fabrication and supplies). The Group's subsidiaries covered in this Statement, being major contributors to the Group's revenue and operations, are:

Subsidiary	Subsidiaries covered in this Statement
Bio-energy segment	Boilermech Sdn Bhd Boilermech Cleantech Sdn Bhd
Water treatment segment	Teknologi Enviro-Kimia (M) Sdn Bhd TEK Biotechnology Sdn Bhd

Should any of the subsidiaries which are not covered in this Statement later becomes a major contributor in terms of revenue and/or operations, the coverage of the Group's sustainability reporting scope will then be expanded accordingly.

GOVERNANCE STRUCTURE

The Group places high emphasis on business sustainability and has embedded accountability for business sustainability in its governance structure, where the tasks of managing economic, environmental and social matters of the Group and persons responsible are listed as follows:

BOARD

- Ultimately responsible for sustainability practices and performances
- Sets business strategies incorporating sustainability considerations

EXECUTIVE COMMITTEE ("EXCO")

- Oversees material sustainability matters as identified
- Monitor and report group sustainability performances, including strategies and initiatives to the Board

HEADS OF BUSINESS UNITS/ DEPARTMENTS

Consists of all Heads of Business Units and Heads of Departments for Head Office, responsible to:

- Identify, assess, monitor, manage and report sustainability matters to the EXCO
- Conduct stakeholder engagement processes (i.e. identification of key stakeholders and engagement with stakeholders)

MATERIALITY ASSESSMENT

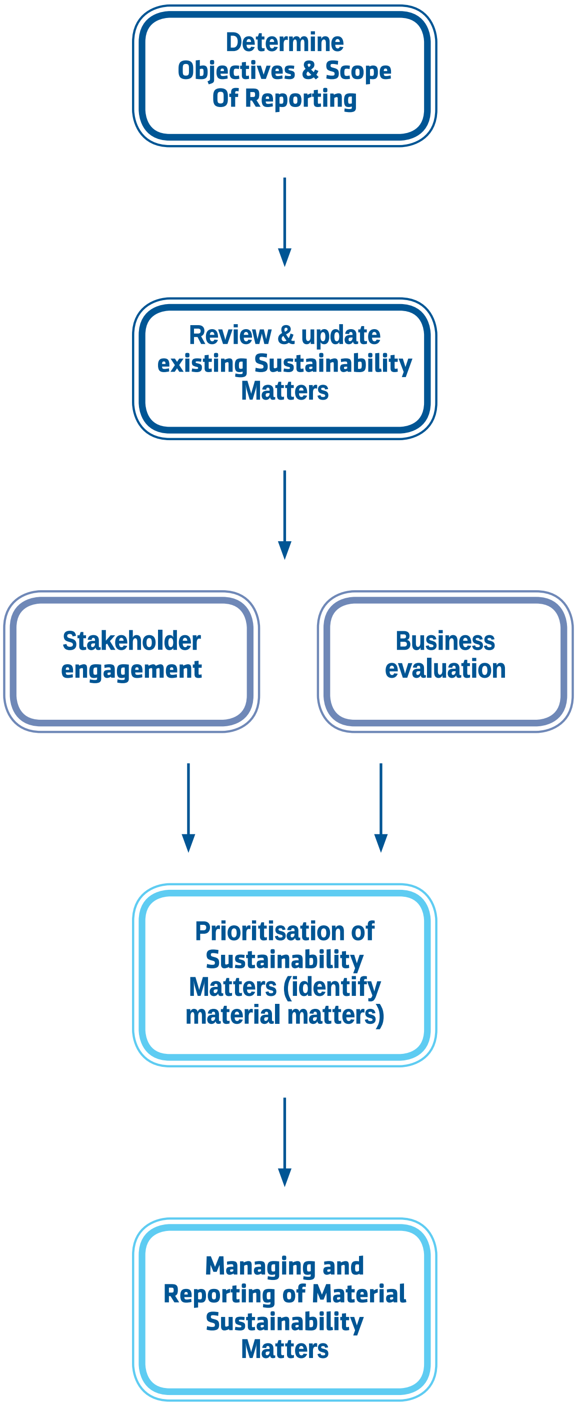
For the financial year ended 31 March 2019, the Group has engaged an external consultant to facilitate a materiality assessment workshop to determine the Group's material sustainability matters. The materiality assessment is guided by the materiality process as promulgated by Bursa's Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits.

The assessment has taken into consideration the views and concerns of the Group's stakeholders, such as our customers, investors and shareholders, suppliers, employees and workers, contractors, business partners and regulators, to name a few.

The materiality process focuses on identification, assessment and prioritisation of Boilermech's stakeholders and sustainability matters, with the aim of understanding how material each EES matter is to Boilermech's business and our key stakeholders (i.e. internal and external perspectives). Sustainability matters are being prioritised through the criteria prescribed by Bursa in Paragraph 6.3 of Practice Note 9 of the Listing Requirements, which:

- Reflect the Group's significant economic, environmental and social impact; and/or
- Substantively influence the assessments and decisions of stakeholders.

The materiality assessment process is summarised as follows:



SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT

The Group acknowledges the importance of our stakeholders to our business. In engaging our stakeholders, we can better understand how our business activities impact the economy, environment and society.

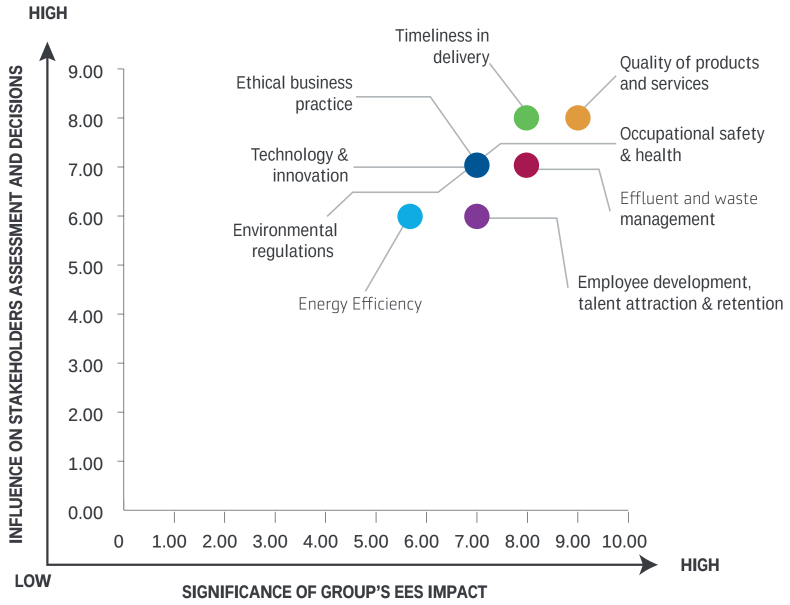
As each stakeholder group is unique, we have adopted customised stakeholder engagement methods to suit each stakeholder group to effectively and efficiently engage each group. Stakeholders are engaged through the following channels:

Stakeholders	Mode of engagement	Frequency of engagement	Relevant material sustainability matters
Customers	• Face-to-face interaction • Customer feedback • Meeting	• As needed	• Product pricing • Timeliness in delivery • Product and service quality • Technology and innovation • Environmental regulations
Investors/ shareholders	• Annual General Meeting • Announcements on Bursa • Press releases • Financial statements • Annual Reports	• Quarterly • Annually • As needed	• Ethical business practices • Financial performance • Sustainability of value creation
Suppliers	• Supplier appraisal and evaluation • Site visit/interview • Face-to-face interaction	• Annually • As needed	• Timeliness in delivery • Product and service quality • Price competitiveness
Contractors	• Contractor appraisal and evaluation • Face-to-face interaction	• Annually • As needed	• Occupational safety and health • Timeliness in delivery • Product and service quality
Employees and workers	• Meeting and discussion • Employee performance evaluation • Training programme	• Monthly • Half-yearly • Annually	• Occupational safety and health • Ethical business practices • Employee development, talent attraction and retention
Business partners	• Business partner appraisal and evaluation • Face-to-face interaction	• Quarterly • As needed	• Ethical business practices • Financial performance • Sustainability of value creation
Government agencies, authorities and regulators	• Meeting and discussion with officers from the Department of Safety & Health • Press releases • Changes/ introduction of new regulations	• As needed	• Occupational safety and health • Product and service quality • Technology and innovation • Environmental regulations

MATERIAL SUSTAINABILITY MATTERS

Guided by the definition of materiality prescribed by Bursa and with due consideration to the aforesaid stakeholders engagement methods, Boilermech has undertaken a materiality assessment of the Group's sustainability matters and has identified and prioritised the following as material sustainability matters under the scopes of Economic, Environmental and Social.

MATERIALITY ASSESSMENT RESULTS



ECONOMIC

Quality of products and services and timeliness in delivery

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

Committed to delivering quality products and services, the Group's main subsidiary in the Bio-Energy Segment, Boilermech Sdn Bhd had during the financial year, upgraded its accreditations from ISO 9001:2008 (Quality Management System) 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. These accreditations demonstrate the Group's ability to provide quality products and services that meet both our customers' expectations as well as regulatory requirements.

Our 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 our products, before they are delivered to customers. Emphasis is placed on key factors affecting product quality, which include the sourcing of materials, manufacturing process and workmanship.

We also carry out customer satisfaction surveys whereby selected customers are requested to provide their feedback in terms of product and service satisfaction. For the financial year ended 31 March 2019, 78% of our customers had responded to our customer satisfaction survey, out of which 75% of the feedback has met or exceeded expectations.

SUSTAINABILITY STATEMENT

Technology and innovation

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 in the related fields.

The number of such technical trainings, conferences and workshops attended by our staff in the past three (3) financial years are:

Financial year	Number of training/ workshops attended
31 March 2019	5
31 March 2018	4
31 March 2017	6

In our pursuit of innovation and technological advancement, we have also through our wholly-owned subsidiary, Boilermech Oretech Sdn Bhd, signed a 15-year agreement with Australia's Commonwealth Scientific and Industrial Research Organisation ("CSIRO") for the commercialisation of CSIRO's patented technology which enhances palm oil extraction efficiency, by recovering trapped oil from the settling process.

Funds were allocated by Boilermech Oretech Sdn Bhd for the purpose of research and development ("R&D") on the above technology. The R&D process is still ongoing to establish the palm oil extraction efficiency and the amount spent to-date is about RM2 million.

Ethical business practice

We hold strongly to the belief that maintaining high level of ethical business practices is pivotal and forms the foundation of sustainable business operations. Hence, we have incorporated strong business ethics in our corporate culture and in all our business dealings.

In addition to the internal controls that are currently in place, such as the Company's Code of Ethics and vendor assessment and selection, we have also established a Whistle-blowing Policy through which all internal staff and the public can report, in good faith, any suspected or actual fraud, corruption and/or other wrongful activities or wrongdoings. The whistle-blower is protected from reprisals and the identity of the whistle-blower will be kept confidential.

No whistleblowing cases were reported or recorded for the financial years ended 31 March 2019, 2018 and 2017.

Boilermech's Manufacturing Facility

ENVIRONMENTAL

Effluent and waste management

The nature of Boilermech's businesses supports and promotes environmental sustainability. Boilermech provides products and solutions to treat or reduce our 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 palm oil wastes (e.g. palm mesocarp fiber, palm kernel shell, Empty Fruit Bunches or "EFB"), wood wastes and rice husks, 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.

The Group's Bio-Energy Segment promotes the use of biomass boilers wherever biomass fuel is available. During the financial year under review, we have installed in total 1,580 metric tonne ("MT") per hour capacity of steam generation[(1)]. Compared to coal fire boilers, our biomass boiler is able to reduce Carbon Dioxide ("Co2") by 2.7 million MT[(2)] per year.

