BOILERMECH

BOILERMECH HOLDINGS BERHAD

(Company No. 897694-T)

Growing sustainably with strength

ANNUAL REPORT 2012

CONTENTS

The deep and extensive roots of the tree symbolises our values and character that guide our day to day business. We have grown steadily from a strong foundation built on our values of integrity, team work, innovativeness and a strong sense of optimistic perseverance. These are the values that will create sustainability in our continued growth.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Leong Yew Cheong
Managing Director

Wong Wee Voo
Executive Director

Chia Lik Khai
Executive Director

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

Low Teng Lum
Independent Non- Executive Director

Mohd Yusof bin Hussian
Independent Non-Executive Director

AUDIT COMMITTEE

Low Teng Lum
Chairman, Independent Non-Executive Director

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

Mohd Yusof bin Hussian
Member, Independent Non- Executive Director

REMUNERATION COMMITTEE

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

Low Teng Lum
Member, Independent Non-Executive Director

Leong Yew Cheong
Member, Managing Director

NOMINATION COMMITTEE

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

Low Teng Lum
Member, Independent Non-Executive Director

Mohd Yusof bin Hussian
Member, Independent Non-Executive Director

COMPANY SECRETARIES

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

REGISTERED OFFICE

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

HEAD OFFICE

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

PRINCIPAL BANKERS

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

AUDITORS

Messrs Crowe Horwath (AF1018)
Level 16 Tower C,Megan Avenue II
12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur
Tel: 03-27889999
Fax: 03-27889998

SPONSOR

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

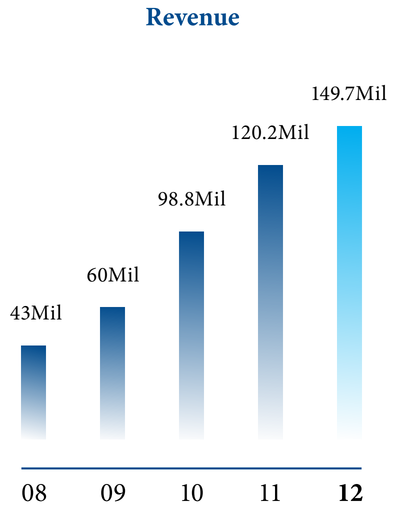
SHARE REGISTRAR

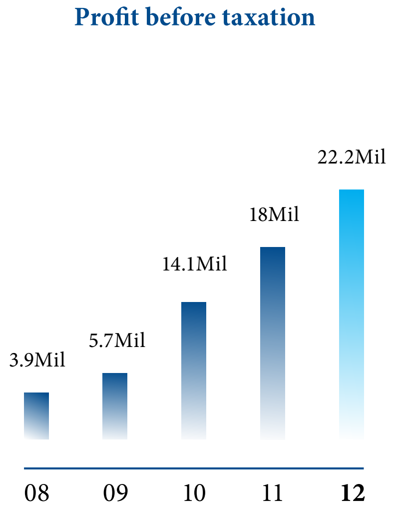
Bina Management (M) Sdn Bhd (50164-V)
Lot 10, The Highway Centre, Jalan 51/205
46050 Petaling Jaya, Selangor Darul Ehsan
Tel: 03-7784 3922
Fax: 03-7784 1988

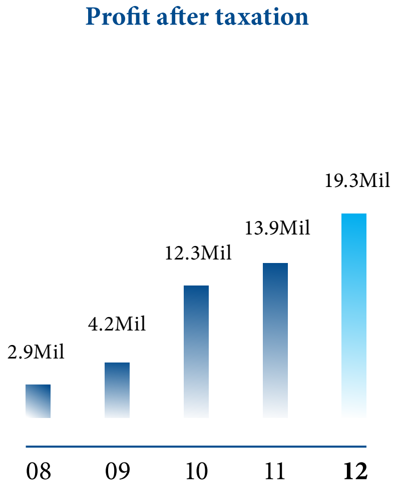
STOCK EXCHANGE LISTING

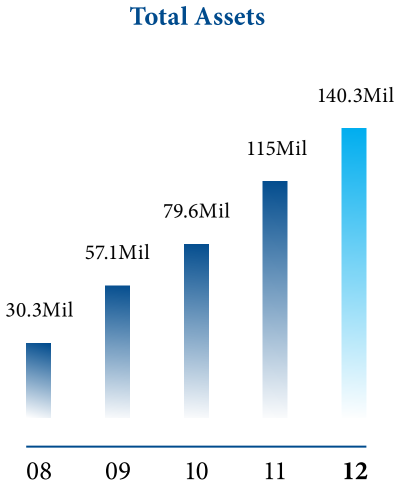
ACE Market of Bursa Malaysia Securities Berhad
Stock Name: BOILERM
Stock code:0168

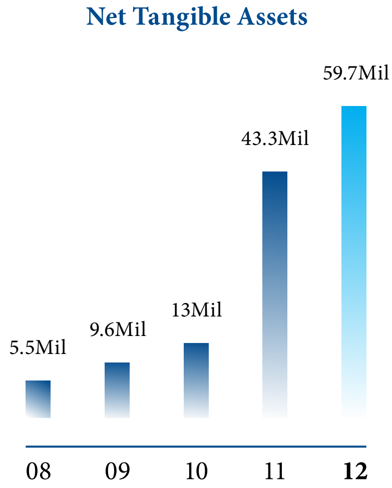
FINANCIAL HIGHLIGHTS









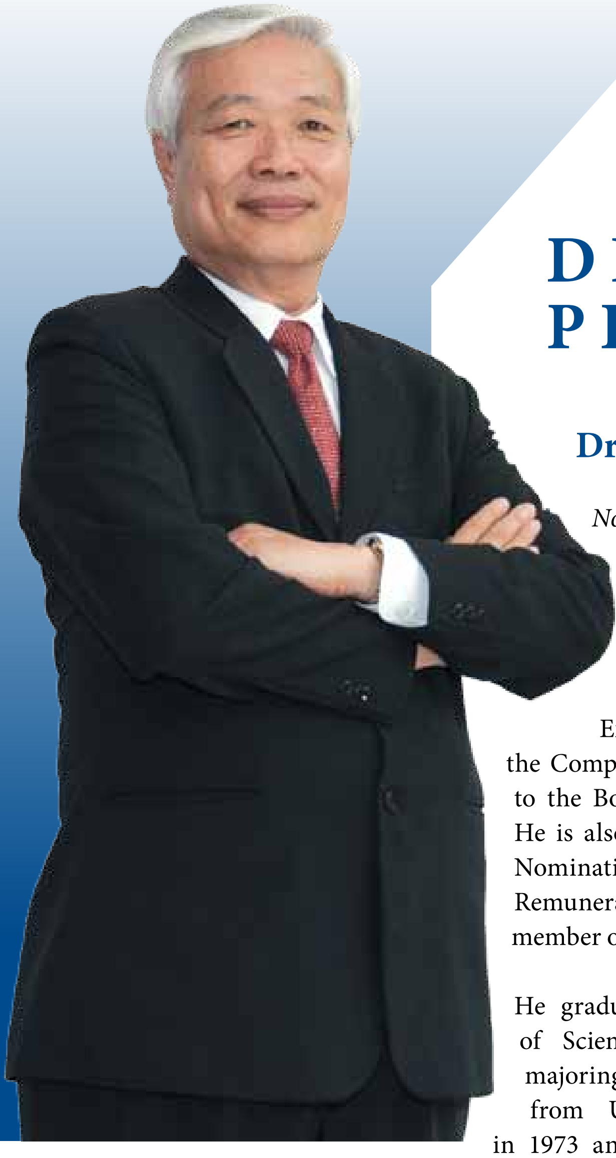


	2008 RM Mil	2009 RM Mil	2010 RM Mil	2011 RM Mil	2012 RM Mil
Revenue	43.00	60.00	98.80	120.20	**149.70**
Profit before taxation	3.90	5.70	14.10	18.00	**22.20**
Profit after taxation	2.90	4.20	12.30	13.90	**19.30**
Total Assets	30.30	57.10	79.60	115.00	**140.30**
Net Tangible Assets	5.50	9.60	13.00	43.30	**59.70**

BOARD OF DIRECTORS

From left to right:

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



DIRECTORS' PROFILE

Dr. Chia Song Kun

Non-Independent Non- Executive Chairman

Chia Song Kun, a Malaysian aged 62, is the Non-Independent Non-Executive Chairman of the Company. He was appointed to the Board on 4 March 2011. He is also the Chairman of the Nomination Committee and Remuneration Committee and a member of the Audit Committee.

He graduated with a Bachelor of Science (Honours) degree majoring in Mathematics from University of Malaya in 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), one of the leading private colleges in Malaysia. On 5 July 2008, he was conferred the honorary degree of Doctor of Laws (Hon LLD) by the Honorary Awards Board of the University of Hertfordshire in recognition of his outstanding contribution to the development of business and education in Malaysia.

He is also the founder and Managing Director of QL Resources Berhad which is listed in the Main Board of Bursa Malaysia Securities Berhad. Together with the help of his family members, he successfully nurtured, developed and transformed the QL Group into a diversified agricultural based group with an annual turnover of more than RM1.9 billion.

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

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

Dr. Chia attended all five (5) Board of Directors meetings held during the financial year.

Save for the disclosure in Item 4 (Material Contracts involving Directors and Shareholders of the Section on "Other Disclosure Requirement") in this Annual Report, he has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past ten years.

Leong Yew Cheong

Managing Director

Leong Yew Cheong, a Malaysian aged 58, is the Managing Director and was appointed to the Board on 26 October 2010. He is also a member of the Remuneration Committee. He holds a Bachelor of Science in Mechanical Engineering from the University of Huddersfield, United Kingdom. He brings with him approximately thirty two (32) years of experience in the boiler manufacturing industry and has strong business contacts with customers operating in the palm oil industry and other end-user industries, as well as supplies of spare parts and boiler components.

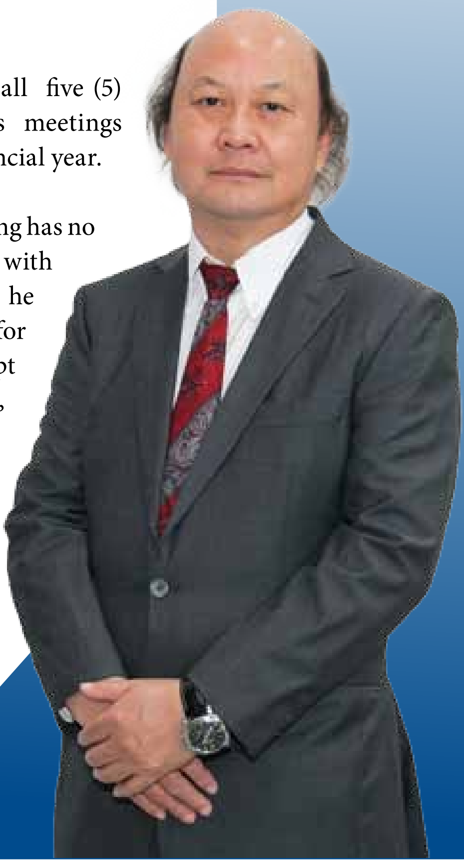
He began his career in 1980 as a project engineer in a boiler manufacturing company and was responsible for the designing, installation and commissioning of boilers. During his tenure, he held various positions including Operations Manager and General Manager. He played an instrumental role in achieving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

He is presently responsible for overseeing the overall operation of the Group with emphasis on strategic business planning and development.

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

Mr Leong attended all five (5) Board of Directors meetings held during the financial year.

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



Wong Wee Voo | Chia Lik Khai | Chia Seong Fatt

Wong Wee Voo
Executive Director

Wong Wee Voo, a Malaysian aged 61, is the Executive Director of the Company. He was appointed to the Board on 26 October 2010. He brings with him approximately twenty five (25) years of experience in the boiler industry.

His career started in early 1970s where he was attached with Cold Storage Malaysia Berhad and subsequently with ICI Paints (Malaysia) Sdn Bhd. His exposure to the boiler industry began when he joined East Asiatic Group of companies to promote and market insulation and refractory materials for boilers and furnaces. He later joined a boiler manufacturing company where he assumed various positions within the company throughout his tenure there and was assigned to oversee the sales and marketing of boilers in the Asian Pacific and the Central American region. He left the company as the Deputy General Manager (Sales).

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

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

Mr Wong attended all five (5) Board of Directors meetings held during the financial year.

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

Chia Lik Khai

Executive Director

Chia Lik Khai, a Malaysian aged 33, is the Executive Director of the Company. He was appointed to the Board on 26 October 2010. He graduated from the MBA program of Wharton Business School, University of Pennsylvania, United States where he focused on Entrepreneurship and Corporate Finance. He also received 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, he focused on serving global clients in renewable energy, consumer products and high-tech sectors on strategy, mergers and acquisitions as well as sales and marketing topics.

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

He subsequently joined QL Resources Berhad as Group Corporate Development Director and was appointed as the Executive Director of a few subsidiaries of QL Resources Berhad in 2009. In the same year, he was appointed as the Non-Independent Non-Executive director in EITA Resources Berhad. The EITA group of companies is involved in the distribution and manufacturing of electrical related products. On 17 September 2010, he was appointed as an Executive Director of QL Green Resources Sdn Bhd ("QLGR"), a substantial shareholder of the Company.

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

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

Mr Chia attended all five (5) Board of Directors meetings held during the financial year.

Save for the disclosure in Item 4 (Material Contracts involving Directors and Shareholders of the Section on "Other Disclosure Requirement" in this Annual Report, he has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past ten years.

Chia Seong Fatt

Director (Alternate Director to Chia Lik Khai)

Chia Seong Fatt, a Malaysian aged 57, is the Alternate Director to Executive Director, Chia Lik Khai. He was appointed to the Board on 4 March 2011. He obtained his Bachelor of Science (Honours) degree majoring in Chemistry from University of London in 1979.

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

In 1991, he was appointed as Managing Director of QL Farms Sdn Bhd, a subsidiary of QL Group. He was appointed as the Executive Director of QL Resources Berhad in 2000.

