2016/2017
ANNUAL REPORT

MTQ Corporation Limited

VISION

To be the leader in the fields that we operate.

MISSION

Provide our customers service quality, our employees job satisfaction and our shareholders return on their investments at a level which meets and surpasses their expectations.

CORE VALUES

be **S**incere in all our intentions
be **T**ransparent in all that we do
be **A**lert to the needs of others
be **R**esponsible in delivering

CONTENTS

CORPORATE PROFILE

MTQ Corporation Limited ("MTQ" or the "Group") specialises in engineering solutions for oilfield equipment, including repair, manufacture and rental operations, supply of oilfield equipment and tools, engineering services with a focus in subsea and topside services, as well as pipe support and pipe suspension products. Well-known for its broad experience for over 30 years and commitment to service quality, the Group is the authorised working partner for some of the world's largest OEMs in drilling equipment and is accredited to carry out manufacturing and repair works in accordance to American Petroleum Institute Standards.

MILESTONES

2016 Divestment of turbochargers and fuel injection businesses in Australia with the disposal of MTQ Engine Systems (Aust) Pty Ltd

2014 Expanded into design and manufacturing of proprietary and custom-built pipe support and pipe suspension through acquisition of Binder Group which has a production facility in Indonesia

2012 Acquisition of Neptune Marine Services Limited located in Perth, which provides engineering services with a focus of subsea and topside services and has operational presence in the UK and Asia

2011 Acquisition of Premier Group located in Singapore, which repairs and manufactures oilfield equipment as well as supplies oilfield equipment and tools manufactured by some leading global brands

2009 Incorporated MTQ Oilfield Services W.L.L in Bahrain to provide services to the oil and gas industry in Bahrain and Gulf states

2003 Metalock (Singapore) Limited (originally known as Metalock (Singapore) Pte Ltd) renamed to MTQ Corporation Limited and expanded into fuel injection business in Australia

2002 Divestment of marine related businesses

1999 Listed on SGX Mainboard and expanded into sales and repair of turbochargers business in Australia

1988 Listed on SGX SESDAQ

1969 Metalock (Singapore) Pte Ltd was incorporated as private limited company in Singapore and subsequently embarked on oilfield engineering, fabrication and equipment rental businesses

1959 Commenced operations in Singapore as Metalock (Far East) Ltd to set up a branch specialising in repairs of marine equipment

OUR SERVICES

With the combined engineering capabilities of our accredited facilities at MTQ Engineering, Bahrain, Premier Group and Binder Group, we are able to offer complete manufacturing, repair and refurbishment services to the oil and gas industry. Our services include:

- Supply of oilfield equipment
- Equipment component manufacturing
- Remanufacturing of most drilling tools
- Oilfield equipment design and engineering services
- Equipment recertification and rig inspections
- General oilfield fabrication and welding
- Design and manufacturing of pipe support products

Some of the products that we represent for sale and rental are:

- All forms of drilling spools, adaptors and related pressure control drilling equipment
- Heat exchanger mud coolers
- Shale shakers
- Drilling handling tools
- BOP pressure test units and torque tools
- Valves, including safety and drilling diverter valves
- Mud pumps
- Drillpipe protectors

Our key certifications include:

- API
- DNV
- ASME

Within the Neptune Marine division, some of the key services that we offer to the international oil and gas, marine and renewable energy industries include:

- Diving services
- Asset integrity services
- Positioning geophysical and geotechnical services
- Underwater welding
- Subsea engineering
- Subsea stabilisation
- ROV services
- Manufacturing, assembly and testing

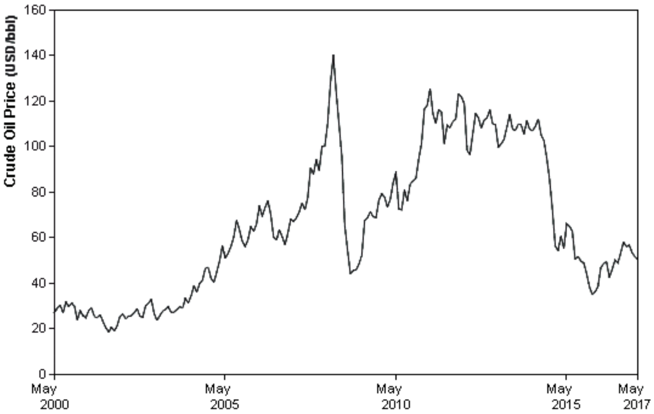
MESSAGE FROM THE CHAIRMAN AND GROUP CEO

Dear Shareholders,

CORPORATE REVIEW

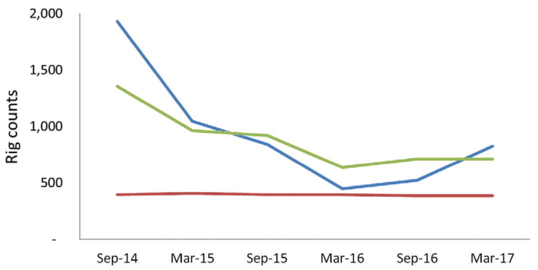
For the financial year ended 31 March 2017, MTQ Group ("MTQ" or "the Group") recorded revenue of S$130.4 million, a decline of 27% from the previous year. Including the gain on disposal of Engine Systems, the total loss attributable to shareholders was S$15.1 million. The year has continued to be a difficult one for the oil and gas industry.