Further to the above, our standard biomass boiler is able to reduce wastes generated by our customers (e.g. EFB, fibre, kernel shell, bagasse, rice husk, woodchip, saw dust) by 530 MT per hour or 3.2 million MT[(2)] per year, through the usage of these wastes as boiler fuel.

The Group also provides solutions to treat palm oil mill effluent ("POME") which capture the biogas from POME to generate electricity and reduce the methane[(3)] discharged into the atmosphere.

During the financial year under review, we have successfully installed a 60 m3 per hour POME treatment and Biogas methane capturing plant, which is expected to reduce methane by 6.7 million MT[(2)] per year.

Our subsidiary from the Water Treatment Segment, TEK, also provides wastewater treatment solutions for industrial use. During the financial year under review, TEK supplied and installed 280 m3 per hour and 150 m3 per hour of wastewater and raw water treatment capacity respectively.

Notes:

(1) *265 MT of coal is required to generate the same amount of steam per hour, which translates to 450 MT of Carbon Dioxide emission per hour.*

(2) *Assuming 6,000 hours of operation per year.*

(3) *A potent greenhouse gas emitted by EFB with a global warming potential higher than carbon dioxide.*

Environmental regulations

The Group provides air pollution control solutions to our customers to comply with the new Environmental Quality (Clean Air) Regulation 2014 - Environmental Quality Act 1974. The said new regulation requires all solid fuel steam generators to be able to reduce the particulate emission into the atmosphere to below 150mg/Nm3 as compared to the previous required limit of 400mg/Nm3 and below. During the financial year under review, we have delivered air pollution control systems that are expected to further reduce 430 MT per year of dust emission into the atmosphere.

The Group also provides solutions to our customers to comply with the Malaysia Environmental Quality (Industrial Effluent) Regulation 2009 - Environmental Quality Act 1974. Our tertiary treatment plants enable palm oil mills to ensure their final discharge of effluent into the watercourse meets the Biological Oxygen Demand ("BOD") requirement of 20 parts per million ("ppm"). During the financial year under review, we have delivered the system that is expected to further reduce at least 44,640 kg of BOD per year.

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

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

SUSTAINABILITY STATEMENT

SOCIAL

Occupational safety and health

On the social front, the Group places employees and workers at the forefront and considers them our most important assets. Strong emphasis is placed on employees' occupational safety and health ("OSH") matters as well as talent development and retention. The Group is committed to providing our 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 helmed by the Managing Director, has established and embedded an OSH Policy on health and safety practices for our factory, site and office workers, to be strictly 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 and 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.

The recommendations on improvement opportunities and non-compliances highlighted by the Safety and Health Officer for the past three (3) financial years have been fully implemented.

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.

The Group also invites external professionals to provide OSH-related training to our employees and workers from time to time, with the objective of broadening our employees' awareness and knowledge pertaining to workplace safety and their ability to respond to OSH-related incidences.

The health and safety related programmes held periodically or during the financial year under review are:

Programme	Description of programme	Frequency of periodic programme
First aid training	Train employees to administer first aid	Every alternate year
Firefighting training	Train employees to prevent and put out fire	Every alternate year
Fire drill and evaluation training	Train employees to respond in the event of fire	Annually
Factory worker OSH briefing	Brief factory workers on OSH matters and related protection and safety measures and practices	Weekly
Employee orientation on Personal Protective Equipment ("PPE")	Brief new employees on the usage of PPE	Monthly
Visitor PPE briefing	Brief visitors on OSH requirements and usage of PPE prior to entering factory	As required
Essential chemical training	Train employees on methods and safety measures in the handling of chemicals and chemical spillages	As required
Equipment and machinery handling training	Train employees on operating work equipment and machineries	As required
Noise awareness programme	Train employees on the risk of hearing loss and the application of PPE in loud noise exposed environment	As required

No major incidences on safety and health issues were recorded for the financial years ended 31 March 2019, 2018 and 2017.

The Group also provides appropriate PPE to all our employees and workers who are exposed to high-risk safety hazards. For example, face shields and gloves are provided to soldering workers. The relevant PPE provided by the Group includes:

- face shields;
- gloves;
- safety boots;
- safety helmet; and
- earplugs.

During the financial years ended 31 March 2018 and 2019, our subsidiary, Boilermech Sdn Bhd has participated in the Systematic Occupational Health Enhancement Level Programme ("SoHELP"), which is a collaboration programme with the Department of Occupational Safety and Health to enhance the occupational health standards in the workplace especially in relation to chemical management, ergonomic issues and hearing conservation.

Employee development, talent attraction and retention

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

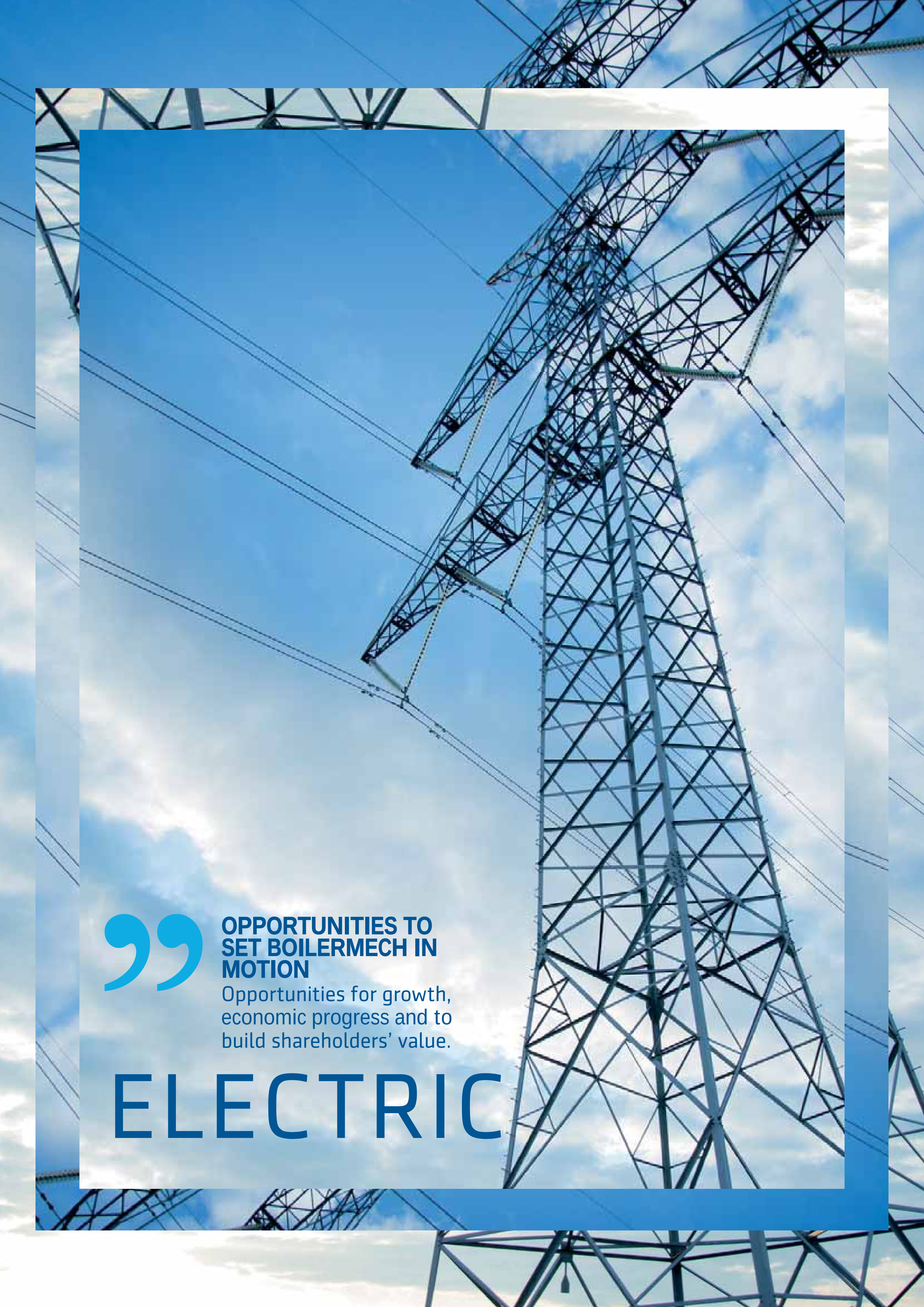
Training programs for employees and workers are devised based on the training needs analysis, which are conducted during employees' and workers' annual performance appraisals. Employees are required to attend the training programs as identified from their training needs analysis and for the past three (3) financial years ended 31 March 2019, 2018 and 2017, we have achieved our targets on employees' training.

The Company also recognises the value of dedicated and long-serving employees, acknowledging their loyalty and contribution to the Group. To promote work-life balance, we provide our employees with a safe, comfortable and conducive working environment to ensure their working hours are used in a productive and effective manner. Other employees' welfare incentives are also provided such as annual and monthly employees' engagement activities, medical benefits, group insurance, etc.

TOWARDS A SUSTAINABLE FUTURE

Notwithstanding the Material Sustainability Matters as 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.



OPPORTUNITIES TO SET BOILERMECH IN MOTION

Opportunities for growth, economic progress and to build shareholders' value.

ELECTRIC

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 Malaysia 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, 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, which provide a clear distinction and separation of the two roles, maintain a balance of power and authority to the Board's dynamics and ensure 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 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 are accessible on the Company's website at www.boilermech.com.

The Board members have unrestricted access to the Company Secretaries who provide sound governance advice to the Board, particularly on Corporate Governance issues and compliance with the relevant laws and regulatory requirements and policies and procedures.

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	8/8	5/5	2/2	4/4
Leong Yew Cheong	Managing Director	8/8	-	-	-
Chia Lik Khai	Deputy Managing Director	8/8	-	-	-
Chia Seong Fatt	Alternate Director to Chia Lik Khai	8/8	-	-	-
Gan Chih Soon	Executive Director	8/8	-	-	-
Tee Seng Chun	Alternate Director to Gan Chih Soon	8/8	-	-	-
Low Teng Lum	Independent Non-Executive Director	8/8	5/5	2/2	4/4
Mohd Yusof Bin Hussian	Independent Non-Executive Director	8/8	5/5	2/2	-
Ho Cheok Yuen	Independent Non-Executive Director	7/8	5/5	2/2	4/4
Adrian Chair Yong Huang	Independent Non-Executive Director	8/8	5/5	2/2	4/4