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

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

Save for the disclosure in Item 4 (Material Contracts involving Directors and Shareholders) of the Section on "Other Disclosure Requirement" in this Annual Report, he has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past ten years.

Low Teng Lum

Independent Non-Executive Director

Low Teng Lum, a Malaysian aged 58, is the Independent Non-Executive Director of the Company. He was appointed to the Board on 27 October 2010. He is also the Chairman of the Audit Committee and member of the Nomination and Remuneration Committees.

He obtained his qualifications from the Association of Chartered Certified Accountants and Institute of Chartered Secretaries and Administrators, both of the United Kingdom, in 1977. He attended the Applied Management Program of Swedish Institute of Management in 1990. In 1996, he obtained his Master in Public Administration from the John Fitzgerald Kennedy School of Government, Harvard University. He is a Chartered Accountant of the Malaysian Institute of Accountants, fellow member of the Association of Chartered Certified Accountants ("ACCA"), and Associate member of the Institute of Chartered Secretaries and Administrators, Malaysian Institute of Taxation and Association of Corporate Treasurers, United Kingdom. He is also a member of the Malaysian Alliance of Corporate Directors and its training faculty.

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

Over the course of his career, he has held various accounting and financial positions in Arthur Young

Low Teng Lum Mohd Yusof bin Hussian

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

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

Mr Low attended all five (5) Board of Directors meetings held during the financial year.

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

Mohd Yusof bin Hussian

Independent Non-Executive Director

Mohd Yusof bin Hussian, a Malaysian aged 63, is the Independent Non-Executive Director of the Company. He was appointed to the Board on 4 March 2011. He is also a member of the Audit Committee and Nomination Committee.

He is a graduate of Universiti Teknologi MARA, fellow member of the Association of Chartered Certified Accountants (UK) and a member of the Chartered Institute of Purchasing and Supply (UK) and a Chartered Accountant of the Malaysian Institute of Accountants. He is also a Certified Financial Planner. He was formerly a member of the ACCA Malaysian Advisory Committee.

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

He is presently an Independent Non-Executive Chairman of CIMB Aviva Assurance Berhad and CIMB Aviva Takaful Berhad, subsidiaries of CIMB Group Holdings Berhad. He also holds directorships in INTI Universal Holdings Sdn Bhd, Proton Commerce Sdn Bhd (an associate company of Proton Holdings Berhad), UDA Holdings Berhad and Oriental Capital Assurance Berhad.

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

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

En Yusof attended all five (5) Board of Directors meetings held during the financial year.

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

MANAGEMENT TEAM

From left to right:

1. **Lai Yee Kein**
   Design Manager
2. **Wong Wee Voo**
   Executive Director
3. **Chia Lik Khai**
   Executive Director
4. **Leong Yew Cheong**
   Managing Director
5. **Gan Chih Soon**
   General Manager
6. **Sylvia Goh**
   Commercial Manager
7. **Chan Van Chee**
   Financial Controller
8. **Wong Phoon Heng**
   Production Manager
9. **Tee Seng Chun**
   Executive Director of subsidiaries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CHAIRMAN'S STATEMENT

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

"2012 has been a good year for us. The improved performance was due to an all round increase in activity level in manufacturing, deliveries and installation of boilers."

It gives me great pleasure to announce that we have achieved yet another year of record revenue and profit for the financial year ended 30 April 2012. Revenue increased by 24.5% to RM149.7million from RM120.2million in the previous year. Profit after tax increased from RM13.9million to RM19.3million, an increase of 38.8%.

The Group's performance was helped by the continued strong demand for boilers from palm oil mills for the production of crude palm oil (CPO) and palm kernel oil (PKO). Global CPO has seen a steady increase over the years; this is strongly driven by Indonesia, Malaysia and Thailand, due to the availability of arable land and favourable climatic conditions. As global consumption of palm oil grows, we expect more planting in the aforementioned countries and even in the African continent, South America and the countries like Papua New Guinea. This augurs well for the Group.

Countries like Indonesia and Malaysia have recognized the importance of biomass as a source of energy and we foresee increasing demand for biomass boilers for the production of energy. In Malaysia, the recent introduction of the Feed-in-Tariff (FIT) will encourage the production of electricity using renewable energy. The demand for biomass boilers is expected to accelerate.

2012 has been a good year for us. The improved performance was due to an all round increase in activity level in manufacturing, deliveries and installation of boilers. While profit margins (before tax) remained stable at 14.9%, the net profit margin improved from 11.6% to 12.9%. This was mainly a result from the increase in tax allowances claimed under the Allowance for Increased Exports under the Income Tax (Exemption) (No17) Order 2005 and the positive impact of deferred tax. Consequently, the effective tax rate was 13.3% as compared to the nominal rate of 25%.

The prospects of the Group remain good, with an order book recognizable as revenue of RM248million as at 30 April 2012 from RM209million the previous year. We shall be expanding production capacity to meet the increase in demand. The production capacity is expected to come on-stream in FY 2013.

On behalf of the Board of Directors, I would like to extend our deepest appreciation to our staff and all other stakeholders including our customers, suppliers, business associates and shareholders who continue to provide invaluable and unwavering support thereby sustaining the Group's strong growth.

Consequently, we are pleased to inform you that Forbes Magazine has identified the Group as among Asia's 200 Best Under A Billion in 2012.

Thank you,
Dr Chia Song Kun
Chairman

REVIEW OF OPERATIONS BY MANAGING DIRECTOR

Leong Yew Cheong
Managing Director

"In line with our growth, our total assets increased to RM140.3 million from RM115.0 million, an increase of 22.0%. Meanwhile, our shareholders' funds increased from RM43.3million to RM59.7million, an increase of 37.9%."

The Group continued on a strong growth path in 2012; revenue increased to RM149.7million while net profit increased to RM19.3million from RM120.2 million and RM13.9 million respectively. Underpinning the growth is the increase in sales orders.

Palm oil mills remain the main users of our boilers while Malaysia and Indonesia continue to be our primary markets.

2013 is expected to be another good year as we ramp up our production capacity. On 8 August 2012, we announced the proposed acquisition of a 1.4543 hectare property with a detached factory and an attached three storey office block which is located close to our existing factory. The acquisition is expected to be completed by the end of calendar year 2012 and will augur well for our business expansion.

In line with our growth, our total assets increased to RM140.3 million from RM115.0 million, an increase of 22.0%. Meanwhile, our shareholders' funds increased from RM43.3million to RM59.7million, an increase of 37.9%.

The number of employees has correspondingly increased from 57 to 76 as at 30 April 2012 to cater for the higher level of business activity. Our management and staff remains and will continue to be our greatest asset. We will therefore continue to provide staff development and enrichment via training and social activities.

2013 promises to be an exciting year for us. The planned increase in production capacity will provide us the platform to expand our business. We are continually exploring opportunities in the biomass renewable energy sector and will inform you of developments when such opportunities arise.

Leong Yew Cheong
Managing Director.

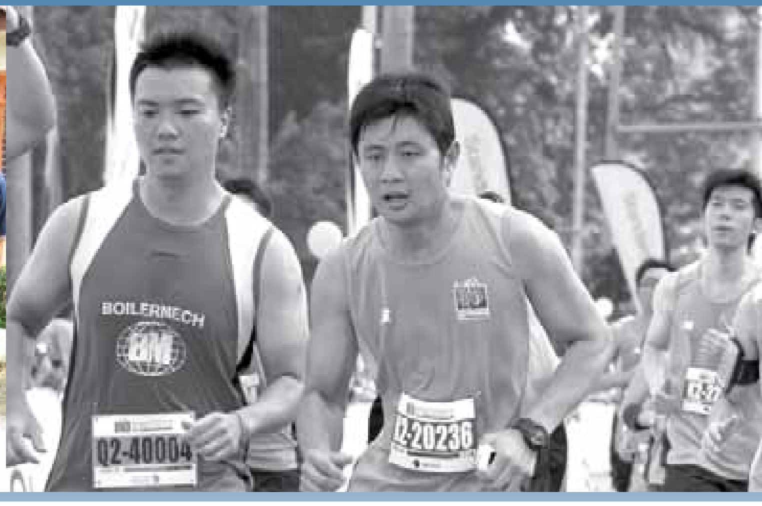
The Group aims to be a responsible corporate citizen by exercising sustainable activities that integrate environmental and societal considerations into its business strategies.

Environmental sustainability

The Group pays particular attention to promoting environmental sustainability.

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

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



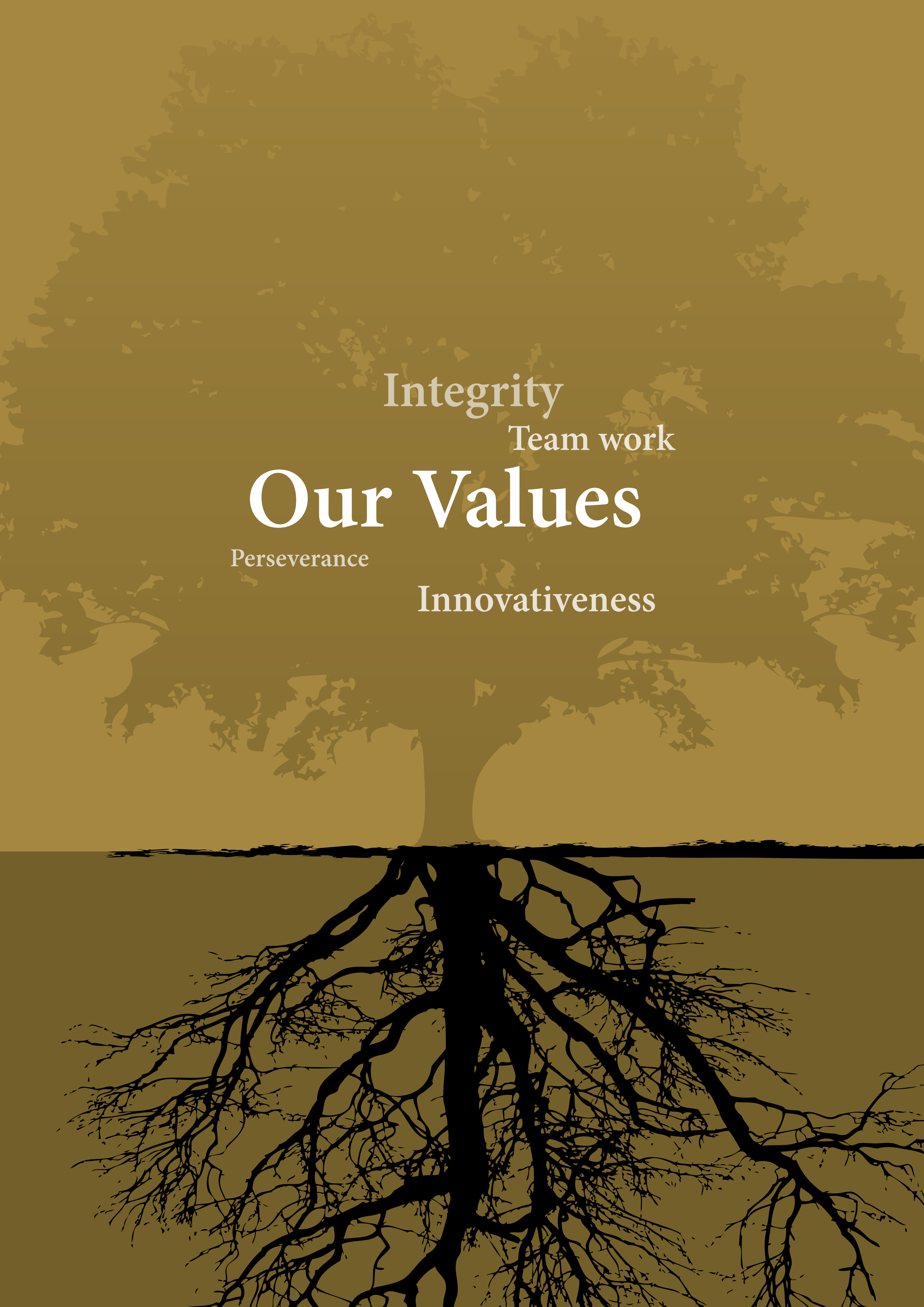
Our contribution to the community

At the social sphere, we encourage education in the community; we do this via the provision of training for our employees and providing internship programs to selected undergraduates from local educational institutions.

We have organized and participated in various charitable causes with particular emphasis on the actual interaction between our employees and the less fortunate. We believe that direct contact and interactions will invoke empathy from our employees for the less fortunate, thereby making our staff, better persons.

Our commitment to our employees

Our employees are invaluable towards the growth of our company. To that end, we strive to create a conducive working environment that promotes mutual respect, productivity and diversity. We nurture the personal growth of our staff by encouraging training and education and provide after office gatherings in the form of biweekly tea sessions, company trips and dinners to foster good staff relationships.


Integrity
Team work
Our Values
Perseverance
Innovativeness

The Board of Directors ("the Board") of Boilermech Holdings Berhad (" the Company") and its subsidiaries ("the Group") remains committed to a high standard of business ethics and corporate governance in achieving its strategic goals and in enhancing shareholders' value.

The Board is pleased to report the application of the underlying principles set out in the Malaysian Code of Corporate Governance (Revised 2007) ("the Code") and the extent that the Company has complied with the Code. This Corporate Governance Statement covers the Company's corporate governance for the financial year ended 30 April 2012.

BOARD OF DIRECTORS

Board Composition And Balance

The Group recognizes the important role played by a strong Board in the stewardship of its direction and operations and ultimately in the long term enhancement of shareholders' value whilst taking into account the interests of other stakeholders. It is therefore conscious of the need to have an effective and ethical Board comprising members who consistently exhibit a strong sense of fiduciary duty whilst exercising their duty of reasonable care, skill and diligence.

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

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

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

The Board acknowledges the importance of Independent Non-Executive Directors in bringing impartiality to the Board's deliberations and decision. The Chairman of the Audit Committee, Mr. Low Teng Lum has been tasked with addressing any concern regarding corporate governance. These concerns, if any, may be conveyed to him directly.

The Board is assisted by the Audit Committee, Nomination Committee, Remuneration Committee and the Executive Committee in discharging its stewardship responsibilities.