CRUDE OIL PRICE



Since the oil price started to fall in October 2014, it is useful to reflect on the changes in development expenditure that has occurred from that time. The chart below analyses the number of drilling rigs that have been deployed over various time points in the last 30 months.

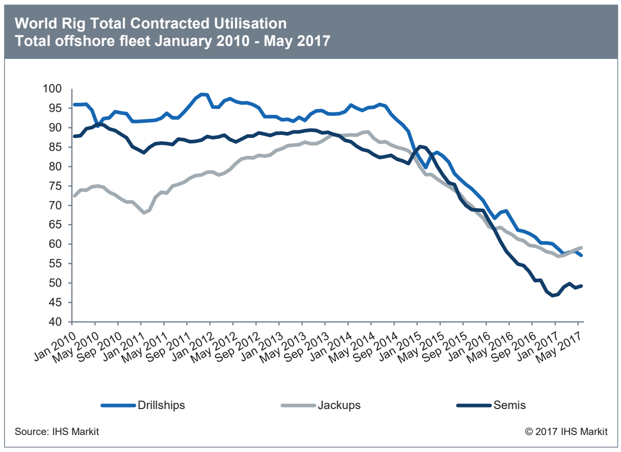
DRILLINGS RIGS DEPLOYED



You will see a couple of key themes in the graph. All through this period, the drilling activity in the Middle East has remained robust with Saudi Arabia progressively raising its rig counts at the expense of others in the region. Iranian data is not captured in this report and hence, the overall Middle East market is probably stronger than the numbers suggest. Rig counts in the United States have steadily risen in the last 12 months following a dramatic reduction in 2015 and all of that growth is centered in Texas and in shale. Elsewhere around the world, rig counts remain low and activity has continued to remain moribund. To some extent, this reflects the reality of current oil prices where low cost areas dominate.

We do see increasing activity re drilling tenders and we hope that that translates into more rig utilization moving ahead is in South East Asia. This will provide more revenue opportunities for our Singapore facilities. However, any meaningful recovery will be gradual.

A sizeable number of rigs and floaters are still stacked awaiting work opportunities. There have been asset sales and conversions but the overhang will persist into the new year. Downstream development has tended to focus on commercializing various LNG developments around the world but planning for major capital expenditure remains cautious. Production activities have continued but service companies have had to settle for lower prices in this environment.



Source: IHS Petrodata WorldRig Forecast: Short Term Trends May 2017

The Group took a strategic decision to exit the Engine Systems Business in late 2016 which we first bought in the late 1990s. We had steadily built the business from a series of individual workshops in the turbo charger and fuel injection into a national Australian distributorship chain. However, achieving economies of scale and benefiting from that proved challenging. Hence, when we received an expression of interest in buying this business from a major Australian automotive chain, we felt it was in the best interest of all stakeholders. We successfully concluded the sale in early April 2017 and received a total consideration of S$22.0 million, recording a profit on disposal of S$1.4 million. While this marks a passing of a decade long involvement with a great group of principals and staff, we are pleased that they are now part of a major player in the local space.

This disposal has further strengthened the Group's overall financial position which allows us to support existing businesses through this downturn. We have a strong financial position as at 31 March 2017 with net gearing of 9.4%, all with banks and a gross cash position of S$31.4 million. Including the S$9.4 million remaining consideration from the disposal of Engine Systems received in April 2017, our net gearing and cash positions would have been 0.9% and S$40.8 million respectively. We have subsequently reduced our borrowings further by making some capital repayment post year end chiefly to reduce our borrowing costs in 2017. We will look to engage with our banks who have remained supportive through this downturn. Understandably, the Board is not recommending any dividend for the year. The negative outlook and the likelihood that any recovery will take time, continues to compel us to take a prudent approach in conserving our cash resources.

MESSAGE FROM THE CHAIRMAN AND GROUP CEO

While the outlook is improving, maintaining a strong balance sheet is essential for long term business success. The difficulties faced by several regional EPC contractors in 2016 have been well reported and we too had suffered from credit exposures to them, which we have fully provided for. Closer to our Oilfield Engineering division in Singapore, we have seen established competing facilities closed with meaningful workshop assets sold to the Middle East for new startup operations. Until there are signs of activity pick up and yield recovery, the financial health of our sector will remain stretched. Further consolidation cannot be ruled out.