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). Through the NC's annual evaluation of the Board, Board Committees and individual Directors, the Board also assessed 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	• Malaysian Institute of Corporate Governance: Board Dynamics: What Are The Key Essential Requirements
Leong Yew Cheong	• Boilermech in-house training: Follow up on Developing Winning KPI • Boilermech in-house training: Risk Based Thinking Awareness (SWOT Analysis) • Boilermech in-house training: ISO 9001:2015 QMS Internal Auditor Training • Boilermech in-house training: ISO 9001:2015 Audit Report Writing • Boilermech in-house training: Finance for Non-Finance Manage
Chia Lik Khai	• Malaysian Institute of Corporate Governance: Board Dynamics: What Are The Key Essential Requirements
Chia Seong Fatt	• Bursa Malaysia Berhad and CME Group: POC 2019 Palm and Lauric Oils – Price Outlook Conference & Exhibition: Manage Uncertainties, Harvest Global Opportunities
Gan Chih Soon	• Boilermech in-house training: Follow up on Developing Winning KPI • Boilermech in-house training: Risk Based Thinking Awareness (SWOT Analysis) • Boilermech in-house training: ISO 9001:2015 QMS Internal Auditor Training • Boilermech in-house training: ISO 9001:2015 Audit Report Writing • Boilermech in-house training: Finance for Non-Finance Manager
Tee Seng Chun	• Boilermech in-house training: Follow up on Developing Winning KPI • Boilermech in-house training: Risk Based Thinking Awareness (SWOT Analysis) • Boilermech in-house training: ISO 9001:2015 QMS Internal Auditor Training • Boilermech in-house training: ISO 9001:2015 Audit Report Writing • Boilermech in-house training: Finance for Non-Finance Manager • Kelab Kebajikan dan Sukan Jabatan Alam Sekitar: Seminar Towards Full Compliance of Clean Air Regulations 2014: Palm Oil Millers
Low Teng Lum	• Bursa Malaysia Berhad: Sustainability Engagement Series for Directors/ Chief Executive Officers 2019 • Bursa Malaysia Berhad: Case Study Workshop – Independent Directors: Board Best Practices • CSR Works International Singapore: Integrated Reporting – Introductory Level and Practitioner Level • The Edge: Edge Citigold Wealth Forum
Mohd Yusof Bin Hussian	• Aram Global Sdn Bhd: Anti-Corruption Summit 2018 "Good Governance and Integrity For Sustainable Business Growth" • FIDE: Program on Crypto Currency • FIDE: Win the Innovation Race-Unlocking the Creative Power of Asian • Bank Negara Malaysia Annual Dialoque • FIDE: Emerging Risks. The Future Board & Return on Compliance • KPMG: ACI Breakfast Talk
Ho Cheok Yuen	• CG Board Asia Pacific Sdn Bhd: Sustainability: Governance – Towards Long Term Value Creation
Adrian Chair Yong Huang	• Allen & Overy Hong Kong: Lending into ASEAN Jurisdiction • Allen & Overy London: Global Experts and Markets – GEM Conference • Khazanah Nasional Berhad: Khazanah Megatrends Forum – Recalibrating Markets, Firms, Society and People

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's recommendation 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.

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 others, in the areas of boiler designing and manufacturing, business, finance, accountancy, auditing, law, education, agro-food, manufacturing and electrical, mechanical and agricultural engineering.

For the assessment and selection of new Board candidates, the Board, through the recommendation of the Nomination Committee, shall consider the prospective candidate's character, integrity, competency, time commitment and experience in meeting the Company's needs. The Board also takes into consideration other factors such as industry skills and knowledge, professionalism, contribution and performance. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre. In terms of gender diversity, the Board has set a policy which has been incorporated in the Board Charter, that at least one member of the Board shall be of a female gender. In this respect, the Board has identified a suitably qualified female candidate as director, whose appointment process will be undertaken in the financial year ending 31 March 2020.

The Board, through the Nomination Committee, 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 Nomination Committee 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;
- Assessed the target and measures on gender diversity on the Board; 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 the 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 Remuneration Committee Meetings.

The aggregate remuneration of Directors received from the Company and on Group basis for the financial year ended 31 March 2019 is as follows:-

Directors	Fees	Salaries and EPF	Bonuses	Other allowances/ emoluments	Benefits in-kind	Total
Group			**(in RM)**			
Non-Executive Director						
Dr. Chia Song Kun	108,000	-	-	13,500	-	121,500
Low Teng Lum	96,000	-	-	13,500	-	109,500
Mohd Yusof Bin Hussian	84,000	-	-	13,500	-	97,500
Ho Cheok Yuen	103,414 [1]	-	-	35,862[1]	-	139,276[1]
Adrian Chair Yong Huang	84,000	-	-	13,500	-	97,500
Executive Director[2]						
Leong Yew Cheong	-	824,058	356,850	593	28,000	1,209,501
Chia Lik Khai	-	389,780	182,000	923	-	572,703
Gan Chih Soon	-	510,027	217,750	923	17,400	746,100
Tee Seng Chun	-	510,450	221,000	1,847	17,400	750,697
Chia Seong Fatt	36,000[3]	-	-	-	-	36,000
Company			**(in RM)**			
Non-Executive Director						
Dr. Chia Song Kun	108,000	-	-	13,500	-	121,500
Low Teng Lum	96,000	-	-	13,500	-	109,500
Mohd Yusof Bin Hussian	84,000	-	-	13,500	-	97,500
Ho Cheok Yuen	103,414 [1]	-	-	35,862[1]	-	139,276[1]
Adrian Chair Yong Huang	84,000	-	-	13,500	-	97,500

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's 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 2019 which is provided herewith in bands of RM50,000 falls within the range of RM500,001 to RM550,000.

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, external and internal audit, internal controls, risk management, related party transactions and conflicts of interest situations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The AC comprises five (5) members, of whom four (4) members, 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.

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.

The AC has also 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 2019, 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 ("AGM"), 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 24 August 2018, 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 9th AGM to be held on 19 August 2019 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 2019.

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 2019 ("financial year") are as follows:

	Group (RM)	Company (RM)
Audit fees	199,255	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 26 July 2018 during the Company's Annual General Meeting held on 24 August 2018.

The Company had announced on 4 July 2019 that the Company is seeking its shareholders' approval for the Proposed Renewal of Shareholders' Mandate for RRPT of a revenue and trading nature and Proposed New Shareholders' Mandate for additional RRPT of a revenue and trading nature at the Company's forthcoming 9th 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 19 July 2019 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.	1,283
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.	329

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 2019 ("financial year"), the Audit Committee had convened five (5) meetings, attended by the members as follows:-

Name	Meeting Attendance
Mr Low Teng Lum	5/5
Dr. Chia Song Kun	5/5
En. Mohd Yusof Bin Hussian	5/5
Mr Ho Cheok Yuen	5/5
Mr Adrian Chair Yong Huang	5/5

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 operational and financial monitoring by Management of the Company's 60.23% owned subsidiary, namely Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK") and its subsidiaries.

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

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

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

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

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

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

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

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

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

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

The Audit Committee had prepared and presented the Audit Committee Report for the financial year ended 31 March 2019 to the Board on 4 July 2019.

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 2019, the Internal Auditors had focused on the following processes of Boilermech Sdn Bhd, a principal subsidiary of the Company, and had reviewed and assessed the adequacy of the internal controls systems on the said processes:-

- Project management;
- Security management; and
- Information system.

The Internal Auditors had issued their reports on the above to the Audit Committee detailing their findings and recommendations and Management's responses to the findings and recommendations.

TERMS OF REFERENCE

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of a listed issuer to include in its Annual Report a statement about the state of risk management and internal control of the listed issuer as a group. Accordingly, the Board of Directors ("Board") of Boilermech Holdings Berhad ("Boilermech" or "Company") is pleased to provide the following statement which outlines the nature and scope of Boilermech and its subsidiaries ("Group")'s risk management and internal control systems for the financial year ended 31 March 2019.

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 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 and business environment. 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 2019 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 2019, 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 2019 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 2019.

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 2019 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.


5.970
539,137
1.720
48,100
0.314
1.190
10,000
0.332

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

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	27,826,047	30,564,820
Attributable to:-		
Owners of the Company	26,575,543	30,564,820
Non-controlling interests	1,250,504	-
	27,826,047	30,564,820

DIVIDENDS

Dividends paid or declared by the Company since 31 March 2018 are as follows:-

	RM
In respect of the financial year 31 March 2018 A final single tier dividend of 1.75 sen per ordinary share approved by the shareholders at the Annual General Meeting held on 24 August 2018, paid on 20 September 2018	9,030,000

At the forthcoming Annual General Meeting, a final single tier dividend of 2.00 sen per ordinary share amounting to RM10,320,000 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 2020.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT

DIRECTORS

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

Benja Boonyakitsombat
Hii Hiong Swee
Ling Pick Wuong
Yong Hua Kong
Law Chee Wong (Appointed on 15.11.2018)
Yong Yew San (Resigned on 29.11.2018)

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 1.4.2018	Bought	Sold	At 31.3.2019
The Company				
Direct Interests				
Chia Song Kun	400,000	-	-	400,000
Leong Yew Cheong	56,405,824	-	-	56,405,824
Chia Lik Khai	500,000	-	-	500,000
Gan Chih Soon	20,674,140	-	-	20,674,140
Low Teng Lum	400,000	-	-	400,000
Mohd Yusof Bin Hussian	450,000	25,000	-	475,000
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 1.4.2018	Bought	Sold	At 31.3.2019
The Company				
Indirect Interests				
Chia Song Kun [(1)]	225,333,936	2,493,000	-	227,826,936
Leong Yew Cheong [(2)]	2,000,000	-	-	2,000,000
Low Teng Lum [(3)]	754,000	-	-	754,000
Mohd Yusof Bin Hussian [(3)]	50,000	-	-	50,000
Chia Seong Fatt (Alternate to Chia Lik Khai) [(4)]	225,333,936	2,493,000	-	227,826,936
Tee Seng Chun (Alternate to Gan Chih Soon) [(3)]	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 his daughter's shareholdings in the Company.*

(3) *Deemed interest via their spouses' 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.

DIRECTORS' REPORT

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 approximately amounted to RM16,000. No indemnity given to or insurance effected for auditors of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 40 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office.

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

Signed in accordance with a resolution of the directors dated 4 July 2019

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 67 to 152 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 2019 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 2019

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 67 to 152 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 2019

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 THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Boilermech Holdings Berhad, which comprise the statements of financial position as at 31 March 2019 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 67 to 152.

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 2019, 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.

Revenue recognition and contract assets/(liabilities) 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 budgeted costs. • Assessed the estimated total costs to complete through inquiries with the operational and financial personnel of the Group. • Compared budgeted costs to actual results to assess the reasonableness of assumptions used in the budgeted costs. • Performed verification on the actual progress billings issued and actual costs incurred for the financial year. • Checked on the subsequent billings of contract assets/(liabilities). • Performed recomputation on the profit recognised and checked calculation of the percentage of completion.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BOILERMECH HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA) COMPANY NO: 897694 - T

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report (Cont'd).

<table>
<tr><td colspan="2">Recoverability of trade receivables
Refer to Note 12 to the financial statements</td></tr>
<tr><td>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.</td><td>How our audit addressed the Key Audit Matter

Our audit procedures included:-
• Assessed the receipt of cash after the year-end; and
• Tested the adequacy of the Group's allowance for impairment on trade receivables by assessing historical data from the Group's previous collection experience</td></tr>
</table>

<table>
<tr><td colspan="2">Goodwill impairment
Refer to Note 9 to the financial statements</td></tr>
<tr><td>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.</td><td>How our audit addressed the Key Audit Matter

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.
• Reviewed management assessment on sensitivity analysis over gross margin, growth rates and discount rate used in deriving the value in use to assess the potential impact of a reasonable possible change to any of these assumptions on the recoverable amount of goodwill.</td></tr>
</table>

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.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BOILERMECH HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA) COMPANY NO: 897694 - T

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 PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Ooi Song Wan
02901/10/2020 J
Chartered Accountant

Kuala Lumpur

4 July 2019

STATEMENTS OF FINANCIAL POSITION
AT 31 MARCH 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	39,699,556	39,699,556
Property, plant and equipment	6	74,366,771	77,602,290	11,698,733	11,848,877
Investment property	7	6,190,076	6,321,184	-	-
Deferred tax assets	8	416,822	172,663	-	-
Goodwill	9	3,931,378	3,931,378	-	-
		84,905,047	88,027,515	51,398,289	51,548,433
CURRENT ASSETS					
Inventories	10	28,836,509	26,955,053	-	-
Contract assets	11	26,668,929	29,382,478	-	-
Trade receivables	12	70,020,039	62,768,140	-	-
Other receivables, deposits and prepayments	13	9,850,393	6,910,375	83,400	116,994
Amount owing by subsidiaries	14	-	-	2,610,000	2,412,240
Current tax assets		1,566,888	1,190,762	13,055	18,260
Derivative assets	15	694,144	4,673,236	-	-
Dividend receivable		-	-	16,000,000	12,000,000
Liquid investments	16	78,368,820	69,239,094	18,764,001	1,235,013
Cash and bank balances		18,906,576	19,291,574	23,325	22,937
		234,912,298	220,410,712	37,493,781	15,805,444
TOTAL ASSETS		319,817,345	308,438,227	88,892,070	67,353,877