Appointment and Re-election of Board Members

The Nomination Committee has been given the responsibility to recommend new appointments to the Board. During the year, no new appointment was made to the Board.

The Articles of Association of the Company requires that at each annual general meeting, one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office and an election of the Directors shall take place, provided always that all Directors shall retire once at least in each three (3) years.

The Nomination Committee is tasked with reviewing the suitability and effectiveness of the individual director who is seeking re-election, for the board's consideration in tabling his re-election during the annual general meeting.

BOARD OF DIRECTORS (cont'd)

Duties and responsibilities of the Board

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

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

Board meeting and supply of information

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

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

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

During the financial year, the individual director's attendance in the Board of Directors' meetings is as follows:

Name of Director	Designation	Board meeting Attendance
Dr. Chia Song Kun	Chairman	5/5
Leong Yew Cheong	Managing Director	5/5
Wong Wee Voo	Executive Director	5/5
Chia Lik Khai	Executive Director	5/5
Chia Seong Fatt (alternate to Chia Lik Khai)	Alternate Director	Nil
Low Teng Lum	Non-Executive Independent Director	5/5
Mohd. Yusof bin Hussian	Non-Executive Independent Director	5/5

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

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

Board committees

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

BOARD OF DIRECTORS (cont'd)

Board committees (cont'd)

Board Committee	Key Functions
Audit Committee	As set forth in the Audit Committee Report on page 28 to page 31 of this Annual Report
Remuneration Committee	Please see below
Nomination Committee	Please see below

Remuneration Committee

This Committee is responsible for recommending the framework on terms of employment and remuneration of all Executive Directors and key management for the Board's approval. The basis of the framework shall be to support the Group's strategies and long term vision by providing the right motivational incentive.

The members of the Committee are:

Dr.Chia Song Kun *(Chairman)*
Low Teng Lum
Leong Yew Cheong

The details of the Directors' remuneration for the financial period ended 30 April 2012, are shown in Note 38 of the Financial Statements. The Company does not disclose each Director's remuneration separately as required by the Code as the Board is of the view that the disclosure of the remuneration bands of the Company's Directors is sufficient.

Nomination Committee (NC)

This Committee is tasked to assess the effectiveness of the Board (and the board committees) as a whole and the incumbent directors, including the independent non-executive directors. It proposes action plans to the Board to enhance its effectiveness, including working with the Remuneration Committee and the Board in the deliberation of the director's and key management remuneration.

The members of the Committee are:

Dr. Chia Song Kun (Chairman)
Low Teng Lum
Mohd Yusof bin Hussian

Directors' Training

During the year, our directors attended training, seminars and conferences on the following subject matters:

- Corporate Governance in Malaysia

- Effective Leadership and Management

- Compliance, Audit and Risk Management

- Sales and Marketing

SHAREHOLDERS

Dialogue with shareholders and investors

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

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

Annual General Meeting

The Company's Annual General Meeting ("AGM") serves as a principal forum for dialogue with the shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Company is scheduled to hold its Second AGM on 22 October 2012.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year ended 30 April 2012, primarily through the financial statements and the quarterly results to the shareholders as well as the Chairman's Statement and the yearly Review of Operations by the Managing Director in this Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial processes and the quality of its financial reporting.

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

Internal control

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

Relationship with the Auditors

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

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

The Board outsourced the internal audit function to an independent professional firm.

1. PROPOSED UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

The details of the utilisation of proceeds from the Company's Initial Public Offering on 5 May 2011 are as follows:

Purpose	Proposed utilisation RM'000	Utilisation up to 28 August 2012 RM'000	Estimated time frame for utilisation
Business expansion plans	4,000	808	Within two(2) years after listing
Repayment of term loan	2,500	2,500	–
Working capital	3,317	3,317	–
Estimated listing expenses	1,700	1,700	–
Total	11,517	8,325	

2. NON-AUDIT FEES

The Group incurred RM19,000 for services to an affiliate of our External Auditors during the financial year.

3. VARIATION OF ACTUAL PROFIT FROM THE UNAUDITED RESULTS.

There has been no material variance of ten percent (10%) or more between the audited results for the financial year ended 30 April 2012 and the unaudited results previously announced

4. MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012.

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

Date [(a)]	Parties	General nature	Consideration [(c)] RM	Billings [(b)] RM	Mode of satisfaction of consideration & Billings	Relationship between director/ major shareholder and contracting party
1 Mar 2010	PT Pipit Mutiara Indah ("PTPM") and Boileremch Sdn Bhd ("BSB")	Sale of one (1) unit boiler to PTPM	2,775,000	555,000	Cash	Subsidiary of QL Resources Berhad (see Note below)
8 Apr 2010	QL Plantation Sdn Bhd("QLP") and Boilermech Sdn Bhd	Sale of one (1) unit of boiler to QLP	3,212,000	–	Cash	Subsidiary of QL Resources Berhad (see Note below)
1 May 2011	QL Resources Berhad("QLRB") and Boilermech Sdn Bhd	Management fees to QLRB	130,800	NA	Cash	See Note (d) below

Note

(a) Date of contract/commencement of arrangement

(b) Billings made by the Group are for the period 1 May 2011 to 30 April 2012

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

(d) The Group paid management fees to QL Resources Berhad for the provision of management services for the period 1 May 2011 to 31 March 2012 at RM10,800 per month. This was increased to RM12,000 per month, effective from 1 April 2012.

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

5. MATERIAL CONTRACTS RELATING TO LOANS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012.

There were no contracts relating to loans involving the directors' or major shareholders' interest.

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

The shareholders had earlier approved the RRPT as set out in the circular dated 14 September 2011 (together with the addendum dated 4 October 2011) during the Annual General Meeting held on 6 October 2011.

The Company had announced on 13 September 2012 that Boilermech is seeking the shareholders' approval for the the Proposed Renewal of Shareholders' Mandate for Existing RRPT as well as the Proposed Shareholders' Mandate for Additional New RRPT at the forthcoming 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 that is despatched together with this Annual Report.

Details of the aggregate value of the RRPT pursuant to the shareholders' mandate 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)
PTPM and BSB	PTPM is a subsidiary company of QL, which is one of the substantial shareholders of Boilermech	Sale of one (1) unit of boiler to PTPM valued at approximately RM2.77 million	932
QLP and BSB	QLP is a subsidiary company of QL, which is one of the substantial shareholders of Boilermech	Sale of one (1) unit of boiler to QLP valued at approximately RM3.2 million	553
QL and BSB	QL is one of the substantial shareholders of Boilermech	QL charges management fees for, amongst others, the provision of risk management, corporate strategy and planning services	131
QL Group and Boilermech Group	QL is one of the substantial shareholders of Boilermech	The provision of engineering solutions to QL in relation to biomass renewable energy projects	349

7. CORPORATE SOCIAL RESPONSIBILITY

The report on Corporate Social Responsibility of the Group is furnished on page 18 of this Annual Report.

AUDIT COMMITTEE REPORT

The Audit Committee comprised the following members:

Name	Designation	Directorship
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*

The Secretary to the Committee is the Company Secretary.

ATTENDANCE OF MEETINGS

The Audit Committee members attended all five(5) meetings held during the financial year.

Summary of activities

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

1. Reviewed the quarterly unaudited financial results and the audited financial statements before submission to the Board for consideration and approval
2. Reviewed the related party transactions entered into by the Group
3. Recommended the re-appointment of the External Auditor to the Board
4. Reviewed the External Auditor's scope of work and the audit plan for the year
5. Reviewed the results of the audit and the Audit Report with the External Auditor
6. Recommended the appointment of the Internal Auditor to the Board
7. Reviewed the internal audit plan and findings and recommendations arising from the internal audit and the management response.
8. Reviewed the principal risks identified by Management on a continual basis and the Management's plans to manage these risks.

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 system of internal control to safeguard the Group's assets. This function also serves as an avenue to improve current policies and procedures via the recommendation of the Internal Auditor.

During the year, the Internal Auditor reviewed and conducted tests and assessed the adequacy of the system of internal controls over key management areas in strategic management, inventory management, sales and marketing, procurement and payments and human resource management. Internal Audit reports were issued to the Audit Committee detailing the findings and recommendations and the management responses to the findings and recommendations.

TERMS OF REFERENCE

A. Membership

1. The Audit Committee comprises at least three Directors, the majority of whom are Independent. All members of the Committee shall be Non-Executive Directors.

2. At least one (1) member of the Audit Committee:

   2.1 must be a member of the Malaysian Institute of Accountants;

TERMS OF REFERENCE (cont'd)

A. Membership (cont'd)

2. At least one (1) member of the Audit Committee: (cont'd)

   2.2 if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience and;

   (i) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

   (ii) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

   2.3 fulfils such other requirements as prescribed or approved by the Exchange

3. No alternate Director shall be appointed as a member of the Audit Committee.

4. The Board shall review the terms of office and performance of the Audit Committee and each of its members at least once a year to determine whether the Committee and members have carried out their duties in accordance with their terms of reference.

5. In the event of any vacancy in the Audit Committee resulting in the non-compliance of item 1 and 2 above, the Board shall fill the vacancy within three (3) months from the date of the vacancy.

6. The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Director.

B. Secretary

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

C. Meetings and Attendance

1. The Audit Committee shall meet at least four (4) times annually. A majority of the members in attendance must be Independent Directors in order to form a quorum for the meeting.

2. Non-member Directors and employees of the Company shall not attend any Audit Committee meetings unless specifically invited by the Audit Committee.

3. The Audit Committee shall meet the External Auditors at least twice a year without the presence of the Management or Executive Directors.

4. The Audit Committee shall report to the Board.

TERMS OF REFERENCE (cont'd)

D. Authority

1. The Audit Committee has the authority to investigate any matter within its terms of reference, at the cost of the listed corporation and with the following:

    (a) the resources which are required to perform its duties;

    (b) full and unrestricted access to any information pertaining to the Company;

    (c) direct communication channels with the External Auditors and the Internal Auditors;

    (d) ability to obtain independent professional or other advice; and

    (e) ability to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the listed corporation, whenever deemed necessary

2. The Internal Auditor shall report directly to the Audit Committee and shall have direct access to the Chairman of the Audit Committee on all matters of control and audit. All proposals by Management regarding the appointment, transfer and removal of the Internal Auditor of the Company shall require prior approval of the Audit Committee. Any inappropriate restrictions on audit scope are to be reported to the Audit Committee.

E. Functions

1. To review the quarterly and annual financial statements of the Company, before the approval of the Board of Directors, focussing particularly on:

    - any significant changes to accounting policies and practices
    - significant adjustments arising from the audits
    - compliance with accounting standards and other legal requirements
    - the going concern assumption

2. To review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

3. To review, on an annual basis, the principal risks identified by Management and the methodology employed in the identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner.

4. To ensure that the system of internal control is soundly conceived and in place, effectively administered and regularly monitored.

5. To cause reviews to be made of the extent of compliance with established internal policies, standards, plans and procedures.

6. To obtain assurance that proper plans for control have been developed prior to the commencement of major areas of change within the organisation.

TERMS OF REFERENCE (cont'd)

E. Functions (cont'd)

7. To be satisfied that the strategies, plans, manning and organisation for internal auditing are communicated down through the Company.

   Specifically:

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

8. To review with the External Auditors the nature and scope of their audit plan, their evaluation of the system of internal controls and report.

9. To review any matters concerning the appointment and reappointment, audit fee and any questions of resignation or dismissal of the External Auditors and Internal Auditors

10. To review and evaluate factors related to the independence of the External Auditors and assist them in preserving their independence.

11. To be advised of significant use of the External Auditors in performing non-audit services within the Group, considering both the types of services rendered and the fees, such that their position as auditors are not deemed to be compromised.

12. To review the External Auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.

13. To recommend to the Board steps to improve the system of internal control derived from the findings of the Internal and External Auditors and from the consultations of the Audit Committee itself.

14. To prepare the annual Audit Committee Report to the Board which includes the composition of the Audit Committee, its terms of reference, number of meetings held, a summary of its activities and the existence of an internal audit function and summary of the activities of that function for inclusion in the annual report.

15. To review the Board's statements on compliance with the Malaysian Code of Corporate Governance for inclusion in the annual report.

16 To review ordinary and extraordinary dividend payments.

17 To review the assistance given by the employees of the Company to the External Auditors.

18 To recommend the nomination of a person or persons as External Auditors.

BOARD RESPONSIBILITY

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

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

The Board acknowledges its responsibility in maintaining a system on internal control which covers risk management and financial, organizational and compliance controls. It is the Board's belief that the system should be designed to manage rather than to eliminate risks entirely; the system should also be dynamic and respond to the changing circumstances. As such, the Board has in place an on-going process for identifying the principal risks which could significantly impact on the Group's strategy, business direction and its business objectives. The key elements of the internal control process involve the following:

Control Environment

The principal elements are:

- The establishment of a hierarchical organizational structure with clear lines of accountability and delegated authority.
- Regularity of reporting and review of financial results and operational performance.

Financial results

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

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

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

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

- Control Procedures
  Policies and procedures are in place for key aspects of the business to establish accountabilities and controls. These will be expanded to cover other areas in accordance to suit the changing business needs. The said policies and procedures are also being continually revised to suit the needs of the Group.

Risk Management

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

The Board has formalized a Group Risk Policy and approved the formation of a Risk Management Unit reporting to the Audit Committee which has been entrusted to review on a semi-annual basis the identified principal risks and the effectiveness of the methodology employed in the identification, assessment, response, control and communication of risks.

Audit Committee and Internal Audit

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

An independent professional firm was engaged to provide internal audit services to the Group at an estimated cost of RM58,000 per year and RM5,525 in the form of service tax of 6% and out of pocket expenses. The internal audit function adopts a risk-based approach in developing its audit plan which addresses the core business areas based the assessment of the risks faced by the Group. Scheduled internal audits were carried out based on the audit plan presented to and approved by the Audit Committee. The Internal Audit function reports directly to the Audit Committee, the internal audit observations, on a quarterly basis, focusing on areas of improvement and follow up to determine the extent of implementation of the recommendations by Management.

