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## Boilermech Looking To Expand

KUALA LUMPUR, April 14 (Bernama) -- Boilermech Holdings Bhd, which is scheduled for an early May listing on the ACE Market of Bursa Malaysia, aims to raise RM11.52 million from its initial public offer.

Executive Director, Chia Lik Khai said the proceeds will be used for the expansion of its facilities and to extend its market reach.

"Of the proceeds, RM2.5 million will be used to expand, upgrade and refurbish existing production facilities and another RM500,000 for the purchase of equipment and machineries," he said during the company's prospectus launch here Thursday.

The company had announced a public issue of 34.9 million new shares of 10 sen each at an issue price of RM0.33 each, of which 19.25 million shares were for private placement, 8.0 million shares for public subscription and 7.65 million shares for eligible directors, employees and business associates of the company.

It also made an offer for sale of 13.5 million ordinary shares to identified investors.

Boilermech which started operation in 2005 is one of the largest boiler maker in Malaysia and Chia said the expansion would support the existing and growing demand for its boilers as it expands its market presence which now includes Indonesia, Sri Lanka, Thailand and the Solomon Islands.

The company said it would spend RM500,000 from the proceeds to intensify sales and marketing efforts in palm producing and agricultural based processing countries in Southeast Asia, Africa, and in Central and South America.

It also intends to utilise RM500,000 to enhance its expertise and explore opportunities in the area of biomass power generation and other renewable energy.

The bulk of the proceeds, RM7.5 million, will be channelled towards working capital, repayment of term loan and estimated listing expenses.

For the financial year ended April 30, 2010, it recorded an after tax profit of RM12.34 million on a revenue of RM98.78 million with sales of biomass boilers contributing more than 90 per cent of its revenue.

For the half year ended Oct 31, 2010, it posted after tax profit of RM7.25 million on a revenue of RM60.77 million.

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