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

STATEMENTS OF FINANCIAL POSITION
AT 31 MARCH 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 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	754,650	4,439,942	-	-
Merger deficit	19	(21,809,998)	(21,809,998)	-	-
Foreign exchange translation reserve	20	45,461	37,137	-	-
Retained profits		173,593,084	156,047,541	37,210,488	15,675,668
Equity attributable to owners of the Company		204,183,197	190,314,622	88,810,488	67,275,668
Non-controlling interests		10,125,543	9,197,818	-	-
TOTAL EQUITY		214,308,740	199,512,440	88,810,488	67,275,668
NON-CURRENT LIABILITIES					
Hire purchase payables	21	828,939	738,283	-	-
Term loans	22	3,962,254	4,376,188	-	-
Deferred tax liabilities	8	1,437,383	1,523,495	-	-
		6,228,576	6,637,966	-	-
CURRENT LIABILITIES					
Contract liabilities	11	51,856,267	48,148,371	-	-
Trade payables	23	31,467,147	40,490,827	-	-
Other payables and accruals		9,938,810	10,071,587	79,780	76,154
Amount owing to a subsidiary	14	-	-	1,802	2,055
Short-term borrowings	24	3,238,736	2,939,372	-	-
Current tax liabilities		2,779,069	637,664	-	-
		99,280,029	102,287,821	81,582	78,209
TOTAL LIABILITIES		105,508,605	108,925,787	81,582	78,209
TOTAL EQUITY AND LIABILITIES		319,817,345	308,438,227	88,892,070	67,353,877
NET ASSETS PER ORDINARY SHARE (RM)	25	0.40	0.37		

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

STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE FIINANCIAL YEAR ENDED 31 MARCH 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
REVENUE	26	234,809,971	225,907,371	31,488,801	12,000,000
COST OF SALES		(174,115,516)	(172,664,347)	-	-
GROSS PROFIT		60,694,455	53,243,024	31,488,801	12,000,000
OTHER INCOME		4,275,215	8,200,478	174,759	76,848
		64,969,670	61,443,502	31,663,560	12,076,848
SELLING AND MARKETING EXPENSES		(3,481,983)	(4,876,531)	-	-
ADMINISTRATIVE EXPENSES		(17,930,738)	(16,609,152)	(948,419)	(907,602)
OTHER EXPENSES		(5,066,846)	(8,835,796)	(150,144)	(150,144)
FINANCE COSTS		(420,726)	(409,886)	-	-
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	27	(1,454,645)	(507,288)	-	-
PROFIT BEFORE TAXATION	28	36,614,732	30,204,849	30,564,997	11,019,102
INCOME TAX EXPENSE	29	(8,788,685)	(8,277,757)	(177)	(1,653)
PROFIT AFTER TAXATION		27,826,047	21,927,092	30,564,820	11,017,449
OTHER COMPREHENSIVE (EXPENSES)/INCOME					
Item that will be reclassified subsequently to profit or loss					
- Cash flow hedge		(3,685,292)	8,475,406	-	-
- Foreign currency translation differences		8,324	(57,641)	-	-
TOTAL OTHER COMPREHENSIVE (EXPENSES)/INCOME		(3,676,968)	8,417,765	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		24,149,079	30,344,857	30,564,820	11,017,449
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		26,575,543	20,574,805	30,564,820	11,017,449
Non-controlling interests		1,250,504	1,352,287	-	-
		27,826,047	21,927,092	30,564,820	11,017,449
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		22,898,575	28,992,570	30,564,820	11,017,449
Non-controlling interests		1,250,504	1,352,287	-	-
		24,149,079	30,344,857	30,564,820	11,017,449
EARNINGS PER SHARE (SEN)					
- Basic	30	5.15	3.99		
- Diluted	30	5.15	3.99		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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 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/ (expenses) 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	31	-	-	-	-	(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 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 2018/ 1 April 2018		51,600,000	4,439,942	(21,809,998)	37,137	156,047,541	190,314,622	9,197,818	199,512,440
Profit after taxation for the financial year		-	-	-	-	26,575,543	26,575,543	1,250,504	27,826,047
Other comprehensive (expenses)/ income for the financial year:									
- cash flow hedge		-	(3,685,292)	-	-	-	(3,685,292)	-	(3,685,292)
- foreign currency translation differences		-	-	-	8,324	-	8,324	-	8,324
Total comprehensive (expenses)/ income for the financial year		-	(3,685,292)	-	8,324	26,575,543	22,898,575	1,250,504	24,149,079
Contributions by and distributions to owners of the Company:									
- dividend by the Company	31	-	-	-	-	(9,030,000)	(9,030,000)	-	(9,030,000)
- dividend by a subsidiary to non-controlling interests		-	-	-	-	-	-	(322,779)	(322,779)
Total transactions with owners		-	-	-	-	(9,030,000)	(9,030,000)	(322,779)	(9,352,779)
Balance at 31 March 2019		51,600,000	754,650	(21,809,998)	45,461	173,593,084	204,183,197	10,125,543	214,308,740

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FIINANCIAL YEAR ENDED 31 MARCH 2019

The Company	Note	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 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	31	-	(7,740,000)	(7,740,000)
Balance at 31 March 2018/ 1 April 2018		51,600,000	15,675,668	67,275,668
Profit after taxation/Total comprehensive income for the financial year		-	30,564,820	30,564,820
Distributions to owners of the Company: - dividend	31	-	(9,030,000)	(9,030,000)
Balance at 31 March 2019		51,600,000	37,210,488	88,810,488

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

STATEMENTS OF CASH FLOWS
FOR THE FIINANCIAL YEAR ENDED 31 MARCH 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		36,614,732	30,204,849	30,564,997	11,019,102
Adjustments for:-					
Allowance for impairment losses on:					
- trade receivables		1,454,645	229,330	-	-
- contract assets		-	277,958	-	-
Bad debts written off		731,642	18,094	-	-
Depreciation of property, plant and equipment		4,252,461	4,572,456	150,144	150,144
Depreciation of investment property		131,108	131,106	-	-
Equipment written off		57,566	16,572	-	-
Fair value loss on derivatives		293,800	3,046,676	-	-
Interest expense		420,726	409,886	-	-
Inventories written down		468,266	35,715	-	-
Inventories written off		5,335	484,939	-	-
Loss on disposal of subsidiaries		-	437	-	-
Unrealised (gain)/loss on foreign exchange		(896,918)	1,676,531	-	-
Dividend income		-	-	(31,488,801)	(12,000,000)
Fair value gain on derivatives		-	(43,629)	-	-
Gain on disposal of equipment		(123,242)	(242,805)	-	-
Interest income		(2,807,174)	(2,230,220)	(174,759)	(76,848)
Reversal of inventories previously written down		(31,149)	-	-	-
Operating profit/(loss) before working capital changes		40,571,798	38,587,895	(948,419)	(907,602)
(Increase)/Decrease in inventories		(2,322,870)	1,662,642	-	-
Decrease/(Increase) in contract assets		2,727,470	(1,777,992)	-	-
(Increase)/Decrease in trade and other receivables		(11,543,244)	(12,947,630)	33,594	(17,497)
Increase in contract liabilities		3,653,250	4,169,961	-	-
(Decrease)/Increase in trade and other payables		(9,306,638)	10,655,211	3,626	22,127
CASH FROM/(FOR) OPERATIONS		23,779,766	40,350,087	(911,199)	(902,972)
Interest paid		(420,726)	(409,886)	-	-
Income tax (paid)/refunded		(7,350,968)	(7,438,111)	5,028	(12,570)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		16,008,072	32,502,090	(906,171)	(915,542)

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

STATEMENTS OF CASH FLOWS
FOR THE FIINANCIAL YEAR ENDED 31 MARCH 2019

	Note	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(197,760)	(1,202,982)
Net cash outflow on disposal of subsidiaries	32	-	(2,345)	-	-
Proceeds from disposal of equipment		158,642	267,555	-	-
Purchase of property, plant and equipment	33(a)	(541,216)	(1,553,867)	-	-
Dividends received		-	-	27,488,801	10,000,000
Interest received		2,807,174	2,230,220	174,759	76,848
NET CASH FROM INVESTING ACTIVITIES		2,424,600	941,563	27,465,800	8,873,866
CASH FLOWS FOR FINANCING ACTIVITIES					
Repayment of term loans	33(b)	(408,122)	(405,322)	-	-
Repayment of hire purchase obligations	33(b)	(431,392)	(570,005)	-	-
Net drawdown of bankers' acceptances	33(b)	249,000	27,000	-	-
(Repayment to)/Advances from a subsidiary		-	-	(253)	2,055
Dividends paid		(9,352,779)	(7,740,000)	(9,030,000)	(7,740,000)
NET CASH FOR FINANCING ACTIVITIES		(9,943,293)	(8,688,327)	(9,030,253)	(7,737,945)
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,489,379	24,755,326	17,529,376	220,379
Effect of foreign exchange in cash and cash equivalents		255,349	(299,318)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		88,530,668	64,074,660	1,257,950	1,037,571
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	33(c)	97,275,396	88,530,668	18,787,326	1,257,950

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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 2019.

2. PRINCIPAL ACTIVITIES

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

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15 Revenue from Contracts with Customers
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 15: Effective Date of MFRS 15
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'
Amendments to MFRS 140 – Transfers of Investment Property
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. BASIS OF PREPARATION (CONT'D)

3.1 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:-

(a) MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with the 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. MFRS 9 also simplifies new hedge accounting model where the hedged ratio is required to be the same as the one used by an entity's management for risk management purposes. The measurement of financial assets under MFRS 9 is consistent to the Group's current practice and the new classification of financial assets under MFRS 9 which is disclosed in Note 39 to the financial statements.

(b) MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services. In addition, more guidance has been added in MFRS 15 to deal with specific scenarios. The timing and amount of revenue recognised under MFRS 15 is consistent to the Group's current practice.

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 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
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 101 and MFRS 108: Definition of Material	1 January 2020
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 References to the Conceptual Framework in MFRS Standards	1 January 2020
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:-

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) 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 amounts of property, plant and equipment and investment property as at the reporting date are disclosed in Note 6 and Note 7 to the financial statements respectively.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 10 to the financial statements.

(f) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of contract assets and trade receivables as at the reporting date are disclosed in Note 11 and Note 12 to the financial statements respectively.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Note 13 and Note 14 to the financial statements respectively.

(h) Revenue Recognition for Construction Contracts

The Group recognises the construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed todate over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 11 to the financial statements.

(i) 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 amounts of the Group and the Company's current tax assets as at reporting date is RM1,566,888 (2018 - RM1,190,762) and RM13,055 (2018 - RM18,260), respectively. The carrying amount of the Group's current tax liabilities as at reporting date is RM2,779,069 (2018 - RM637,664).

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 life. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

4.2 BASIS OF CONSOLIDATION

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(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.

(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 9 (2018 - 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

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 (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

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), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (cont'd)

Debt Instruments (Cont'd)

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Company has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(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. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are 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 (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 liability or a shorter period (where appropriate).

(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.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

(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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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.

(i) Hedge Accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk in 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 a cash flow hedge.