Conclusion

The Board is of the view that there are no significant weaknesses in the system of internal control of the Group that results in material losses incurred by the Group for the financial period ended 30 April 2012. Nonetheless, the Board remains committed to strengthening the Group's control environment and processes. This is a continuous and on-going process and appropriate action plans will be put in place to enhance the Group's system of internal control as and when necessary.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

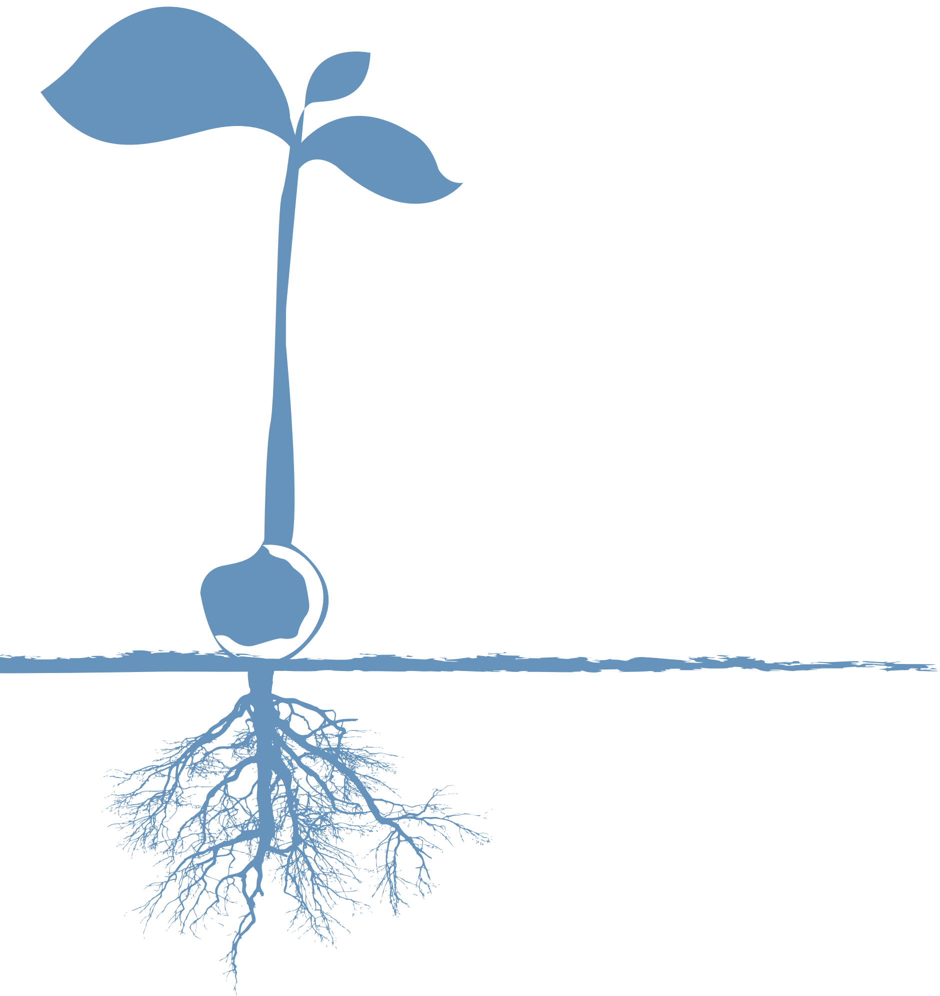
- made judgments and estimates that are reasonable and prudent

- 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, 1965. The Directors are also responsible for safeguarding the assets of the Group and the Company by taking reasonable steps for the prevention and detention of fraud and other irregularities.

FINANCIAL STATEMENTS



The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 April 2012.

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	19,276,435	9,473,362
Attributable to:-		
Owners of the Company	19,276,435	9,473,362

DIVIDENDS

Since the end of the previous financial period, the Company declared and paid a first interim single tier dividend of 1.25 sen per ordinary share of RM0.10 each amounting to RM3,225,000 in respect of the current financial year.

The directors recommend a final single tier dividend of 1.5 sen per ordinary share of RM0.10 each amounting to RM3,870,000 in respect of the current financial year subject to the approval of the shareholders at the forthcoming annual general meeting.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and 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 ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 42 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Chia Song Kun
Leong Yew Cheong
Wong Wee Voo
Chia Lik Khai
Low Teng Lum
Mohd Yusof Bin Hussian
Chia Seong Fatt (Alternate to Chia Lik Khai)

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM0.10 Each			
	At 1.5.2011	Bought	Sold	At 30.4.2012
Direct Interests				
Chia Song Kun	200,000	–	–	200,000
Leong Yew Cheong	40,474,412	–	–	40,474,412
Wong Wee Voo	27,536,085	–	(2,000,000)	25,536,085
Chia Lik Khai	200,000	–	–	200,000
Low Teng Lum	200,000	–	–	200,000
Mohd Yusof Bin Hussian	200,000	–	–	200,000
Chia Seong Fatt (Alternate to Chia Lik Khai)	100,000	–	–	100,000
Indirect Interests				
Chia Song Kun (1)	90,381,818	4,981,600	–	95,363,418
Leong Yew Cheong (2)	40,000	–	(40,000)	–
Low Teng Lum (3)	–	100,000	–	100,000
Mohd Yusof Bin Hussian (3)	–	20,000	–	20,000
Chia Seong Fatt (Alternate to Chia Lik Khai) (4)	90,381,818	4,981,600	–	95,363,418

DIRECTORS' INTERESTS (cont'd)

[1] Deemed interest by virtue of shares held by QL Green Resources Sdn Bhd via his and his spouse shareholdings of more than fifteen percent (15%) in CBG Holdings Sdn Bhd, a major shareholder of QL Resources Berhad ("QL"). QL holds 100% equity interest in QL Green Resources Sdn Bhd.
[2] Deemed interest via his daughter's shareholding in the Company.
[3] Deemed interest via his spouse's shareholding 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 fifteen percent (15%) in Farsathy Holdings Sdn Bhd, a major shareholder of QL. QL holds 100% equity interest in QL Green Resources Sdn Bhd.

By virtue of their shareholdings in the Company, Leong Yew Cheong, 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 6A of the Companies Act 1965 in Malaysia.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company or a related corporation) 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 39 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.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

The significant events during and subsequent to the financial year are disclosed in Note 45 to the financial statements.

AUDITORS

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

Signed In Accordance With A Resolution Of The Directors
Dated 28 August 2012

Leong Yew Cheong

Wong Wee Voo

STATEMENT BY DIRECTORS

We, Leong Yew Cheong and Wong Wee Voo, being two of the directors of Boilermech Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 43 to 101 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 April 2012 and of their results and cash flows for the financial year ended on that date.

The supplementary information set out in Note 47, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed In Accordance With A Resolution Of The Directors
Dated 28 August 2012

Leong Yew Cheong

Wong Wee Voo

STATUTORY DECLARATION

I, Chan Van Chee, IC No. 730506-05-5418, being the officer primarily responsible for the financial management of Boilermech Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 43 to 101 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Chan Van Chee, IC No. 730506-05-5418
at Kuala Lumpur in the Federal Territory
on this 28 August 2012

Chan Van Chee

Before me

Datin Hajah Raihela Wanchik
No. W-275
Commissioner for Oaths

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Boilermech Holdings Berhad, which comprise the statements of financial position at 30 April 2012 of the Group and of the Company and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 101.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 April 2012 and of their financial performance and cash flows for the financial year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (cont'd)

(c) Our audit report on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 47 on page 102 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

James Chan Kuan Chee
Approval No: 2271/10/13 (J)
Chartered Accountant

28 August 2012

Kuala Lumpur

		The Group		The Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	–	–	22,310,002	22,309,998
Property, plant and equipment	6	18,955,742	19,115,967	–	–
Other investment	7	19,500	20,000	–	–
		18,975,242	19,135,967	22,310,002	22,309,998
CURRENT ASSETS					
Inventories	8	16,591,198	10,095,755	–	–
Amount owing by contract customers	9	18,132,028	11,254,258	–	–
Trade receivables	10	42,265,546	28,388,711	–	–
Other receivables, deposits and prepayments	11	4,919,542	14,574,027	13,000	11,517,000
Amount owing by subsidiaries	12	–	–	7,206	–
Tax refundable		372,033	343,758	–	–
Derivative assets	13	835,370	999,410	–	–
Dividend receivable		–	–	4,000,000	–
Liquid investments	14	30,934,250	–	11,787,165	–
Short-term deposits with a licensed bank	15	–	13,000,000	–	–
Cash and bank balances		7,244,104	17,217,432	39,124	2
		121,294,071	95,873,351	15,846,495	11,517,002
TOTAL ASSETS		140,269,313	115,009,318	38,156,497	33,827,000

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

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	25,800,000	25,800,000	25,800,000	25,800,000
Share premium	17	7,619,660	7,619,660	7,619,660	7,619,660
Revaluation reserve	18	4,861,772	4,861,772	–	–
Cash flow hedge reserve	19	801,447	491,771	–	–
Fair value reserve	20	–	(30,000)	–	–
Merger deficit	21	(21,809,998)	(21,809,998)	–	–
Retained profits/ (Accumulated loss)	22	42,429,520	26,378,085	4,691,237	(1,557,125)
TOTAL EQUITY		59,702,401	43,311,290	38,110,897	31,862,535
NON-CURRENT LIABILITIES					
Long-term borrowings	23	1,073,567	4,265,393	–	–
Deferred tax liabilities	26	700,456	1,595,737	–	–
		1,774,023	5,861,130	–	–
CURRENT LIABILITIES					
Amount owing to contract customers	9	51,919,712	38,996,995	–	–
Trade payables	27	23,554,340	22,834,367	–	–
Other payables and accruals		2,887,220	3,570,094	45,600	903,715
Amount owing to a subsidiary	12	–	–	–	1,060,750
Amount owing to a related company	28	12,000	10,800	–	–
Short-term borrowings	29	419,617	424,642	–	–
		78,792,889	65,836,898	45,600	1,964,465
TOTAL LIABILITIES		80,566,912	71,698,028	45,600	1,964,465
TOTAL EQUITY AND LIABILITIES		140,269,313	115,009,318	38,156,497	33,827,000
NET ASSETS PER ORDINARY SHARE (RM)	30	0.23	0.17		

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

	Note	The Group 1.5.2011 to 30.4.2012 RM	The Group 8.4.2010 to 30.4.2011# RM	The Company 1.5.2011 to 30.4.2012 RM	The Company 8.4.2010 to 30.4.2011 RM
REVENUE	31	149,656,877	120,154,515	10,000,000	–
COST OF SALES		(119,659,117)	(93,688,707)	–	–
GROSS PROFIT		29,997,760	26,465,808	10,000,000	–
OTHER INCOME		3,033,358	2,176,797	304,956	–
		33,031,118	28,642,605	10,304,956	–
SELLING AND MARKETING EXPENSES		(2,553,685)	(2,213,515)	–	–
ADMINISTRATIVE EXPENSES		(4,590,915)	(3,841,852)	(827,594)	(180,548)
OTHER EXPENSES		(3,510,958)	(4,306,161)	–	(1,376,577)
FINANCE COSTS		(138,570)	(260,238)	–	–
PROFIT/(LOSS) BEFORE TAXATION	32	22,236,990	18,020,839	9,477,362	(1,557,125)
INCOME TAX EXPENSE	33	(2,960,555)	(4,133,457)	(4,000)	–
PROFIT/(LOSS) AFTER TAXATION		19,276,435	13,887,382	9,473,362	(1,557,125)
OTHER COMPREHENSIVE INCOME, NET OF TAX					
- Fair value changes of available-for-sale financial assets		30,000	(8,500)	–	–
- Cash flow hedge		309,676	491,771	–	–
- Revaluation of property		–	6,482,362	–	–
- Income tax expense to component of other comprehensive income	34	–	(1,620,590)	–	–
		339,676	5,345,043	–	–
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) FOR THE FINANCIAL YEAR/PERIOD		19,616,111	19,232,425	9,473,362	(1,557,125)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		19,276,435	13,887,382	9,473,362	(1,557,125)
TOTAL COMPREHENSIVE INCOME/ (EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		19,616,111	19,232,425	9,473,362	(1,557,125)
EARNINGS PER SHARE (SEN)					
- Basic	35	7.47	6.21		
- Diluted	35	Not applicable	Not applicable		

Note:-

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

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

	<-------- Non-Distributable					-------->	Distributable	
	Share Capital	Share Premium	Revaluation Reserve	Cash Flow Hedge Reserve	Fair Value Reserve	Merger Deficit	Retained Profits	Total
The Group	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 8.4.2010	2	–	–	–	–	–	–	2
Contributions by and distributions to owners of the Company:								
- Allotment of shares pursuant to the listing scheme:								
- acquisition of a subsidiary	22,309,998	–	–	–	(21,500)	(21,809,998)	12,490,703	12,969,203
- public issue	3,490,000	8,027,000	–	–	–	–	–	11,517,000
- Listing expenses	–	(407,340)	–	–	–	–	–	(407,340)
Profit after taxation for the financial period	–	–	–	–	–	–	13,887,382	13,887,382
Other comprehensive income for the financial period, net of tax:								
- fair value changes of available-for-sale financial assets	–	–	–	–	(8,500)	–	–	(8,500)
- cash flow hedge	–	–	–	491,771	–	–	–	491,771
- revaluation of property	–	–	6,482,362	–	–	–	–	6,482,362
- income tax expense to component of other comprehensive income	–	–	(1,620,590)	–	–	–	–	(1,620,590)
Total comprehensive income for the financial period	–	–	4,861,772	491,771	(8,500)	–	13,887,382	19,232,425
Balance at 30.4.2011	25,800,000	7,619,660	4,861,772	491,771	(30,000)	(21,809,998)	26,378,085	43,311,290