At the inception of the hedge relationship, the Group 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 value or cash flows of the hedged item.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(f) Hedge Activities (Cont'd)

(ii) Fair Value Hedges

Changes in the fair value of qualifying hedging instruments are recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income in which case, it is recognised in other comprehensive income.

The carrying amount of a hedged item not measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at fair value through other comprehensive income, the hedging gain or loss is recognised in profit or loss. When the hedged item is an equity instrument designated at fair value through other comprehensive income, the hedging gain or loss remains in other comprehensive income. All hedging gains or losses are recognised in profit or loss in the same line item relating to the hedged item.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate. The discontinuation is accounted for prospectively.

(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 and accumulated in equity under the cash flow hedge reserve, limited to the lower of cumulative gain or loss on the hedging instrument and cumulative change in fair value of the hedged item, from inception of the hedge. 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(g) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

Accounting Policies Applied Until 31 March 2018

The Group has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial statements. As a result, the comparative information of the Group's financial assets and hedges continues to be accounted for in accordance with the previous accounting policies as summarised below:-

- Financial assets were designated at fair value through profit or loss when the financial asset was either held for trading or was designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives were also classified as held for trading unless they were designated as hedges. Financial assets at fair value through profit or loss were stated at fair value at each reporting date with any gain or loss arising on remeasurement recognised in profit or loss.

- Unquoted financial assets such as trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

Accounting Policies Applied Until 31 March 2018 (Cont'd)

- (i) Fair Value Hedges

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

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

  (ii) 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

4.9 LEASED ASSETS

(a) Finance Lease

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

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

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

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statements 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The costs of primary raw materials and other consumables are determined on the weighted average cost and first-in, first-out method respectively, 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.

4.11 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability represents the obligation of the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4.12 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.

4.13 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

Accounting Policy Applied Until 31 March 2018

The Group has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information on the impairment of Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event(s) had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated.

(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.

4.14 INCOME TAXES

(a) Current Tax

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 INCOME TAXES (CONT'D)

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

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

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

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

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

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

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

4.15 PROVISIONS

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 EMPLOYEE BENEFITS

(a) Short-term Benefits

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

(b) Defined Contribution Plans

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

4.17 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.

4.18 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed todate.

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of Services

Revenue from providing services is recognised at a point in time when services are rendered.

(c) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed todate over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Interest Income

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

Interest income from financial assets at fair value through profit or loss is included in the net fair value gains/losses.

(b) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

(c) Dividend Income

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

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.

4.23 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.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019 RM	2018 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 2019 %	2018 %	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 trading services especially in design, manufacturing, installation and commissioning of biomass 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.
Indirect subsidiaries held through PTBM				
PT Boilermech Manufacturing Indonesia ("PTBMI")^	Indonesia	100.00	-	Dormant

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

\# *The subsidiary was audited by a member firm of Crowe Global of which Crowe Malaysia PLT is a member.*

^ *At the end of the reporting period, no capital injection has been effected into PTBMI.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	Effective Equity Interest 2019 %	2018 %	The Group 2019 RM	2018 RM
TEK	39.77	39.77	10,125,543	9,197,818

(b) 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 2019 RM	2018 RM
At 31 March		
Non-current assets	14,512,351	15,038,104
Current assets	26,931,307	25,585,018
Non-current liabilities	(6,183,554)	(6,528,877)
Current liabilities	(10,486,320)	(11,458,797)
Net assets	24,773,784	22,635,448
Financial Year Ended 31 March		
Revenue	38,660,492	35,194,073
Profit after taxation for the financial year	2,949,916	3,171,912
Total comprehensive income	2,949,916	3,171,912
Total comprehensive income attributable to non-controlling interests	1,250,504	1,352,287
Dividend paid to non-controlling interests	322,779	-
Net cash flows from operating activities	590,728	3,946,817
Net cash flows from/(for) investing activities	141,513	(639,808)
Net cash flows for financing activities	(1,402,094)	(948,328)

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.4.2018 RM	Additions RM	Disposals RM	Written Off RM	Depreciation Charges RM	Translation Differences RM	At 31.3.2019 RM
2019							
Carrying Amount							
Freehold land and buildings	1,956,507	-	-	-	(43,558)	-	1,912,949
Leasehold land	26,069,846	-	-	-	(361,204)	-	25,708,642
Leasehold land and buildings	39,333,038	-	-	-	(1,111,341)	-	38,221,697
Factory building extension	125,351	-	-	-	(26,636)	-	98,715
Computers	633,981	104,851	-	(2,281)	(247,831)	318	489,038
Furniture, fittings and office equipment	1,792,604	123,283	-	(12,478)	(306,827)	753	1,597,335
Signboard	5,699	2,800	-	(563)	(2,352)	-	5,584
Machinery	4,147,915	110,520	-	(1,958)	(756,388)	-	3,500,089
Motor vehicles	2,394,917	760,314	(35,400)	(38,264)	(1,206,188)	1,021	1,876,400
Renovation	1,034,014	5,428	-	(2,022)	(190,136)	-	847,284
Capital work-in-progress	108,418	620	-	-	-	-	109,038
	77,602,290	1,107,816	(35,400)	(57,566)	(4,252,461)	2,092	74,366,771

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

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							
Carrying Amount							
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

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

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Freehold land and buildings	2,050,000	(137,051)	1,912,949
Leasehold land	27,097,618	(1,388,976)	25,708,642
Leasehold land and buildings	45,574,467	(7,352,770)	38,221,697
Factory building extension	178,566	(79,851)	98,715
Computers	2,236,871	(1,747,833)	489,038
Furniture, fittings and office equipment	3,256,179	(1,658,844)	1,597,335
Signboard	25,284	(19,700)	5,584
Machinery	10,216,117	(6,716,028)	3,500,089
Motor vehicles	9,095,794	(7,219,394)	1,876,400
Renovation	1,705,115	(857,831)	847,284
Capital work-in-progress	109,038	-	109,038
	101,545,049	(27,178,278)	74,366,771
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

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

The Company	At 1.4.2018 RM	Depreciation Charge RM	At 31.3.2019 RM
2019			
Carrying Amount			
Leasehold land	11,848,877	(150,144)	11,698,733

	At 1.4.2017 RM	Depreciation Charge RM	At 31.3.2018 RM
2018			
Carrying Amount			
Leasehold land	11,999,021	(150,144)	11,848,877

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Leasehold land	12,299,309	(600,576)	11,698,733
2018			
Leasehold land	12,299,309	(450,432)	11,848,877

(a) Included in the assets of the Group at the end of reporting period were motor vehicles with total net book value of RM1,031,784 (2018 - RM1,041,944), which were acquired under hire purchase terms. These leased assets have been pledged as security for the related financial lease liabilities of the Group as disclosed in Note 21 to the financial statements.

(b) The carrying amount of property, plant and equipment of the Group which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 22 and Note 24 to the financial statements are as follows:-

	The Group 2019 RM	2018 RM
Freehold land and buildings	1,912,949	1,956,507
Leasehold land and buildings	2,112,248	2,158,766
	4,025,197	4,115,273

7. INVESTMENT PROPERTY

The Group	At 1.4.2018 RM	Depreciation Charge RM	At 31.3.2019 RM
2019			
Carrying Amount			
Land and buildings	6,321,184	(131,108)	6,190,076

	At 1.4.2017 RM	Depreciation Charge RM	At 31.3.2018 RM
2018			
Carrying Amount			
Land and buildings	6,452,290	(131,106)	6,321,184

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2019			
Land and buildings	6,941,327	(751,251)	6,190,076
2018			
Land and buildings	6,941,327	(620,143)	6,321,184

	2019 RM	2018 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 as disclosed in Note 22 and Note 24 to the financial statements.

(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 age, size, land tenure, type and availability of amenities.

NOTES TO THE FINANCIAL STATEMENTS
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8. DEFERRED TAX ASSETS/(LIABILITIES)

The components and movements of the deferred tax assets and liabilities during the financial year are as follows:

The Group	At 1.4.2018 RM	Recognised in Profit or Loss (Note 29) RM	At 31.3.2019 RM
2019			
Property, plant and equipment	(2,562,057)	99,608	(2,462,449)
Fair value adjustment on properties through acquisition of a subsidiary	(1,414,405)	27,817	(1,386,588)
Trade receivables	689,507	478,566	1,168,073
Others	1,936,123	(275,720)	1,660,403
	(1,350,832)	330,271	(1,020,561)

	At 1.4.2017 RM	Recognised in Profit or Loss (Note 29) RM	At 31.3.2018 RM
2018			
Property, plant and equipment	(2,692,467)	130,410	(2,562,057)
Fair value adjustment on properties through acquisition of a subsidiary	1,286,385	(2,700,790)	(1,414,405)
Trade receivables	788,900	(99,393)	689,507
Others	(1,672,418)	3,608,541	1,936,123
	(2,289,600)	938,768	(1,350,832)

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

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

	The Group	
	2019 RM	2018 RM
Deferred tax assets		
Accelerated capital allowances over depreciation	(1,206,375)	250
Revaluation of property	(1,248,571)	-
Other temporary differences	2,871,768	172,413
	416,822	172,663
Deferred tax liabilities		
Accelerated capital allowances over depreciation	(7,503)	(1,277,946)
Revaluation of property	-	(1,284,361)
Fair value adjustment on properties through acquisition of a subsidiary	(1,386,588)	(1,414,405)
Other temporary differences	(43,292)	2,453,217
	(1,437,383)	(1,523,495)

9. GOODWILL

	The Group	
	2019 RM	2018 RM
Cost:-		
At 1 April/31 March	3,931,378	3,931,378

(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	
	2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Water treatment segment	33.5	34.0	18.0	18.0	10.26	9.74

9. GOODWILL (CONT'D)

(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 (Cont'd):-

(i)	Budgeted gross margin	Average gross margin achieved in 3 financial years immediately before the budgeted period adjusted 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	
	2019 RM	2018 RM
At cost:-		
Raw materials	20,617,465	22,968,386
Work-in-progress	245,001	165,077
Goods in transit	1,882,510	189,772
Finished goods	3,937,335	2,684,110
	26,682,311	26,007,345
At net realisable value:-		
Raw materials	2,154,198	947,708
	28,836,509	26,955,053
Recognised in profit or loss:-		
Inventories recognised as cost of sales	76,097,413	83,649,392
Reversal of inventories previously written down	(31,149)	-
Inventories written down	468,266	35,715
Inventories written off	5,335	484,939

11. CONTRACT ASSETS/(LIABILITIES)

	The Group 2019 RM	2018 RM
Contract Assets		
Contract assets relating to construction contracts	26,668,929	29,382,478
Contract Liabilities		
Contract liabilities relating to construction contracts	(51,856,267)	(48,148,371)

(a) The contract assets primarily relate to the Company's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 12 months (2018 - 12 months).

(b) The contract liabilities primarily relate to advance considerations received from few customers for contruction services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, within 12 months (2018 - 12 months).

(c) The changes to contract asset and contract liability balances during the financial year are summarised below:-

	The Group 2019 RM	2018 RM
At 1 April	(18,765,893)	(16,237,630)
Revenue recognised in profit or loss during the financial year	208,854,934	200,717,789
Billings to customers during the financial year	(215,276,379)	(202,968,094)
Impairment loss on contract assets	-	(277,958)
At 31 March	(25,187,338)	(18,765,893)

(d) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of long term contracts is RM230,886,589 of which is expected to occur over the next 12 to 18 months.

Comparative information is not presented by virtue of the exemption given in MFRS 15.C5(d).

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12. TRADE RECEIVABLES

	The Group	
	2019 RM	2018 RM
Trade receivables - Third parties	70,808,227	61,934,623
Trade receivables - Related parties	1,128,335	1,196,805
Retention receivables	6,898,011	6,996,098
	78,834,573	70,127,526
Allowance for impairment losses	(8,814,534)	(7,359,386)
	70,020,039	62,768,140
Allowance for impairment losses:-		
At 1 April	(7,359,386)	(7,130,384)
Addition during the financial year (Note 27)	(1,454,645)	(229,330)
Translation difference	(503)	328
At 31 March	(8,814,534)	(7,359,386)

(a) The Group's normal trade credit terms range from 30 to 90 (2018 - 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 (2018 - 6 to 12 months).

(c) Included in allowance for impairment losses is an amount of RM918,783 (2018 - RM918,927) which relates to amount owing by related parties.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables	3,139,000	1,670,070	-	29,170
Deposits	531,418	950,112	1,000	1,000
Prepayments	5,009,697	2,896,289	49,661	50,689
Goods and services tax recoverable	1,170,278	1,393,904	32,739	36,135
	9,850,393	6,910,375	83,400	116,994

Included in prepayments of the Group are amounts paid in advance to suppliers for purchases amounting to approximately RM4,269,000 (2018 - RM2,429,000).

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company 2019 RM	2018 RM
Amount owing by:		
- Non-trade	2,610,000	2,412,240
Amount owing to:		
- Non-trade	(1,802)	(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

	The Group			
	Contract/Notional Amount		Assets/(Liabilities)	
	2019 RM	2018 RM	2019 RM	2018 RM
Forward foreign currency contracts:-				
Cash flow hedge	62,989,064	70,411,897	754,650	4,439,942
Fair value through profit or loss	37,301,052	36,490,084	(60,506)	233,294
	100,290,116	106,901,981	694,144	4,673,236

(a) Cash Flow Hedge

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

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

The cash flow hedge of the expected future transactions were assessed to be highly effective and the related net unrealised loss of RM3,685,292 (2018 - net unrealised gain of RM8,475,406) was included in other comprehensive income in respect of these contracts.

15. DERIVATIVE ASSETS (CONT'D)

(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 RM293,800 (2018 - RM3,003,047) arising from fair value changes of its forward currency contracts.

The basis applied in determining the fair value of these derivatives are disclosed in Note 39.5 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 3.83% (2018 - 3.59%) per annum at the end of the reporting period.

17. SHARE CAPITAL

	The Group/ The Company			
	2019	2018	2019	2018
	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 net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

	The Group 2019 RM	2018 RM
At 1 April	4,439,942	(4,035,464)
(Loss)/Gain on cash flow hedge	(3,685,292)	8,475,406
At 31 March	754,650	4,439,942

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 2019 RM	2018 RM
Minimum hire purchase payments:		
- not later than one year	470,604	421,608
- later than one year but not later than five years	892,979	799,138
	1,363,583	1,220,746
Less: Future finance charges	(117,646)	(110,017)
Present value of hire purchase payables	1,245,937	1,110,729

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

21. HIRE PURCHASE PAYABLES (CONT'D)

	The Group	
	2019 RM	2018 RM
Analysed by:-		
Current liabilities (Note 24)	416,998	372,446
Non-current liabilities	828,939	738,283
	1,245,937	1,110,729

(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 4.52% to 6.45% (2018 - 4.61% to 6.45%). The interest rates are fixed at the inception of the hire purchase arrangements.

22. TERM LOANS

	The Group	
	2019 RM	2018 RM
Current liabilities (Note 24)	415,738	409,926
Non-current liabilities	3,962,254	4,376,188
	4,377,992	4,786,114

The term loans bore interest rates ranging from 4.76% to 5.14% (2018 - 4.76% to 4.97%) 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 of a subsidiary.

All the term loans of the Group are floating rate instruments.

23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2018 - 30 to 90) days.

24. SHORT-TERM BORROWINGS

	The Group	
	2019 RM	2018 RM
Bankers' acceptances	906,000	657,000
Revolving credits	1,500,000	1,500,000
Hire purchase payables (Note 21)	416,998	372,446
Term loans (Note 22)	415,738	409,926
	3,238,736	2,939,372

(a) Bankers' acceptances bore effective interest rates ranging from 4.89% to 5.02% (2018 - 4.58% to 4.70%) 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 of a subsidiary.

(b) Revolving credits bore an effective interest rate of 5.39% (2018 - 5.42%) 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 of a subsidiary.

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 RM204,183,197 (2018 - RM190,314,622) divided by the number of ordinary shares at the end of the reporting period of 516,000,000 (2018 - 516,000,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

26. REVENUE

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Revenue from Contracts with Customers				
Sales of goods and services	25,955,037	25,189,582	-	-
Construction services	208,854,934	200,717,789	-	-
	234,809,971	225,907,371	-	-
Revenue from Other Sources				
Dividend income	-	-	31,488,801	12,000,000
	234,809,971	225,907,371	31,488,801	12,000,000

The information on the disaggregation of revenue is disclosed in Note 36 to the financial statements.

27. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group 2019 RM	The Group 2018 RM
Impairment losses during the financial year:		
- Individually impaired under MFRS 139		
- contract assets	-	277,958
- trade receivables (Note 12)	-	229,330
- Additions under MFRS 9 (Note 12)	1,454,645	-
	1,454,645	507,288

28. PROFIT BEFORE TAXATION

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees	199,255	183,070	53,000	53,000
- non-audit fees:				
- auditors of the Company	3,500	3,500	3,500	3,500
- other auditors	35,000	35,000	35,000	-
Bad debts written off	731,642	18,094	-	-
Depreciation of property, plant and equipment	4,252,461	4,572,456	150,144	150,144
Depreciation of investment property	131,108	131,106	-	-
Direct operating expenses on investment property	20,989	13,049	-	-
Directors' fees	511,414	513,453	475,414	477,453
Directors' non-fee emoluments	3,306,063	2,641,105	89,862	88,190
Equipment written off	57,566	16,572	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bankers' acceptances	44,449	38,764	-	-
- hire purchase	65,447	54,804	-	-
- revolving credits	81,250	77,970	-	-
- term loans	229,580	238,348	-	-
Inventories written down	468,266	35,715	-	-
Inventories written off	5,335	484,939	-	-
Loss on disposal of subsidiaries	-	437	-	-
Loss/(Gain) on foreign exchange:				
- realised	235,912	(5,018,616)	-	-
- unrealised	(896,918)	1,676,531	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

28. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-				
Rental expense on:				
- equipment	694,519	139,483	-	-
- motor vehicles	-	867	-	-
- factory	243,000	235,050	-	-
- premises	210,837	254,297	-	-
Staff costs:				
- defined contribution plan	2,013,317	1,971,219	-	-
- salaries and other benefits	19,383,652	18,733,954	-	-
Dividend income	-	-	(31,488,801)	(12,000,000)
Fair value loss on derivatives	293,800	3,046,676	-	-
Fair value gain on derivatives	-	(43,629)	-	-
Gain on disposal of equipment	(123,242)	(242,805)	-	-
Interest income on:				
- fair value gain on financial assets measured at fair value through profit or loss mandatorily	(2,545,818)	(1,775,180)	(173,988)	(76,025)
- financial assets measured at amortised cost	(261,356)	(455,040)	(771)	(823)
Rental income from investment property	(332,900)	(332,350)	-	-
Reversal of inventories previously written down	(31,149)	-	-	-

The estimated monetary value of benefits-in-kind provided to certain directors of the Group during the financial year amounted to RM62,800 (2018 - RM62,800).

29. INCOME TAX EXPENSE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax:				
- for the financial year	9,199,469	9,473,176	181	188
- (over)/underprovision in the previous financial year	(80,513)	(256,651)	(4)	1,465
	9,118,956	9,216,525	177	1,653
Deferred tax (Note 8):				
- origination and reversal of temporary differences	(320,582)	(1,249,784)	-	-
- (over)/underprovision in the previous financial year	(9,689)	311,016	-	-
	(330,271)	(938,768)	-	-
	8,788,685	8,277,757	177	1,653

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

29. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation	36,614,732	30,204,849	30,564,997	11,019,102
Tax at the statutory tax rate of 24% (2018 - 24%)	8,787,535	7,249,163	7,335,599	2,644,584
Tax effects of:-				
Non-taxable income	(796,224)	(802,140)	(7,599,069)	(2,898,246)
Non-deductible expenses	776,265	1,437,546	263,651	253,850
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	(27,817)	(27,819)	-	-
Deferred tax asset not recognised during the financial year	163,207	402,432	-	-
Effects of differential in tax rate of a foreign subsidiary	11,711	-	-	-
(Over)/Underprovision in the previous financial year:				
- current tax	(80,513)	(256,651)	(4)	1,465
- deferred tax	(9,689)	311,016	-	-
Income tax expense for the financial year	8,788,685	8,277,757	177	1,653

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 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.

29. INCOME TAX EXPENSE (CONT'D)

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.

No deferred tax assets are recognised at the end of the reporting period in respect of the following items:-

	The Group	
	2019 RM	2018 RM
Unutilised tax losses	351,967	234,611
Unabsorbed capital allowances	200	200

30. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to owners of the Company of RM26,575,543 (2018 - RM20,574,805) by the number of ordinary shares in issue during the financial year of 516,000,000 (2018 - 516,000,000).

	The Group	
	2019	2018
Profit attributable to owners of the Company (RM)	26,575,543	20,574,805
Number of ordinary shares at 31 March	516,000,000	516,000,000
Basic earnings per share (sen)	5.15	3.99

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

31. DIVIDEND

	The Group/The Company	
	2019 RM	2018 RM
In respect of the financial year ended 31 March 2019:-		
Paid:		
- final single tier dividend of 1.75 sen per ordinary share	9,030,000	-
In respect of the financial year ended 31 March 2018:-		
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 2.00 sen per ordinary share amounting to RM10,320,000 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 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

32. DISPOSAL OF SUBSIDIARIES

In the previous financial year, TEK disposed of its entire equity interest in two (2) subsidiaries for a total consideration of RM109,058.

The financial effects of the disposal at the date of disposal were 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 is no disposal of subsidiaries in the current financial year.

33. CASH FLOW INFORMATION

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

	The Group	
	2019 RM	2018 RM
Cost of property, plant and equipment purchased	1,107,816	2,155,867
Amount financed through hire purchase (Note (b) below)	(566,600)	(602,000)
Cash disbursed for purchase of property, plant and equipment	541,216	1,553,867

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	Bankers' Acceptances RM	Revolving Credits RM	Total RM
2019					
At 1 April	4,786,114	1,110,729	657,000	1,500,000	8,053,843
Changes in Financing Cash Flows					
Repayment of borrowing principal	(408,122)	(431,392)	-	-	(839,514)
Repayment of borrowing interests	(229,580)	(65,447)	(44,449)	(81,250)	(420,726)
Net drawdown of borrowings	-	-	249,000	-	249,000
	(637,702)	(496,839)	204,551	(81,250)	(1,011,240)
Non-cash Changes					
New hire purchase (Note (a) above)	-	566,600	-	-	566,600
Finance charges recognised in profit or loss	229,580	65,447	44,449	81,250	420,726
	229,580	632,047	44,449	81,250	987,326
At 31 March	4,377,992	1,245,937	906,000	1,500,000	8,029,929

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

33. CASH FLOW INFORMATION (CONT'D)

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

The Group	Term Loans RM	Hire Purchase Payables RM	Bankers' 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	-	-	27,000	-	27,000
	(643,670)	(624,809)	(11,764)	(77,970)	(1,358,213)
Non-cash Changes					
New hire purchase (Note (a) above)	-	602,000	-	-	602,000
Finance charges recognised in profit or loss	238,348	54,804	38,764	77,970	409,886
	238,348	656,804	38,764	77,970	1,011,886
At 31 March	4,786,114	1,110,729	657,000	1,500,000	8,053,843

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

	The Group 2019 RM	The Group 2018 RM	The Company 2019 RM	The Company 2018 RM
Liquid investments	78,368,820	69,239,094	18,764,001	1,235,013
Cash and bank balances	18,906,576	19,291,574	23,325	22,937
	97,275,396	88,530,668	18,787,326	1,257,950

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	
	2019 RM	2018 RM	2019 RM	2018 RM
Directors of the Company				
Executive directors:				
- emoluments	2,846,686	2,259,677	-	-
- fees	36,000	36,000	-	-
- defined contribution plan	369,515	293,238	-	-
	3,252,201	2,588,915	-	-
Non-executive directors:				
- fees	475,414	477,453	475,414	477,453
- allowances	89,862	88,190	89,862	88,190
	565,276	565,643	565,276	565,643
	3,817,477	3,154,558	565,276	565,643
Directors of the Subsidiaries				
Executive directors:				
- emoluments	1,691,923	1,387,670	-	-
Total directors' remuneration	5,509,400	4,542,228	565,276	565,643

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was RM62,800 (2018 - RM62,800).