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

		<------------	Non-Distributable	------------	------------	------------>	Distributable	
	Note	Share Capital	Share Premium	Revaluation Reserve	Cash Flow Hedge Reserve	Fair Value Reserve	Merger Deficit	Retained Profits	Total
The Group		RM	RM	RM	RM	RM	RM	RM	RM
Balance at 30.4.2011/1.5.2011		25,800,000	7,619,660	4,861,772	491,771	(30,000)	(21,809,998)	26,378,085	43,311,290
Profit after taxation for the financial year		-	-	-	-	-	-	19,276,435	19,276,435
Other comprehensive income for the financial year, net of tax:									
-fair value changes of available-for-sale financial assets		-	-	-	-	30,000	-	-	30,000
-cash flow hedge		-	-	-	309,676	-	-	-	309,676
Total comprehensive income for the financial year		-	-	-	309,676	30,000	-	19,276,435	19,616,111
Contributions by and distributions to owners of the Company:									
-dividends	36	-	-	-	-	-	-	(3,225,000)	(3,225,000)
Balance at 30.4.2012		25,800,000	7,619,660	4,861,772	801,447	-	(21,809,998)	42,429,520	59,702,401

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

The Company	Note	<-----Non-Distributable-----> Share Capital RM	Share Premium RM	Distributable (Accumulated Loss)/ Retained Profits RM	Total RM
Balance at 8.4.2010		2	–	–	2
Contributions by and distributions to owners of the Company:					
- Allotment of shares pursuant to the listing scheme:					
- acquisition of a subsidiary		22,309,998	–	–	22,309,998
- public issue		3,490,000	8,027,000	–	11,517,000
- Listing expenses		–	(407,340)	–	(407,340)
Loss after taxation/Total comprehensive expenses for the financial period		–	–	(1,557,125)	(1,557,125)
Balance at 30.4.2011/1.5.2011		25,800,000	7,619,660	(1,557,125)	31,862,535
Profit after taxation/Total comprehensive income for the financial year		–	–	9,473,362	9,473,362
Contributions by and distributions to owners of the Company:					
- dividend	36	–	–	(3,225,000)	(3,225,000)
Balance at 30.4.2012		25,800,000	7,619,660	4,691,237	38,110,897

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

	Note	The Group 1.5.2011 to 30.4.2012 RM	The Group 8.4.2010 to 30.4.2011# RM	The Company 1.5.2011 to 30.4.2012 RM	The Company 8.4.2010 to 30.4.2011 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation		22,236,990	18,020,839	9,477,362	(1,557,125)
Adjustments for:-					
Bad debts written off		45,502	–	–	–
Depreciation of property, plant and equipment		1,411,176	1,161,197	–	–
Equipment written off		2,122	695	–	–
Fair value loss/(gain) on derivatives		473,716	(507,639)	–	–
Impairment losses on other investment		30,500	–	–	–
Impairment losses on trade receivables		1,810,499	1,240,865	–	–
Interest expense		138,570	260,238	–	–
Inventories written down		347,225	–	–	–
Listing expenses		–	1,376,577	–	1,376,577
Unrealised (gain)/loss on foreign exchange		(142,044)	231,967	–	–
Dividend income		–	–	(10,000,000)	–
Gain on disposal of equipment		(49,112)	(1,333)	–	–
Interest income		(678,059)	(170,797)	(304,956)	–
Write-back of impairment losses on trade receivables		(1,143,247)	(1,289,798)	–	–
Operating profit/(loss) before working capital changes		24,483,838	20,322,811	(827,594)	(180,548)
Increase in amount owing by contract customers		(6,877,770)	(5,850,279)	–	–
Increase in inventories		(6,842,668)	(677,754)	–	–
(Increase)/Decrease in trade and other receivables		(16,390,132)	4,756,939	(13,000)	–
Increase/(Decrease) in trade and other payables		41,076	9,531,005	(858,115)	903,715
Increase in amount owing to contract customers		12,922,717	4,627,475	–	–
CASH FROM/(FOR) OPERATIONS		7,337,061	32,710,197	(1,698,709)	723,167
Interest paid		(138,570)	(260,238)	–	–
Income tax paid		(3,884,111)	(6,943,163)	(4,000)	–
NET CASH FROM/(FOR) OPERATING ACTIVITIES		3,314,380	25,506,796	(1,702,709)	723,167
BALANCE CARRIED FORWARD		3,314,380	25,506,796	(1,702,709)	723,167

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

	Note	The Group 1.5.2011 to 30.4.2012 RM	The Group 8.4.2010 to 30.4.2011# RM	The Company 1.5.2011 to 30.4.2012 RM	The Company 8.4.2010 to 30.4.2011 RM
BALANCE BROUGHT FORWARD		3,314,380	25,506,796	(1,702,709)	723,167
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries		–	–	(4)	–
Advances to subsidiaries		–	–	(7,206)	–
Proceeds from disposal of equipment		76,910	20,000	–	–
Purchase of property, plant and equipment		(1,280,871)	(1,671,133)	–	–
Dividend received		–	–	6,000,000	–
Interest received		678,059	170,797	304,956	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(525,902)	(1,480,336)	6,297,746	–
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Proceeds from issuance of shares		11,517,000	–	11,517,000	2
Listing expenses paid		–	(1,783,917)	–	(1,783,917)
Repayment of hire purchase obligations		(333,696)	(184,284)	–	–
Repayment of term loan		(2,863,155)	(265,901)	–	–
(Repayment to)/Advances from a subsidiary		–	–	(1,060,750)	1,060,750
Advances from a related company		1,200	10,800	–	–
Dividends paid		(3,225,000)	(8,000,000)	(3,225,000)	–
NET CASH FROM/(FOR) FINANCING ACTIVITIES		5,096,349	(10,223,302)	7,231,250	(723,165)
NET INCREASE IN CASH AND CASH EQUIVALENTS		7,884,827	13,803,158	11,826,287	2
Effect of foreign exchange in cash and cash equivalents		76,095	(12,020)	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		30,217,432	16,426,294	2	–
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	37	38,178,354	30,217,432	11,826,289	2

Note:-

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

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

1. GENERAL INFORMATION

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

Registered office	:	Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan.
Principal place of business	:	Lot 875 Jalan Subang 8, Taman Perindustrian Subang, 47620 Subang Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 August 2012.

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 a subsidiary, BSB, have been consolidated using the merger method of accounting as disclosed in Note 4(b) to the financial statements. Accordingly, the results of the Group incorporated the results of BSB from 1 May 2010 to 30 April 2011.

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

(a) During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

3. BASIS OF PREPARATION (cont'd)

FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvement to FRSs (2010)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard has been applied prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, whilst maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the non-controlling interests instead of by the parent. The Group has applied FRS 127 (Revised) prospectively during the current financial year with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

3. BASIS OF PREPARATION (cont'd)

(iii) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy, as shown in Note 44(e) to the financial statements. Comparatives are not presented by virtue of the exemption given in the amendments.

(iv) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group upon their initial application.

The amendments to FRS 101 (Revised) also clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

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

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective Date**
FRS 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 1 (Revised): Government Loans	1 January 2013
Amendments to FRS 7: Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013

3. BASIS OF PREPARATION (cont'd)

FRSs and IC Interpretations (including the Consequential Amendments) (cont'd)	Effective Date
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 10, FRS 11 and FRS 12: Transition Guidance	1 January 2013
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Annual Improvements 2012	1 January 2013

The Group's next set of financial statements for the annual period beginning on 1 May 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). As a result, the Company will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1 January 2012.

(c) Following the issuance of MFRSs (equivalent to IFRSs) by the MASB on 19 November 2011, the Group will be adopting these new accounting standards in the next financial year. The Group is currently in the process of assessing the impact of the adoption of these new accounting standards and the directors do not expect any significant impact on the financial statements arising from the adoption.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

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

(i) Depreciation of Property, Plant and Equipment

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

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

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

(ii) Income Taxes

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

(iii) Impairment of Non-financial Assets

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

(iv) Construction Contracts

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

- Contract Revenue

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

(iv) Construction Contracts (cont'd)

- Contract Costs

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

(v) Writedown 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.

(vi) Impairment of Trade and Other Receivables

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

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

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

(viii) Classification of Leasehold Land

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

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

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

(b) Basis of Consolidation

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

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent 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.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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 and attributed to owners of the parent.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation (cont'd)

Upon loss of control of a subsidiary, the profit or loss on disposal 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 (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. 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 FRS 127.

(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 FRS 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of Consolidation (cont'd)

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

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.

Business combinations from 1 May 2011

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.

Business combinations before 1 May 2011

All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

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

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

(ii) Transactions and Balances

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments

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

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

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

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

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

(i) Financial Assets

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

- Financial Assets at Fair Value Through Profit or Loss

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

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

- Held-to-Maturity Investments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments (cont'd)

(i) Financial Assets (cont'd)

- Loans and Receivables Financial Assets

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

- Available-for-sale Financial Assets

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

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

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

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

(ii) Financial Liabilities

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

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

(iii) Equity Instruments

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments (cont'd)

(iv) Hedge Activities

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

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

- Hedge accounting

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

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

- Fair value hedges

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

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

- Cash flow hedges

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments (cont'd)

(iv) Hedge Activities (cont'd)

- Cash flow hedges (cont'd)

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

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

(e) 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.

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.

(f) Property, Plant and Equipment

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Property, Plant and Equipment (cont'd)

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

The depreciation method, useful 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.

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

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

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

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

(g) Impairment

(i) Impairment of Financial Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Impairment (cont'd)

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

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

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

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

(ii) Impairment of Non-Financial Assets

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Assets Under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(f) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

(i) Inventories

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

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

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items. The Group writes down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

(j) Amounts Owing By/To Contract Customers

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

(k) Income Taxes

Income taxes for the year comprise current and deferred tax.

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Income Taxes (cont'd)

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

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

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

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

(l) Cash and Cash Equivalents

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

(m) Employee Benefits

(i) Short-term Benefits

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

(ii) Defined Contribution Plans

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

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

(o) Contingent Liabilities

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

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

(p) Revenue Recognition

(i) Sale of Goods

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

(ii) Services

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Revenue Recognition (cont'd)

(iii) Construction Contracts

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

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

(iv) Interest Income

Interest income is recognised based on effective interest rate.

(v) Dividend Income

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

(q) Operating Segments

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

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2012 RM	2011 RM
Unquoted shares in Malaysia, at cost		
At 1.5.2011/8.4.2010	22,309,998	22,309,998
Addition during the financial year/period	4	–
At 30.4.2012/2011	22,310,002	22,309,998

The details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2012	Effective Equity Interest 2011	Principal Activities
Boilermech Sdn. Bhd ("BSB")	Malaysia	100%	100%	Engaged in the business of manufacturing, repairing and servicing of boilers.
Nautical Icon Sdn. Bhd.("NISB")	Malaysia	100%	–	Dormant.
Zenith Index Sdn. Bhd. ("ZISB")	Malaysia	100%	–	Dormant.

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.5.2011 RM	Additions RM	Disposals RM	Written Off RM	Depreciation Charge RM	At 30.4.2012 RM
Net Book Value						
Leasehold land	10,873,563	–	–	–	(189,655)	10,683,908
Building	5,759,524	–	–	–	(210,714)	5,548,810
Computers	90,180	287,015	–	(2,122)	(85,852)	289,221
Furniture, fittings and office equipment	191,287	72,341	(2,984)	–	(45,335)	215,309
Machinery	1,398,124	321,443	–	–	(486,503)	1,233,064
Motor vehicles	803,289	600,072	(24,814)	–	(393,117)	985,430
	19,115,967	1,280,871	(27,798)	(2,122)	(1,411,176)	18,955,742

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

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

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

The Group	At Cost RM	At Valuation RM	Accumulated Depreciation RM	Net Book Value RM
At 30.4.2012				
Leasehold land	–	11,000,000	(316,092)	10,683,908
Building	–	5,900,000	(351,190)	5,548,810
Computers	571,639	–	(282,418)	289,221
Furniture, fittings and office equipment	359,324	–	(144,015)	215,309
Machinery	2,511,616	–	(1,278,552)	1,233,064
Motor vehicles	2,108,274	–	(1,122,844)	985,430
	5,550,853	16,900,000	(3,495,111)	18,955,742
At 30.4.2011				
Leasehold land	–	11,000,000	(126,437)	10,873,563
Building	–	5,900,000	(140,476)	5,759,524
Computers	287,223	–	(197,043)	90,180
Furniture, fittings and office equipment	291,221	–	(99,934)	191,287
Machinery	2,190,173	–	(792,049)	1,398,124
Motor vehicles	1,641,953	–	(838,664)	803,289
	4,410,570	16,900,000	(2,194,603)	19,115,967

(a) The leasehold land and building of the Group have been pledged to a licensed bank as security for banking facilities granted to the Group.

(b) In the previous financial period, included in the assets of the Group at the end of the reporting period were motor vehicles with a total net book value of RM547,813 which were acquired under hire purchase terms.

(c) In the previous financial period, the Group's leasehold land and building were revalued by an independent professional valuer based on the cost method and comparison method of valuation. The surpluses arising from revaluations, net of deferred taxation, have been credited to other comprehensive income and accumulated in equity under the revaluation reserve.

(d) If the leasehold land and building were measured using the cost model, the carrying amounts would be as follows:-

	The Group 2012 RM	The Group 2011 RM
Leasehold land	6,350,973	6,464,384
Building	3,619,243	3,758,445
	9,970,216	10,222,829

7. OTHER INVESTMENT

	The Group 2012 RM	The Group 2011 RM
Quoted shares in Malaysia		
At 1.5.2011/8.4.2010	20,000	50,000
Fair value adjustment upon the adoption of FRS 139	–	(21,500)
Fair value changes recognised in other comprehensive income	–	(8,500)
Reclassification from fair value reserve	30,000	–
At 30.4.2012/2011	50,000	20,000
Allowance for impairment loss:-		
At 1.5.2011/8.4.2010	–	–
Addition for the financial year/period	(30,500)	–
At 30.4.2012/2011	(30,500)	–
	19,500	20,000
Represented by: -		
At fair value	19,500	20,000
Market value of quoted shares	19,500	20,000

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

8. INVENTORIES

	The Group 2012 RM	The Group 2011 RM
Raw Materials:-		
At cost	15,781,006	10,095,755
At net realisable value	810,192	–
	16,591,198	10,095,755

9. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	The Group 2012 RM	The Group 2011 RM
Costs incurred on contracts to date	113,335,596	81,822,104
Attributable profits	23,219,877	15,506,464
	136,555,473	97,328,568
Progress billings	(170,343,157)	(125,071,305)
	(33,787,684)	(27,742,737)
The amounts owing comprise the following:-		
Amount owing by contract customers	18,132,028	11,254,258
Amount owing to contract customers	(51,919,712)	(38,996,995)
	(33,787,684)	(27,742,737)

10. TRADE RECEIVABLES

	The Group	
	2012	2011
	RM	RM
Trade receivables	43,362,355	27,781,992
Retention receivables	1,710,551	2,746,827
	45,072,906	30,528,819
Allowance for impairment losses	(2,807,360)	(2,140,108)
	42,265,546	28,388,711
Allowance for impairment losses:-		
At 1.5.2011/8.4.2010	(2,140,108)	(2,189,041)
Addition for the financial year/period	(1,810,499)	(1,240,865)
Write-back during the financial year/period	1,143,247	1,289,798
At 30.4.2012/2011	(2,807,360)	(2,140,108)

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

(b) Included in the trade receivables is a total of RM574,693 (2011 – RM1,212,250) owing by related companies.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Other receivables	43,155	11,539,289	–	11,517,000
Deposits	3,434,514	2,110,170	1,000	–
Prepayments	1,441,873	924,568	12,000	–
	4,919,542	14,574,027	13,000	11,517,000

In the previous financial period, included in other receivables were share subscription monies which were held by the placement agents pursuant to the public offering amounting to RM11,517,000. The sum was remitted to the Company during the financial year.

12. AMOUNTS OWING BY/(TO) SUBSIDIARIES

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

13. DERIVATIVE ASSETS

	The Group			
	Contract/Notional Amount		Assets	
	2012	2011	2012	2011
	RM	RM	RM	RM
Forward foreign currency contracts				
- Cash flow hedge	24,348,823	17,396,600	801,447	491,771
- Fair value through profit or loss	23,160,212	23,700,560	33,923	507,639
	47,509,035	41,097,160	835,370	999,410

(a) Cash Flow Hedge

At 30 April 2012, the Group held forward currency contracts designated as hedges of expected future sales denominated in United States Dollar to customers for which the Group has firm commitments over the next 12 months.

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

The cash flow hedge of the expected future transactions were assessed to be highly effective and the related net unrealised gain of RM309,676 (2011 – RM491,771) was included in other comprehensive income in respect of these contracts.

(b) Fair Value Through Profit or Loss

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

During the financial year, the Group recognised a loss of RM473,716 (2011 – gain of RM507,639) arising from fair value changes of its forward currency contracts.

The method and assumptions applied in determining the fair value of these derivatives are disclosed in Note 44(d)(iv) to the financial statements.

14. 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 effective interest rates ranging from 2.86% to 3.16% (2011 – Nil) per annum at the end of the reporting period.

15. SHORT-TERM DEPOSITS WITH A LICENSED BANK

In the previous financial period, the effective interest rate of the short-term deposits at the end of the reporting period were ranging from 1.65% to 1.75% per annum. The short-term deposits have maturity periods ranging from 7 to 14 days.

16. SHARE CAPITAL

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

	2012			2011		
	Par Value RM	Number Of Shares	Share Capital RM	Par Value RM	Number Of Shares	Share Capital RM
Ordinary shares						
At 1.5.2011/8.4.2010	0.10	500,000,000	50,000,000	0.10	1,000,000	100,000
Increase during the financial year/period		–	–	0.10	499,000,000	49,900,000
At 30.4.2012/2011	0.10	500,000,000	50,000,000	0.10	500,000,000	50,000,000

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

	2012			2011		
	Par Value RM	Number Of Shares	Share Capital RM	Par Value RM	Number Of Shares	Share Capital RM
Ordinary shares						
At 1.5.2011/8.4.2010	0.10	258,000,000	25,800,000	0.10	20	2
Allotment of shares pursuant to listing scheme:-						
- acquisition of a subsidiary		–	–	0.10	223,099,980	22,309,998
- public issue		–	–	0.10	34,900,000	3,490,000
At 30.4.2012/2011	0.10	258,000,000	25,800,000	0.10	258,000,000	25,800,000

17. SHARE PREMIUM

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
At 1.5.2011/8.4.2010	7,619,660	–	7,619,660	–
Premium arising from public issue	–	8,027,000	–	8,027,000
Listing expenses	–	(407,340)	–	(407,340)
	7,619,660	7,619,660	7,619,660	7,619,660

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

18. REVALUATION RESERVE

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

19. CASH FLOW HEDGE RESERVE

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

	The Group	
	2012	2011
	RM	RM
At 1.5.2011/8.4.2010	491,771	-
Gain on cash flow hedge	309,676	491,771
At 30.4.2012/2011	801,447	491,771

20. FAIR VALUE RESERVE

In the previous financial period, the fair value reserve represented the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

21. 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.

22. RETAINED PROFITS

At the end of the reporting period, the Company will be able to distribute its entire retained profits under the single tier tax system.

23. LONG-TERM BORROWINGS

	The Group	
	2012	2011
	RM	RM
Hire purchase payables (Note 24)	–	186,190
Term loan (Note 25)	1,073,567	4,079,203
	1,073,567	4,265,393

24. HIRE PURCHASE PAYABLES

	The Group	
	2012 RM	2011 RM
Minimum hire purchase payments:		
- not later than one year	–	164,776
- later than one year but not later than five years	–	209,766
	–	374,542
Less: Future finance charges	–	(40,846)
Present value of hire purchase payables	–	333,696
Non-current portion (Note 23):		
- later than one year but not later than five years	–	186,190
Current portion (Note 29):		
- not later than one year	–	147,506
	–	333,696

In the previous financial period, the hire purchase payables bore a weighted average effective interest rate of 5.49% per annum at the end of the reporting period.

25. TERM LOAN

	The Group	
	2012 RM	2011 RM
Non-current portion (Note 23):		
- repayable between one year to two years	442,405	291,315
- repayable between two to five years	631,162	966,461
- repayable after five years	–	2,821,427
	1,073,567	4,079,203
Current portion (Note 29):		
- repayable within one year	419,617	277,136
	1,493,184	4,356,339

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

The term loan bore an effective interest rate of 5.30% (2011 - 5.00%) per annum at the end of the reporting period and is secured by:-

(a) a first legal charge over the leasehold land and building as disclosed in Note 6 to the financial statements;

(b) a fixed and floating charge over the assets of the Group, both present and future; and

(c) a joint and several guarantee of certain directors of the Group.

26. DEFERRED TAX LIABILITIES

	The Group 2012 RM	The Group 2011 RM
At 1.5.2011/8.4.2010	1,595,737	-
Recognised in profit or loss (Note 33)	(895,281)	(24,853)
Recognised in other comprehensive income (Note 34)	–	1,620,590
At 30.4.2012/2011	700,456	1,595,737

The deferred tax liabilities are attributable to the following:-

	The Group 2012 RM	The Group 2011 RM
Accelerated capital allowances	416,220	-
Fair value gain on property	1,558,456	1,595,737
Other temporary differences	(1,274,220)	-
	700,456	1,595,737

27. TRADE PAYABLES

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

28. AMOUNT OWING TO A RELATED COMPANY

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

29. SHORT-TERM BORROWINGS

	The Group 2012 RM	The Group 2011 RM
Hire purchase payables (Note 24)	–	147,506
Term loan (Note 25)	419,617	277,136
	419,617	424,642

30. 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 RM59,702,401 (2011 - RM43,311,290) divided by the number of ordinary shares of RM0.10 each in issue at the end of the reporting period of 258,000,000 (2011 - 258,000,000).

31. REVENUE

	The Group		The Company	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Trading and services	3,134,058	2,083,632	–	–
Contract revenue	146,522,819	118,070,883	–	–
Dividend income	–	–	10,000,000	–
	149,656,877	120,154,515	10,000,000	–

32. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):-				
Audit fee:				
- statutory	61,000	40,000	28,000	20,000
- non-statutory	58,000	18,000	58,000	2,000
Bad debts written off	45,502	–	–	–
Depreciation of property, plant and equipment	1,411,176	1,161,197	–	–
Directors' fee	246,000	101,000	234,000	89,000
Directors' non-fee emoluments	1,210,921	1,073,045	–	–
Fair value loss/(gain) on derivatives	473,716	(507,639)	–	–
Equipment written off	2,122	695	–	–
Impairment losses on other investment	30,500	–	–	–
Impairment losses on trade receivables	1,810,499	1,240,865	–	–
Interest expense:				
- hire purchase	23,786	21,696	–	–
- letters of credit	2,835	22,501	–	–
- term loan	111,949	216,041	–	–
Listing expenses	–	1,376,577	–	1,376,577

32. PROFIT/(LOSS) BEFORE TAXATION (cont'd)

	The Group		The Company	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Inventories written down	347,225	–	–	–
Preliminary expenses	–	5,000	–	5,000
Rental expense:				
- forklifts	16,435	66,995	–	–
- motor vehicles	3,723	42,952	–	–
- premises	2,500	–	–	–
Staff costs:				
- salaries, wages, bonuses and allowances	4,521,191	3,744,398	–	–
- defined contribution plan	510,666	374,830	–	–
- other benefits	377,721	217,043	–	–
Gain on disposal of equipment	(49,112)	(1,333)	–	–
(Gain)/Loss on foreign exchange:				
- realised	(875,898)	637,497	–	–
- unrealised	(142,044)	231,967	–	–
Dividend income	–	–	(10,000,000)	–
Interest income	(678,059)	(170,797)	(304,956)	–
Write-back of impairment losses on trade receivables	(1,143,247)	(1,289,798)	–	–

The estimated monetary value of non-cash benefits provided to certain directors of the Group during the financial year/period amounted to RM34,800 (2011 - RM34,800).

33. INCOME TAX EXPENSE

	The Group		The Company	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Current tax expense:				
- for the financial year/period	4,131,967	3,856,242	4,000	–
- (over)/underprovision in the previous financial period/year	(276,131)	302,068	–	–
	3,855,836	4,158,310	4,000	–
Deferred taxation (Note 26):				
- relating to origination and reversal of temporary differences	(549,000)	–	–	–
- overprovision in the previous financial period/year	(309,000)	–	–	–
- reversal of deferred tax liability arising from revaluation reserve	(37,281)	(24,853)	–	–
	(895,281)	(24,853)	–	–
	2,960,555	4,133,457	4,000	–

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

	The Group		The Company	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Profit/(Loss) before taxation	22,236,990	18,020,839	9,477,362	(1,557,125)
Tax at the statutory tax rate of 25%	5,559,248	4,505,210	2,369,341	(389,281)
Tax effects of:-				
Non-taxable income	(140,616)	(139,476)	(2,571,791)	–
Non-deductible expenses	484,845	1,268,578	206,450	389,281
Effect of tax incentive	(2,320,510)	(1,684,087)	–	–
Reversal of deferred tax liability arising from revaluation reserve	(37,281)	(24,853)	–	–
Utilisation of deferred tax assets previously not recognised	–	(68,983)	–	–
(Over)/Underprovision in the previous financial period/year:				
- current tax	(276,131)	302,068	–	–
- deferred tax	(309,000)	–	–	–
Differential in tax rates	–	(25,000)	–	–
Income tax expense for the financial year/period	2,960,555	4,133,457	4,000	–

34. INCOME TAX EXPENSE TO COMPONENT OF OTHER COMPREHENSIVE INCOME

	The Group	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Deferred taxation on the revaluation surplus of property (Note 26)	–	1,620,590

35. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to shareholders of RM19,276,435 (2011 - RM13,887,382) by the weighted average number of ordinary shares in issue during the financial year/period of 258,000,000 (2011 - 223,578,082).

	The Group	
	2012 RM	2011 RM
Profit attributable to owners of the Company	19,276,435	13,887,382
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1.5.2011/8.4.2010 (date of incorporation)	258,000,000	20
Acquisition of a subsidiary	–	223,099,980
Effect of Public Issue	–	478,082
Weighted average number of ordinary shares at 30 April	258,000,000	223,578,082
Basic earnings per share (sen)	7.47	6.21

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

36. DIVIDEND

	The Company	
	2012 RM	2011 RM
In respect of the financial year ended 30 April 2012:-		
Paid:		
- first interim single tier dividend of 1.25 sen per ordinary share	3,225,000	–

37. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Liquid investments	30,934,250	–	11,787,165	–
Short-term deposits with a licensed bank	–	13,000,000	–	–
Cash and bank balances	7,244,104	17,217,432	39,124	2
	38,178,354	30,217,432	11,826,289	2

38. DIRECTORS' REMUNERATION

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

	The Group		The Company	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Executive directors:				
- fee	96,000	62,000	84,000	50,000
- non-fee emoluments	1,077,574	971,885	–	–
- contribution to Employees' Provident Fund ("EPF")	133,347	101,160	–	–
	1,306,921	1,135,045	84,000	50,000
Non-executive directors:				
- fee	150,000	39,000	150,000	39,000
	1,456,921	1,174,045	234,000	89,000
Benefits-in-kind	34,800	34,800	–	–

38. DIRECTORS' REMUNERATION (cont'd)

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

	The Group		The Company	
	1.5.2011 to 30.4.2012	8.4.2010 to 30.4.2011	1.5.2011 to 30.4.2012	8.4.2010 to 30.4.2011
Executive directors:-				
Below RM50,000	1	2	4	4
RM150,001 – RM200,000	1	–	–	–
RM450,001 – RM500,000	1	1	–	–
RM600,001 – RM650,000	–	1	–	–
RM650,001 – RM700,000	1	–	–	–
Non-executive directors:-				
Below RM50,000	2	3	2	3
RM50,000 – RM100,000	1	–	1	–
	7	7	7	7

39. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

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

	The Group		The Company	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Purchase of equipment from:				
- Charp Ngea Engineering Sdn. Bhd. ^	–	182,400	–	–
- Eita Electric Sdn. Bhd.*	63,150	74,481	–	–
Sales to:				
- QL Endau Fishmeal Sdn. Bhd. #	35,420	35,946	–	–
- QL Endau Marine Products Sdn. Bhd. #	42,500	–	–	–
- QL Foods Sdn. Bhd. #	230,000	–	–	–
- QL Marine Products Sdn. Bhd. #	7,443	–	–	–
- QL Plantation Sdn. Bhd. #	553,011	533,220	–	–
- QL Tawau Palm Pellet Sdn. Bhd. #	33,870	–	–	–
- PT Pipit Mutiara Indah #	932,126	1,723,360	–	–

39. RELATED PARTY DISCLOSURES (cont'd)

	The Group		The Company	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Management fee charged by :				
- QL Resources Berhad Δ	130,800	63,200	–	–
Dividend income from a subsidiary:				
- Boilermech Sdn. Bhd.	–	–	10,000,000	–

^ A company in which a director was formerly a substantial shareholder of the Company.
* A company in which a substantial shareholder is connected to certain Directors of the Company.
# A company in which a corporate shareholder has a substantial financial interest.
Δ A corporate shareholder which has a substantial financial interest.