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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	
	2019 RM	2018 RM	2019 RM	2018 RM
Purchase of goods from a company in which a substantial shareholder is connected to a director of the Company	329,128	196,436	-	-
Purchase of goods from a company in which a substantial shareholder is a director of a subsidiary	683,476	-	-	-
Sales to companies in which a corporate shareholder of the Company has a substantial financial interest	1,282,974	4,858,140	-	-
Dividend income from subsidiaries	-	-	(31,488,801)	(12,000,000)

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.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

BUSINESS SEGMENTS

	Bio-Energy Systems RM	Water Treatment RM	The Group RM
2019			
Revenue			
External revenue	196,099,225	38,710,746	234,809,971
Inter-segment revenue	102,165	-	102,165
	196,201,390	38,710,746	234,912,136
Adjustments and eliminations			(102,165)
Consolidated revenue			234,809,971
Represented by:-			
Revenue recognised at a point of time			
- Sales of goods and services	6,442,686	19,512,351	25,955,037
Revenue recognised over time			
- Construction services	189,758,704	19,198,395	208,957,099
	196,201,390	38,710,746	234,912,136
Consolidation adjustments			(102,165)
			234,809,971

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

36. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy Systems RM	Water Treatment RM	The Group RM
2019			
Results			
Segment results	34,445,309	6,126,489	40,571,798
Interest income	2,714,867	92,307	2,807,174
Interest expense	-	(420,726)	(420,726)
Allowance for impairment losses on trade receivables	(1,240,848)	(213,797)	(1,454,645)
Bad debts written off	(731,642)	-	(731,642)
Depreciation of property, plant and equipment	(3,257,957)	(994,504)	(4,252,461)
Depreciation of investment property	-	(131,108)	(131,108)
Equipment written off	(44,790)	(12,776)	(57,566)
Fair value loss on derivatives	(293,800)	-	(293,800)
Inventories written down	(424,154)	(44,112)	(468,266)
Inventories written off	(2,515)	(2,820)	(5,335)
Unrealised gain on foreign exchange	896,918	-	896,918
Gain on disposal of equipment	28,000	95,242	123,242
Reversal of inventories previously written down	-	31,149	31,149
	32,089,388	4,525,344	36,614,732
Income tax expense			(8,788,685)
Consolidated profit after taxation			27,826,047

36. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy Systems RM	Water Treatment RM	The Group RM
2019			
Assets			
Segment assets	272,884,139	44,949,496	317,833,635
Deferred tax assets			416,822
Current tax assets			1,566,888
Consolidated total assets			319,817,345
Liabilities			
Segment liabilities	86,461,424	14,830,729	101,292,153
Deferred tax liabilities			1,437,383
Current tax liabilities			2,779,069
Consolidated total liabilities			105,508,605
Other Segments Items			
Additions to non-current assets other than financial instruments and deferred tax assets are:			
- property, plant and equipment	459,780	648,036	1,107,816

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

36. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy Systems RM	Water Treatment RM	The 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
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	(260,055)	-	(260,055)
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)
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)
Fair value gain on derivatives	43,629	-	43,629
Gain on disposal of equipment	149,887	92,918	242,805
Reversal of impairment losses on trade receivables	-	30,725	30,725
	25,915,986	4,288,863	30,204,849
Income tax expense			(8,277,757)
Consolidated profit after taxation			21,927,092

36. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy Systems RM	Water Treatment RM	The Group RM
2018			
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
Deferred tax liabilities			1,523,495
Current tax liabilities			637,664
Consolidated total liabilities			108,925,787
Other Segments Items			
Additions to non-current assets other than financial instruments and deferred tax assets are:			
- property, plant and equipment	761,420	1,394,447	2,155,867

The information on the disaggregation of revenue is not presented for the comparative periods as the Group has applied MFRS 15 using the modified retrospective application.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

36. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time RM	Over Time RM	Group RM
2019			
The Group			
Local	21,676,649	77,324,745	99,001,394
Overseas	4,278,388	131,530,189	135,808,577
	25,955,037	208,854,934	234,809,971

	Group RM
2018	
The Group	
Local	103,568,285
Overseas	122,339,086
	225,907,371

No information is presented for the comparative periods as the Group has applied MFRS 15 using the modified retrospective application.

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 single customer that contributed 10% or more to the Group's revenue.

37. CAPITAL COMMITMENT

	The Company	
	2019 RM	2018 RM
Investments in subsidiaries:		
- approved and contracted for	90,000	-

38. 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	
	2019 RM	2018 RM
United States Dollar	4.0850	3.8630
Indonesian Rupiah	0.0003	0.0003
Euro	4.5875	4.7621

39. 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.

39.1 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. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

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:-

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure

The Group	Indonesian Rupiah RM	United States Dollar RM	Euro RM	Others RM	Ringgit Malaysia RM	Total RM
2019						
Financial Assets						
Trade receivables	1,681,863	23,584,102	1,489,210	385,018	42,879,846	70,020,039
Other receivables and deposits	347,591	-	-	-	4,493,105	4,840,696
Derivative assets	-	-	-	-	694,144	694,144
Liquid investments	-	-	-	-	78,368,820	78,368,820
Cash and bank balances	8,678,619	2,778,086	33,202	982	7,415,687	18,906,576
	10,708,073	26,362,188	1,522,412	386,000	133,851,602	172,830,275

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 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
2019						
Financial Liabilities						
Trade payables	561,660	1,498,157	1,732,248	3,042	27,672,040	31,467,147
Other payables and accruals	5,199,862	587,125	-	-	4,151,823	9,938,810
Hire purchase payables	-	-	-	-	1,245,937	1,245,937
Term loans	-	-	-	-	4,377,992	4,377,992
Bankers' acceptances	-	-	-	-	906,000	906,000
Revolving credits	-	-	-	-	1,500,000	1,500,000
	5,761,522	2,085,282	1,732,248	3,042	39,853,792	49,435,886
Net financial assets/(liabilities)	4,946,551	24,276,906	(209,836)	382,958	93,997,810	123,394,389
Less: Forward foreign currency contracts (contracted notional principal)	-	(24,264,829)	-	(382,958)	-	(24,647,787)
Less: Net financial assets denominated in the respective entities' functional currencies	(5,498,383)	-	-	-	(93,997,810)	(99,496,193)
Currency exposure	(551,832)	12,077	(209,836)	-	-	(749,591)

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 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						
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

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 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						
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
Bankers' acceptances	-	-	-	-	657,000	657,000
Revolving credits	-	-	-	-	1,500,000	1,500,000
	842,913	2,518,281	1,457,259	33,301	53,764,503	58,616,257
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 respective entities' functional currencies	(916,457)	-	-	-	(74,866,063)	(75,782,520)
Currency exposure	(354,357)	11,549	(585,816)	(32,319)	-	(960,943)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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	
		2019 RM	2018 RM
Effects on Profit After Taxation			
IDR/RM	- strengthened by 10%	-41,939	-26,931
	- weakened by 10%	+41,939	+26,931
USD/RM	- strengthened by 10%	+918	+878
	- weakened by 10%	-918	-878
EUR/RM	-strengthened by 10%	-15,948	-44,522
	- weakened by 10%	+15,948	+44,522
Effects on Other Comprehensive Income			
IDR/RM	- strengthened by 10%	+549,838	+91,646
	- weakened by 10%	-549,838	-91,646
USD/RM	- strengthened by 10%	-	-
	- weakened by 10%	-	-
EUR/RM	- strengthened by 10%	-	-
	- weakened by 10%	-	-

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

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from 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 Note 16 and Note 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	
	2019 RM	2018 RM	2019 RM	2018 RM
Effects on Profit After Taxation				
Increase of 25 basis points	+187,604	+164,004	+46,910	+3,088
Decrease of 25 basis points	-187,604	-164,004	-46,910	-3,088
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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 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 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).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Balances and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 1 year, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 1 year from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Balances and Contract Assets (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade balances and contract assets are summarised below:-

The Group	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
2019			
Current (not past due)	24,201,409	-	24,201,409
Past due:			
- less than 30 days	8,384,297	(352,897)	8,031,400
- more than 30 days	34,630,045	(1,464,950)	33,165,095
	67,215,751	(1,817,847)	65,397,904
Credit impaired:			
- more than 1 year	8,802,825	(4,180,690)	4,622,135
- individually impaired	2,815,997	(2,815,997)	-
Trade receivables	78,834,573	(8,814,534)	70,020,039
Contract assets	26,946,887	(277,958)	26,668,929
	105,781,460	(9,092,492)	96,688,968

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Balances and Contract Assets (Cont'd)

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of the Group's trade receivables 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

The movements in the loss allowances in respect of contract assets and trade balances are disclosed in Note 11 and Note 12 to the financial statements respectively.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Liquid Investments and Cash and Bank Balances

The Group considers these banks and financialinstitutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS
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39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Assessment of Impairment Losses (Cont'd)

Amount Owing By Subsidiaries (Non-trade Balances)(Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 foramount owing by subsidiaries are summarised below:-

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
The Company			
2019			
Low credit risk	2,610,000	-	2,610,000
Significant increase in credit risk	-	-	-
Credit impaired	-	-	-
	2,610,000	-	2,610,000

In the last financial year, the loss allowance on amount owing by subsidiaries was calculated under MFRS 139.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(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.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 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
2019						
Non-derivative Financial Liabilities						
Trade payables	-	31,467,147	31,467,147	31,467,147	-	-
Other payables and accruals	-	9,938,810	9,938,810	9,938,810	-	-
Hire purchase payables	2.38 - 3.45	1,245,937	1,363,583	470,604	892,979	-
Term loans	4.76 - 5.14	4,377,992	5,511,013	628,607	2,364,255	2,518,151
Bankers' acceptances	4.89 - 5.02	906,000	906,000	906,000	-	-
Revolving credits	5.39	1,500,000	1,500,000	1,500,000	-	-
		49,435,886	50,686,553	44,911,168	3,257,234	2,518,151

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
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

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 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
2019						
Non-derivative Financial Liabilities						
Other payables and accruals	-	79,780	79,780	79,780	-	-
Amount owing to a subsidiary	-	1,802	1,802	1,802	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	21,775,011	21,775,011	-	-
		81,582	21,856,593	21,856,593	-	-
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	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	20,832,783	20,832,783	-	-
		78,209	20,910,992	20,910,992	-	-

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

(iii) Maturity Analysis (Cont'd)

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

39.2 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.