(c) Key management personnel compensation:-

	The Group		The Company	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Short-term employee benefits:				
- salaries, allowances and bonuses	2,488,674	2,109,857	234,000	89,000
- defined contribution plan	272,734	218,736	–	–
- others	34,800	34,800	–	–
	2,796,208	2,363,393	234,000	89,000

40. OPERATING SEGMENTS

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

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

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

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

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

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

40. OPERATING SEGMENTS (cont'd)

Business Segments

	Manufacturing RM	Trading And Services RM	Others RM	Group RM
1.5.2011 to 30.4.2012				
Revenue				
External revenue	142,646,603	7,010,274	–	149,656,877
Inter-segment revenue	–	–	10,000,000	10,000,000
	142,646,603	7,010,274	10,000,000	159,656,877
Adjustments and eliminations				(10,000,000)
Consolidated revenue				149,656,877
Results				
Segment results	23,496,210	1,992,511	(862,839)	24,625,882
Interest income	373,103	–	304,956	678,059
Other material items of income	1,088,834	103,525	–	1,192,359
Depreciation of property, plant and equipment	(1,411,176)	–	–	(1,411,176)
Other material items of expenses	(2,633,079)	(76,485)	–	(2,709,564)
	20,913,892	2,019,551	(557,883)	22,375,560
Finance costs				(138,570)
Income tax expense				(2,960,555)
Consolidated profit after taxation				19,276,435
2012				
Assets				
Segment assets	125,703,796	2,350,991	11,842,493	139,897,280
Tax refundable				372,033
Consolidated total assets				140,269,313
Liabilities				
Segment liabilities	78,771,269	1,046,587	48,600	79,866,456
Deferred taxation				700,456
Consolidated total liabilities				80,566,912
Other segments items				
Additions to non-current assets other than financial instruments:				
- property, plant and equipment	1,280,871	–	–	1,280,871

40. OPERATING SEGMENTS (cont'd)

Business Segments (cont'd)

	Manufacturing RM	Trading And Services RM	Others RM	Group RM
8.4.2010 to 30.4.2011				
Revenue				
External revenue	114,431,695	5,722,820	–	120,154,515
Inter-segment revenue	–	–	–	–
	114,431,695	5,722,820	–	120,154,515
Results				
Segment results	18,027,907	2,243,485	(1,557,125)	18,714,267
Interest income	170,797	–	–	170,797
Other material items of income	1,223,340	575,430	–	1,798,770
Depreciation of property, plant and equipment	(1,161,197)	–	–	(1,161,197)
Other material items of expenses	(990,852)	(250,708)	–	(1,241,560)
	17,269,995	2,568,207	(1,557,125)	18,281,077
Finance costs				(260,238)
Income tax expense				(4,133,457)
Consolidated profit after taxation				13,887,382
2011				
Assets				
Segment assets	113,121,331	1,544,229	–	114,665,560
Tax refundable				343,758
Consolidated total assets				115,009,318
Liabilities				
Segment liabilities	69,519,188	583,103	–	70,102,291
Deferred taxation				1,595,737
Consolidated total liabilities				71,698,028
Other segments items				
Additions to non-current assets other than financial instruments:				
- property, plant and equipment	1,671,133	–	–	1,671,133

40. OPERATING SEGMENTS (cont'd)

Business Segments (cont'd)

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

	The Group	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Fair value gain on derivatives	–	507,639
Gain on disposal of equipment	49,112	1,333
Write-back of impairment losses on trade receivables	1,143,247	1,289,798
	1,192,359	1,798,770

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

	The Group	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Bad debts written off	45,502	–
Equipment written off	2,122	695
Fair value loss on derivatives	473,716	–
Impairment losses on other investment	30,500	–
Impairment losses on trade receivables	1,810,499	1,240,865
Inventories written down	347,225	–
	2,709,564	1,241,560

Geographical Information

	Revenue	
	1.5.2011 to 30.4.2012 RM	8.4.2010 to 30.4.2011 RM
Local	55,942,633	55,687,712
Overseas	93,714,244	64,466,803
	149,656,877	120,154,515

Major Customers

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

41. CAPITAL COMMITMENT

	The Group	
	2012	2011
	RM	RM
Approved and contracted for:-		
Equipment	247,800	–

42. CONTINGENT LIABILITY

	The Company	
	2012	2011
	RM	RM
Corporate guarantee given to licensed bank for credit facilities granted to a subsidiary	12,000,000	12,000,000

43. 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	
	2012	2011
	RM	RM
United States Dollar	3.0200	2.9700
Indonesian Rupiah	0.0003	–

44. 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. 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.

(a) Financial Risk Management Policies

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

(i) Market Risk

(i) Foreign Currency Risk

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

44. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

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

The Group	Indonesian Rupiah RM	United States Dollar RM	Ringgit Malaysia RM	Total RM
2012				
Financial assets				
Other investment	–	–	19,500	19,500
Trade receivables	–	24,702,129	17,563,417	42,265,546
Other receivables and deposits	–	–	3,477,669	3,477,669
Derivative assets	–	–	835,370	835,370
Liquid investments	–	–	30,934,250	30,934,250
Cash and bank balances	–	3,990,847	3,253,257	7,244,104
	–	28,692,976	56,083,463	84,776,439
Financial liabilities				
Trade payables	214,060	622,555	22,717,725	23,554,340
Other payables and accruals	–	254,192	2,633,028	2,887,220
Amount owing to a related company	–	–	12,000	12,000
Term loan	–	–	1,493,184	1,493,184
	214,060	876,747	26,855,937	27,946,744
Net financial (liabilities)/assets	(214,060)	27,816,229	29,227,526	56,829,695
Less: Forward foreign currency contracts (contracted notional principal)	–	(23,160,212)	–	(23,160,212)
Less: Net financial assets denominated in the entity's functional currencies	–	–	(29,227,526)	(29,227,526)
Currency exposure	(214,060)	4,656,017	–	4,441,957

44. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(i) Foreign Currency Risk (cont'd)

The Group	United States Dollar RM	Ringgit Malaysia RM	Total RM
2011			
Financial assets			
Other investment	–	20,000	20,000
Trade receivables	8,327,466	20,061,245	28,388,711
Other receivables and deposits	–	13,649,459	13,649,459
Derivative assets	–	999,410	999,410
Short-term deposits with a licensed bank	–	13,000,000	13,000,000
Cash and bank balances	7,796,957	9,420,475	17,217,432
	16,124,423	57,150,589	73,275,012
Financial liabilities			
Trade payables	89,622	22,744,745	22,834,367
Other payables and accruals	–	3,570,094	3,570,094
Amount owing to a related company	–	10,800	10,800
Hire purchase payables	–	333,696	333,696
Term loan	–	4,356,339	4,356,339
	89,622	31,015,674	31,105,296
Net financial assets	16,034,801	26,134,915	42,169,716
Less: Forward foreign currency contracts (contracted notional principal)	(16,034,801)	–	(16,034,801)
Less: Net financial assets denominated in the entity's functional currencies	–	(26,134,915)	(26,134,915)
Currency exposure	–	–	–

44. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) 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 the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	The Group 2012 Increase/ (Decrease) RM	The Group 2011 Increase/ (Decrease) RM
Effects on profit after taxation		
Indonesian Rupiah		
- strengthened by 10%	(16,055)	–
- weakened by 10%	16,055	–
United States Dollar		
- strengthened by 10%	349,201	–
- weakened by 10%	(349,201)	–
Effects on equity		
Indonesian Rupiah		
- strengthened by 10%	(16,055)	–
- weakened by 10%	16,055	–
United States Dollar		
- strengthened by 10%	349,201	–
- weakened by 10%	(349,201)	–

44. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(ii) Interest Rate Risk

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

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 44(a)(iii) to the financial statements.

Interest rate risk sensitivity analysis

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

	The Group		The Company	
	2012	2011	2012	2011
	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)
	RM	RM	RM	RM
Effects on profit after taxation				
Increase of 25 basis points (bp)	74,536	21,609	29,468	–
Decrease of 25 bp	(74,536)	(21,609)	(29,468)	–
Effects on equity				
Increase of 25 bp	74,536	21,609	29,468	–
Decrease of 25 bp	(74,536)	(21,609)	(29,468)	–

44. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(iii) Equity Price Risk

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

Equity price sensitivity analysis

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

	The Group	
	2012	2011
	Increase/ (Decrease) RM	Increase/ (Decrease) RM
Effects on profit after taxation		
Increase of 5%	975	–
Decrease of 5%	(975)	–
Effects on equity		
Increase of 5%	975	1,000
Decrease of 5%	(975)	(1,000)

44. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk

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

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

Credit risk concentration profile

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

Exposure to credit risk

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

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

	The Group	
	2012	2011
	RM	RM
Overseas	11,802,611	10,686,315
Local	30,462,935	17,702,396
	42,265,546	28,388,711

44. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

Ageing analysis

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

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2012				
Not past due	27,076,738	–	–	27,076,738
Past due 0 - 30 days	5,980,168	–	–	5,980,168
Past due more than 30 days	12,016,000	(2,807,360)	–	9,208,640
	45,072,906	(2,807,360)	–	42,265,546
2011				
Not past due	18,311,334	–	–	18,311,334
Past due 0 - 30 days	2,441,430	(162,326)	–	2,279,104
Past due more than 30 days	9,776,055	(1,977,782)	–	7,798,273
	30,528,819	(2,140,108)	–	28,388,711

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

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

Trade receivables that are past due but not impaired

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

Trade receivables that are neither past due nor impaired

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

44. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk

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

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

The Group	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
2012						
Trade payables	–	23,554,340	23,554,340	23,554,340	–	–
Other payables and accruals	–	2,887,220	2,887,220	2,887,220	–	–
Amount owing to a related company	–	12,000	12,000	12,000	–	–
Term loan	5.30	1,493,184	1,632,576	488,660	1,143,916	–
		27,946,744	28,086,136	26,942,220	1,143,916	–
2011						
Trade payables	–	22,834,367	22,834,367	22,834,367	–	–
Other payables and accruals	–	3,570,094	3,570,094	3,570,094	–	–
Amount owing to a related company	–	10,800	10,800	10,800	–	–
Hire purchase payables	5.49	333,696	374,542	164,776	209,766	–
Term loan	5.00	4,356,339	5,779,448	488,660	1,954,638	3,336,150
		31,105,296	32,569,251	27,068,697	2,164,404	3,336,150

44. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity Risk (cont'd)

The Company	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
2012						
Other payables and accruals	–	45,600	45,600	45,600	–	–
2011						
Other payables and accruals	–	903,715	903,715	903,715	–	–
Amount owing to a subsidiary	–	1,060,750	1,060,750	1,060,750	–	–
		1,964,465	1,964,465	1,964,465	–	–

(b) Capital Risk Management

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

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

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

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

44. FINANCIAL INSTRUMENTS (cont'd)

(c) Classification Of Financial Instruments

	The Group		The Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Financial Assets				
Available-for-Sale financial assets				
Other investment, at fair value	19,500	20,000	–	–
Fair Value Through Profit or Loss				
Derivative assets	33,923	507,639	–	–
Loans and receivables financial assets				
Trade receivables	42,265,546	28,388,711	–	–
Other receivables and deposits	3,477,669	13,649,459	1,000	11,517,000
Amount owing by subsidiaries	–	–	7,206	–
Dividend receivable	–	–	4,000,000	–
Liquid investments	30,934,250	–	11,787,165	–
Short-term deposits with a licensed bank	–	13,000,000	–	–
Cash and bank balances	7,244,104	17,217,432	39,124	2
	83,921,569	72,255,602	15,834,495	11,517,002
Others				
Derivative assets – cash flow hedge	801,447	491,771	–	–
Financial Liability				
Other financial liabilities				
Hire purchase payables	–	333,696	–	–
Term loan	1,493,184	4,356,339	–	–
Trade payables	23,554,340	22,834,367	–	–
Other payables and accruals	2,887,220	3,570,094	45,600	903,715
Amount owing to a subsidiary	–	–	–	1,060,750
Amount owing to a related company	12,000	10,800	–	–
	27,946,744	31,105,296	45,600	1,964,465

(d) Fair Values Of Financial Instruments

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

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

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of quoted investments is estimated based on their quoted market prices as at the end of the reporting period.

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

44. FINANCIAL INSTRUMENTS (cont'd)

(iv) The fair value of forward foreign currency contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

(e) Fair Value Hierarchy

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

Level 1 : Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 April 2012, the Group's financial instruments carried at fair value is analysed as below:-

The Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Financial assets				
Other investment	19,500	–	–	19,500
Liquid investment	30,934,250	–	–	30,934,250
Derivative assets	–	835,370	–	835,370
	30,953,750	835,370	–	31,789,120
The Company				
Financial assets				
Liquid investment	11,787,165	–	–	11,787,165

45. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR

(a) On 27 October 2011, the Company acquired the entire equity interest representing two (2) ordinary shares of RM1.00 each in Nautical Icon Sdn. Bhd. for a cash consideration of RM2;

(b) On 6 March 2012, the Company acquired the entire equity interest representing two (2) ordinary shares of RM1.00 each in Zenith Index Sdn. Bhd. for a cash consideration of RM2; and

(c) On 8 August 2012, Nautical Icon Sdn. Bhd., a subsidiary of the Company, entered into a conditional Sale and Purchase Agreement to acquire a parcel of land and buildings for a total consideration of RM20,300,000.

46. COMPARATIVE FIGURES

The comparative figures of the Group and the Company are in respect of the financial period from 8 April 2010 (date of incorporation) to 30 April 2011.

47. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

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

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained profits /(accumulated loss):				
- realised	41,843,597	26,318,491	4,691,237	(1,557,125)
- unrealised	585,923	59,594	–	–
At 30 April	42,429,520	26,378,085	4,691,237	(1,557,125)

LIST OF PROPERTY

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

Location	Tenure of lease	Land area/ built up area	Approximate age of buildings	Net book value 30 April 2012 RM'000	Date of last revaluation
Lot 875, Jalan Subang 8 Taman Perindustrian Subang, 47620 Subang Jaya Selangor Darul Eshan	99 years, expiring on 2 September 2068	Land area: 20,407 square meters Built up area: 7,200 square meters	15 years	16,233	30 August 2010

SHAREHOLDERS' ANALYSIS REPORT AS AT 3 SEPTEMBER 2012

Authorised share capital	:	RM50,000,000
Issued and paid-up capital	:	RM25,800,000
Types of shares	:	Ordinary shares of RM0.10 each
Voting rights	:	One vote per ordinary share

SHAREHOLDERS BY SIZE OF HOLDINGS

Holdings	No. of holders	Total Holdings	%
Less than 100	4	102	0.00
100 – 1,000	82	61,200	0.02
1,001 – 10,000	765	4,758,600	1.84
10,001 – 100,000	575	21,828,300	8.46
100,001 to less than 5% of issued shares	120	74,959,483	29.06
5% and above of issued shares	3	156,392,315	60.62
	1,549	258,000,000	100.00

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct	%	Indirect	%
Dr. Chia Song Kun	200,000	0.08	95,363,418[(1)]	36.96
Leong Yew Cheong	40,474,412	15.69	–	–
Wong Wee Voo	25,536,085	9.90	–	–
Chia Lik Khai	200,000	0.08	–	–
Chia Seong Fatt	100,000	0.04	95,363,418[(2)]	36.96
Low Teng Lum	200,000	0.08	100,000[(3)]	0.04
Mohd Yusof bin Hussian	200,000	0.08	20,000[(3)]	0.01

Notes:

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

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

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

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct	%	Indirect	%
QL Green Resources Sdn Bhd	95,363,418	36.96	–	–
Leong Yew Cheong	40,474,412	15.69	–	–
Wong Wee Voo	25,536,085	9.90	–	–
Dr. Chia Song Kun	200,000	0.08	95,363,418[(1)]	36.96
Chia Seong Fatt	100,000	0.04	95,363,418[(2)]	36.96
QL	–	–	95,363,418[(3)]	36.96
CBG Holdings Sdn Bhd	–	–	95,363,418[(4)]	36.96
Farsathy Holdings Sdn Bhd	–	–	95,363,418[(4)]	36.96

Notes:

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

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

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

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

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	Shareholdings	%
1.	QL Green Resources Sdn Bhd	90,381,818	35.03
2.	Leong Yew Cheong	40,474,412	15.69
3.	Wong Wee Voo	25,536,085	9.90
4.	Gan Chih Soon	10,047,070	3.89
5.	Tee Seng Chun	9,116,370	3.53
6.	Lai Yee Kein	5,884,115	2.28
7.	QL Green Resources Sdn Bhd	4,981,600	1.93
8.	Law Chee Wong	3,740,040	1.45
9.	Wong Poon Han	3,150,186	1.22
10.	Loh Foo	3,120,002	1.21
11.	Hong Yuet Ngan	2,000,000	0.78
12.	Khoo Hock Leong	1,743,000	0.68
13.	Lee Fah On	1,153,000	0.45
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd *(Pledged securities account for Lim See Pek)*	1,100,000	0.43
15.	Heng Chin Choo	1,094,800	0.42
16.	Loh Jian Wei	1,000,000	0.39
17.	Tan Lik Houe	1,000,000	0.39
18.	Ong Keng Seng	914,600	0.35

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	Shareholdings	%
19.	RHB Capital Nominees (Tempatan) Sdn Bhd		
	(Pledged securities account for Chok Kwong Ming (Ceb)	693,000	0.27
20.	Ng Chew Kee	690,000	0.27
21.	Tan Thean Hock	688,000	0.27
22.	Chan Eng Nai	650,000	0.25
23.	Public Nominees (Tempatan) Sdn Bhd		
	(Pledged securities account for Chia Yin Fun (E-Klg)	568,000	0.22
24.	Eng Siew Yong	546,500	0.21
25.	They Heng Chong @ Teh Chong Fay	527,100	0.20
26.	Eng Leak Chuang	500,000	0.19
27.	Yong Yew San	500,000	0.19
28.	Chaw Moi @ Chaw Yet Moi	478,500	0.19
29.	Choo Teong Ann	442,000	0.17
30.	ECML Nominees (Tempatan) Sdn Bhd		
	(Pledged securities account for Chu Thien Loon)	435,000	0.17
		213,155,198	82.62

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of the Company will be held at Throne 1, Empire Hotel Subang, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan on Monday, 22 October 2012 at 10.00 a.m.

AGENDA

As Ordinary Business

1. To receive the Statutory Financial Statements for the financial year ended 30 April 2012 together with the Reports of the Directors and Auditors thereon. (Refer to Explanatory Note 1)
2. To approve the payment of the Directors' fees amounting to RM234,000.00 for the financial year ending 30 April 2013. Resolution 1
3. To re-elect the following directors who retire pursuant to the Company's Articles of Association and being eligible offer themselves for re-election:
   (a) Leong Yew Cheong (Article 78) Resolution 2
   (b) Wong Wee Voo (Article 78) Resolution 3
4. To approve the payment of a final single tier dividend of 1.5 sen per ordinary share for the financial year ended 30 April 2012. Resolution 4
5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 5

As Special Business

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

6. APPROVAL FOR ISSUANCE OF NEW ORDINARY SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 Resolution 6

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

7. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE Resolution 7

   "THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and its subsidiary(ies) to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.2 of the Circular to the Shareholders dated 28 September 2012 ("the Circular"), subject further to the following:

   (i)the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arms' length basis and are not to the detriment of the minority shareholders of the Company;

   (ii)the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:
   (a) the type of Recurrent Related Party Transactions made; and
   (b) the names of the related parties involved in each type of Recurrent Related Party Transaction made and their relationship with the Company;

   (iii)the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:
   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM, at which this shareholders' mandate will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
   (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
   (c) revoked or varied by resolution passed by the shareholders in general meeting;

   whichever is the earlier;

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

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

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

8. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY — Special Resolution 1

   "THAT alterations, modifications, additions or deletions to the Articles of Association of the Company contained in the Appendix of the Annual Report be and are hereby approved."

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 Second Annual General Meeting of the Company to be held on 22 October 2012, a final single tier dividend of 1.5 sen per ordinary share, for the financial year ended 30 April 2012 will be paid on 14 November 2012 to Depositors whose names appear in the Record of Depositors on 25 October 2012.

   A Depositor shall qualify for entitlement only in respect of:

   (a) Securities transferred into the Depositor's securities account before 4:00 p.m. on 25 October 2012 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)
Company Secretaries
Dated: 28 September 2012

NOTES :

1. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming Second Annual General Meeting of the Company, the Company shall be requesting the Record of Depositors as at 15 October 2012. Only a depositor whose name appears on the Record of Depositors as at 15 October 2012 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 Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. 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 appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. Where a Member of the Company is an authorised nominee as defined under The 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 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 and 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.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited by hand at or by facsimile transmission to the Company's Share Registrar, Bina Management (M) Sdn Bhd at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
6. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a Power of Attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in this Proxy Form.

Explanatory Notes on Ordinary Business/ Special Business :

1. Item 1 of the Agenda

   To receive the Statutory Financial Statements for the Financial Year Ended 30 April 2012

   This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 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 6 of the Agenda

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

   The Ordinary Resolution 6 is proposed to seek for a general authority pursuant to Section 132D of the Companies Act, 1965, if passed, it will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

   The general mandate for issue of shares is a renewal. As at the date of notice of meeting, no shares have been issued pursuant to the general mandate granted at the last Annual General Meeting of the Company.

   The general mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited for further placing of shares for purpose of funding investment(s), working capital and/or acquisitions, at any time to such persons in their absolute discretion without convening a general meeting as it would be both costs and time-consuming to organize a general meeting.
3. Item 7 of the Agenda

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

   The Ordinary Resolution 7 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.
4. Item 8 of the Agenda

   Proposed Amendments to the Articles of Association of the Company

   The proposed Special Resolution 1 will bring the Articles of Association of the Company in line with the amendments to the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad. Kindly refer to the Appendix of the Annual Report herein for details.

The existing Articles of Association of the Company ("the existing Articles") are amended by the alterations, modifications, deletion and/or additions, wherever necessary whereby the affected existing Articles are reproduced here with the Proposed Amendments to the Articles of Association of the Company alongside it:

Article No.	Existing Articles		Proposed Articles		Rationale(s)
2	Definitions		Definitions		
	WORDS	MEANINGS	WORDS	MEANINGS	
	New Provision	New Provision	**Omnibus Account**	**Means one security account with multiple beneficial owners.**	To define the words "Omnibus Account" appears in the proposed amended Articles 53(b) and 69A.
	New Provision	New Provision	**Share Issuance Scheme**	**A scheme involving a new issuance of shares to the employees.**	To define the words "Share Issuance Scheme" appears in the proposed amended Article 3(d).
3(d)	no Director shall participate in a share scheme for employees unless the Members in general meeting have approved of the specific allotment to be made to such Director.		no Director shall participate in a ~~share scheme for employees~~ **Share Issuance Scheme** unless the Members in general meeting have approved of the specific allotment to be made to such Director.		Pursuant to Rule 7.03 of the Listing Requirements
53(a)	Subject to the provision of the Act relating to special resolutions and special notice and the Listing Requirements, the notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.		Subject to the provision of the Act relating to special resolutions and special notice and the Listing Requirements, the notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. **The notices must also include the date of the Record of Depositors, as at the latest date which is reasonably practical and in any event shall not be less than three (3) market days before the meeting for the purpose of determining whether a depositor shall be regarded as a Member entitled to attend, speak and vote at the meeting.** At least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed.		To be in line with Rule 9.19(6) of the Listing Requirements

Article No.	EXISTING ARTICLES	PROPOSED ARTICLES	Rationale(s)
53(b)	In every notice calling a meeting there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint a proxy of not more than two (2) proxies to attend and vote instead of him and that a proxy may but need not be a Member.	In every notice calling a meeting there shall appear with reasonable prominence a statement that a Member or **the authorised nominee** entitled to attend and vote is entitled to appoint a proxy of not more than two (2) proxies to attend and vote instead of him, **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. 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,** and that a proxy may but need not be a Member **of the Company and Member may appoint any person to be his proxy without limitation and the provision of Section 149(1)(b) of the Act shall not apply to the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at a meeting. Where a Member, an authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid.**	To be in line with Rules 7.21, 7.21A of the Listing Requirements and reflect Section 149(1)(d) of the Companies Act, 1965.
68	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. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	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. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member of the Company and **Member may appoint any person to be his proxy without limitation and** the provisions of Section 149(1)(b) of the Act shall not apply to the Company. **There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at a meeting.** The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	Pursuant to Rule 7.21A of the Listing Requirements.
69A	New Provision	**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 and 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.**	To be in line with Rule 7.21 of the Listing Requirements and to reflect Section 149(1)(d) of the Companies Act, 1965.

BOILERMECH

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

CDS Account No. of Authorised Nominee *

PROXY FORM

I/We ………………………………..……………………..….... IC No. /Passport No./ Company No. ..…………...………
of ……………..……………………………...………………………..……………………………..…..……….………………..
being a member of Boilermech Holdings Berhad, hereby appoint ……………………………………………………
…………………………………………….... IC No. /Passport No. ……..……….....…………...………………………
of ……………..……………………………...………………………..……………………………..…..……….………………..
or failing him/her ………………………..………………… IC No. /Passport No. ……..……….....…………...………
of ……
or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the SECOND ANNUAL GENERAL MEETING of the Company to be held at Throne 1, Empire Hotel Subang, Empire Subang, Jalan SS16/1, 47500 Subang Jaya, Selangor Darul Ehsan on Monday, 22 October 2012 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 30 April 2012.			
	ORDINARY RESOLUTIONS	**RESOLUTION**	**FOR**	**AGAINST**
2.	To approve the payment of Directors' fees amounting to RM234,000.00 for the financial year ending 30 April 2013.	1		
3.	To re-elect the following Directors who retire in accordance with the Company's Articles of Association: (a) Leong Yew Cheong (Article 78) (b) Wong Wee Voo (Article 78)	 2 3		
4.	To approve the payment of a final single tier dividend of 1.5 sen per ordinary share for the financial year ended 30 April 2012.	4		
5.	To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.	5		
6.	Approval for Issuance of New Ordinary Shares pursuant to Section 132D of the Companies Act, 1965.	6		
7.	Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	7		
	SPECIAL RESOLUTION	RESOLUTION	FOR	AGAINST
8.	Proposed Amendments to the Articles of Association 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.

……………………………………………………………………
Signature/Common Seal

Number of shares held :

Date :

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

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

Notes:
1. The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company and Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.
2. A Member may appoint not more than two (2) proxies to attend the same meeting. Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholdings to be represented by each proxy. Where a Member of the Company is an authorised nominee as defined under The Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. 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 and 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.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited by hand at or by facsimile transmission to the Company's Share Registrar, Bina Management (M) Sdn Bhd at Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
5. If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a Power of Attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in this Proxy Form.

* applicable to shares held through nominee account

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar

BOILERMECH HOLDINGS BERHAD (897694-T)

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

1st fold here

Lot 875, Jalan Subang 8
Taman Perindustrian Subang
47620 Subang Jaya
Selangor Darul Ehsan
T: 603-8023 9137
F: 603-8023 2127

www.boilermech.com