There was no change in the Group's approach to capital management during the financial year.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group 2019 RM	The Company 2019 RM
Financial Assets		
Mandatorily at Fair Value Through Profit or Loss		
Liquid investments	78,368,820	18,764,001
Fair Value Through Profit or Loss - Cash Flow Hedge		
Derivative assets	754,650	-
Amortised Cost		
Trade receivables	70,020,039	-
Other receivables and deposits	4,840,696	33,739
Amount owing by subsidiaries	-	2,610,000
Dividend receivable	-	16,000,000
Cash and bank balances	18,906,576	23,325
	93,767,311	18,667,064
Financial Liabilities		
Fair Value Through Profit or Loss - Cash Flow Hedge		
Derivative liabilities	60,506	-
Amortised Cost		
Amount owing to a subsidiary	-	1,802
Hire purchase payables	1,245,937	-
Term loans	4,377,992	-
Bankers' acceptances	906,000	-
Revolving credits	1,500,000	-
	8,029,929	1,802

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

39. FINANCIAL INSTRUMENTS (CONT'D)

39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group 2018 RM	The Company 2018 RM
Financial Assets		
Loans and Receivables Financial Assets		
Trade receivables	62,768,140	-
Other receivables and deposits	4,014,086	66,305
Amount owing by subsidiaries	-	2,412,240
Dividend receivable	-	12,000,000
Cash and bank balances	19,291,574	22,937
	86,073,800	14,501,482
Fair Value through Profit or Loss		
Derivative assets	233,294	-
Liquid investments	69,239,094	1,235,013
	69,472,388	1,235,013
Others		
Derivative assets - cash flow hedge	4,439,942	-
Financial Liabilities		
Other Financial Liabilities		
Trade payables	40,490,827	-
Other payables and accruals	10,071,587	76,154
Amount owing to a subsidiary	-	2,055
Hire purchase payables	1,110,729	-
Term loans	4,786,114	-
Bankers' acceptances	657,000	-
Revolving credits	1,500,000	-
	58,616,257	78,209

39. FINANCIAL INSTRUMENTS (CONT'D)

39.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial Assets				
Fair Value Through Profit or Loss Net income recognised in profit or loss by - mandatorily required by accounting standard	2,545,818	1,775,180	173,988	76,025
Amortised Cost Net income recognised in profit or loss	261,356	455,040	771	823
Financial Liabilities				
Amortised Cost Net expenses recognised in profit or loss	(420,726)	(409,886)	-	-

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 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**
2019								
Financial Assets								
Liquid investments	-	78,368,820	-	-	-	-	78,368,820	78,368,820
Derivative assets	-	694,144	-	-	-	-	694,144	694,144
Financial Liabilities								
Hire purchase payables	-	-	-	-	1,245,937	-	1,242,608	1,245,937
Term loans	-	-	-	-	4,377,992	-	4,377,992	4,377,992
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
The Company								
2019								
Financial Asset								
Liquid investments	-	18,764,001	-	-	-	-	18,764,001	18,764,001
2018								
Financial Asset								
Liquid investments	-	1,235,013	-	-	-	-	1,235,013	1,235,013

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 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 (money market fund) are determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

(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 2.49% (2018 - 3.25%).

40. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the reporting period,

(a) the Company subscribed for an additional 26,730 ordinary shares at a nominal value of IDR958,500 per share of a subsidiary, PTBM, for a total cash consideration of IDR25,620,705,000 equivalent to approximately RM7,690,000; and

(b) the Group entered into a Sale and Purchase Agreement ("SPA") with a third party to purchase three adjoining portions of vacant industrial land for a total purchase consideration of IDR54,000,000 equivalent to approximately RM15,660,000.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

41. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Restated RM	As Previously Reported RM
Consolidated Statement of Financial Position (Extract):-		
Contract assets	29,382,478	-
Amount owing by contract customers	-	29,382,478
Contract liabilities	48,148,371	-
Amount owing to contract liabilities	-	48,148,371
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Extract):-		
Other income	8,200,478	9,045,339
Other expenses	8,835,796	10,187,945
Net impairment losses on financial assets and contract assets	507,288	-

LIST OF PROPERTIES
AS AT 31 MARCH 2019

Owner Company	Location	Tenure of lease	Land area or built up area	Existing use	Approximate age of buildings	Net Book Value 31 March 2019 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	22 years	18,287	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	22 years	17,822	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	11,699	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	11,699	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	8 years	5,651	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	19 years	882	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	2,312	5 January 2016

LIST OF PROPERTIES
AS AT 31 MARCH 2019

Owner Company	Location	Tenure of lease	Land area or built up area	Existing use	Approximate age of	Net Book Value 31 March 2019 buildings	Date of last revaluation RM'000
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	26 years	935	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	26 years	978	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	10 years	884	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	10 years	884	8 January 2016

SHAREHOLDERS' ANALYSIS REPORT
AS AT 28 JUNE 2019

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	206	141,796	0.03
1,001 – 10,000	1,355	8,384,700	1.62
10,001 – 100,000	1,238	44,240,800	8.57
100,001 to less than 5% of issued shares	292	180,499,856	34.98
5% and above of issued shares	3	282,732,760	54.79
	3,104	516,000,000	100.00

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct	%	Indirect	%
Dr. Chia Song Kun	400,000	0.08	227,826,936[1]	44.15
Leong Yew Cheong	54,905,824	10.64	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	227,826,936 [3]	44.15
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 28 JUNE 2019

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct	%	Indirect	%
QL Green Resources Sdn Bhd	227,826,936	44.15	-	-
Leong Yew Cheong	54,905,824	10.64	2,000,000 [1]	0.39
Dr. Chia Song Kun	400,000	0.08	227,826,936 [2]	44.15
Chia Seong Fatt	200,000	0.04	227,826,936 [3]	44.15
Chia Seong Pow	-	-	227,826,936 [3]	44.15
QL Resources Berhad	-	-	227,826,936 [4]	44.15
CBG (L) Pte Ltd	-	-	227,826,936 [5]	44.15
CBG (L) Foundation	-	-	227,826,936 [6]	44.15
Farsathy Holdings Sdn Bhd	-	-	227,826,936 [5]	44.15

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	54,905,824	10.64
3.	QL Green Resources Sdn Bhd	47,063,300	9.12
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	4,715,670	0.91
10.	Liu Fui Moy	4,071,000	0.79
11.	Hong Yuet Ngan	4,000,000	0.78
12.	Loh Foo	3,615,004	0.70
13.	Len Tze Jian	3,201,228	0.62
14.	Nahoorammah A/P Sithamparam Pillay	3,000,000	0.58
15.	JS Nominees (Tempatan) Sdn Bhd (CIMB Bank for Lim See Pek (MY2305))	2,700,100	0.52
16.	Heng Chin Choo	2,448,000	0.47
17.	Liu & Chia Holdings Sdn Bhd	2,100,500	0.41
18.	JS Nominees (Tempatan) Sdn Bhd (CIMB Bank for Yoong Kah Yin (MY2443))	2,088,000	0.40
19.	Teh Kian Chong	2,053,100	0.40
20.	Lim See Pek	2,035,000	0.39
21.	Laura Lorraine Leong Pei-Pei	2,000,000	0.39
22.	They Heng Chong @ Teh Chong Fay	1,529,900	0.30
23.	Tay Puat Keng @ Tee Puat Keng	1,429,000	0.28
24.	Yong Yew San	1,410,000	0.27
25.	Hoe Wei Ying	1,360,000	0.26
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	1,134,500	0.22
29.	Tai Chang Eng @ Teh Chang Ying	1,095,000	0.21
30.	Teh Kai Liang	1,044,300	0.20
		388,860,244	75.36

NOTICE OF ANNUAL GENERAL MEETING

BOILERMECH

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

NOTICE IS HEREBY GIVEN that the 9th 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 Monday, 19 August 2019 at 10.00 a.m.

AGENDA

As Ordinary Business

1. To receive the Statutory Financial Statements for the financial year ended 31 March 2019 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 9th 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) Chia Lik Khai **Resolution 3**

   (b) Mohd Yusof Bin Hussian **Resolution 4**

   (c) Ho Cheok Yuen **Resolution 5**

4. To approve the payment of a final single tier dividend of 2.00 sen per ordinary share amounting to RM10,320,000 for the financial year ended 31 March 2019. **Resolution 6**

5. To re-appoint Messrs Crowe Malaysia PLT 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 and Proposed New 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 Sections 2.2 and 2.3 of the Circular to the Shareholders dated 19 July 2019 ("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 Transactions 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 Sections 2.2 and 2.3 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 2.5 of the Circular."

NOTICE OF ANNUAL GENERAL MEETING

To consider and if thought fit, to pass the following resolution as Special Resolution:

8. **Proposed Adoption of New Constitution of the Company** — **Special Resolution 1** **Refer to Explanatory Note 5**

   "THAT approval be and is hereby given for the adoption of the New Constitution of the Company as set out in Appendix II of the Circular to Shareholders dated 19 July 2019, in place of the existing Memorandum and Articles of Association of the Company with immediate effect AND THAT the Directors of the Company be and are hereby authorized 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 full effect to the Proposed Adoption of New Constitution of the Company with full powers to assent to any conditions, variations, modifications and/or amendments as may be required by the relevant authorities."

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of Members at the 9th Annual General Meeting of the Company to be held on 19 August 2019, a final single tier dividend of 2.00 sen per ordinary share for the financial year ended 31 March 2019, will be paid on 13 September 2019 to Depositors whose names appear in the Record of Depositors of the Company on 23 August 2019.

A Depositor shall qualify for entitlement only in respect of:

(a) Securities transferred into the Depositor's securities account before 4:30 p.m. on 23 August 2019 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: 19 July 2019

NOTES:-

1. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 9th Annual General Meeting ("AGM") of the Company, the Company shall be requesting the Record of Depositors as at 9 August 2019. Only a depositor whose name appears on the Record of Depositors as at 9 August 2019 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 2019

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 9th 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 8th AGM of the Company held on 24 August 2018.

The benefits comprise of meeting allowance to the NED for their attendance at Board and Board Committee meeting(s) per meeting day. The total amount of meeting allowance based on the estimated meetings scheduled for the estimated period is RM64,000 and SGD14,400.

NOTICE OF ANNUAL GENERAL MEETING

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 9th 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 8th AGM of the Company held on 24 August 2018 (hence, no proceeds were raised therefrom) and which will lapse at the conclusion of the 9th 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 and Proposed New 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.

5. **Item 8 of the Agenda**
Proposed Adoption of New Constitution of the Company

The Special Resolution 1 is proposed to seek shareholders' approval to adopt the New Constitution of the Company as set out in Appendix II of the Circular to Shareholders dated 19 July 2019 in place of the Company's existing Memorandum and Articles of Association, to be in line with the provisions of the Companies Act 2016, the Listing Requirements and prevailing statutory and regulatory requirements applicable to the Company and to provide clarity and consistency throughout so as to facilitate and enhance administrative efficiency.

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 9TH 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 Monday, 19 August 2019 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 2019 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 9th 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) Chia Lik Khai (b) Mohd Yusof Bin Hussian (c) Ho Cheok Yuen	 3 4 5		
4.	To approve the payment of a final single tier dividend of 2.00 sen per ordinary share amounting to RM10,320,000 for the financial year ended 31 March 2019.	6		
5.	To re-appoint Messrs Crowe Malaysia PLT 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 and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	9		
	SPECIAL RESOLUTION	**RESOLUTION**	**FOR**	**AGAINST**
8.	Proposed Adoption of New Constitution of the Company.	1		

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:-

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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

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TO VIEW OUR 2019 ANNUAL REPORT, GO TO:

www.boilermech.com

BOILERMECH HOLDINGS BERHAD (897694-T)
Lot 875, Jalan Subang 8, Taman Perindustrian Subang, 47620 Subang Jaya, Selangor Darul Ehsan
Tel (6)03 8023 9137 Fax (6)03 8023 2127