BUSINESS REVIEW

A competitive landscape

For the year, lower revenues were recorded for both the Oilfield Engineering and the Neptune Marine divisions.

Oilfield Engineering – Preparing for recovery

The Oilfield Engineering business comprises our engineering facilities in Pandan Loop and Loyang in Singapore, our facility in Al-Hidd, Bahrain and the Binder Group with a facility in Jakarta, Indonesia.

Our capabilities in Bahrain continue to improve as we enter into our 6th year of operations and we continue to broaden our work scope with key OEMs like NOV and GE as well as the increasing number of drilling contractors operating in the Middle East. Our focus remains in strengthening our reputation with drilling contractors as the independent vendor of choice in the Saudi market. Our revenues in Bahrain remain skewed towards maintenance opportunities within the Middle East markets which remain healthy. However, customers are looking to achieve cost savings given their significantly reduced day rates; this continues to put us under pricing pressure. Business costs have also risen in Bahrain in the form of higher welfare charges and lower government subsidies.

In Singapore, we endured a difficult year of low revenues and losses. Revenue opportunities in the drilling equipment service space remain subdued but the rig counts in South East Asia have increased since late 2016. In the meantime, our sales focus has secured opportunities in other sectors like aviation and new markets like downstream valve maintenance. We have made a modest investment in a new oilfield handling tools company and look to expand our manufacturing capability in that area. Sales and rental of drilling equipment has been quiet but the outlook moving ahead is more positive as rigs rejoin the working fleet.

For our pipe support activities, we successfully supplied a sizable order for the Singapore LNG project and continue to focus on new plant opportunities in both the LNG and power space. Overall levels of revenue remain low but have been picking up. We exited the domestic steel distribution business in Australia and have fully integrated the business in Perth within the Neptune Perth facility. We have continued to trim headcount and reduce overheads in Perth in response to the market environment. We remain confident that LNG plants will continue to be developed moving ahead, notably in markets like Malaysia, the Middle East, India and the United States.

While headcount reduction and other cost reductions have been necessary, the business continues to devote resources to positioning for future opportunities. We have successfully installed new job tracking software so that we can better communicate job progress internally and with our customers. We continue to look at new technologies in the field of welding and material management.

Neptune Marine – Recovering from year of losses

Neptune recorded significantly lower revenues for the year of S$85.3 million, down by 29.3% and overall post tax losses of S$7.5 million. The decline in revenue was felt in several business segments, notably in the ROV, Asset Integrity, Survey and the Manufacturing segments as general activity waned. ROV utilization was low throughout the year and a conscious decision has been made to reposition the fleet for the South East Asian and Middle East markets moving ahead where the opportunities feel stronger. Asset Integrity saw the completion of a few sizeable maintenance contracts and the subsequent failure to secure comparable replacements. The Aberdeen based manufacturing business suffered from the cutbacks in North Sea Oil and Gas expenditure and recorded revenue declines, further exacerbated by adverse currency movements. In response to these challenging times, the company has undergone a series of cost reduction measures. Headcount in Neptune has dropped by some 23%, in addition, salary reductions put in place at the beginning of FY2016 remained in effect and additional reductions among senior management have been effected. Overall results for the year were also affected by the need to provide for bad debts of S$0.8 million.

Our activities are very much focused on shallow water subsea and production activity, mostly in Australia but increasingly in South East Asia and the Middle East. The reality of current markets is that little new development expenditure will be incurred in Australia other than committed ones and Neptune is looking to expand its footprint in South East Asia and particularly, the Middle East. We continue to remain a partner with oil producers like BP, Chevron and Total in supporting their engineering activities in the North Sea and in Australia. We continue to work on diving opportunities with oil companies working in Australia and other regional areas like Papua New Guinea. Our focus remains to build a reputation as a strong regional service provider, becoming less Australian-centric, with our customer-focused mindset differentiating us from larger international competitors. All our businesses will focus on opportunities which remain in the market, working closely with key customers with the focus on maintenance and other service-related opportunities.

Overall, our Oilfield Engineering and Neptune Marine businesses are facing tough markets and the reality is that recovery will be a gradual process. We remain positive and remain committed

MESSAGE FROM THE CHAIRMAN AND GROUP CEO

to our strategy of developing a more comprehensive range of services, both geographically and functionally, so that our potential work scopes with our oil and gas customers can increase. However, matching costs with revenues remains an on-going issue.

PEOPLE AND SAFETY

The Group recorded another year of good safety performance. Minimal incidents were noted and an improved culture of safety reporting in all parts of the Group have helped. Education and training remain important areas of emphasis.

It continues to be painful times re employment in the oil and gas industry, particularly in upstream drilling and exploration. Job losses at all levels have occurred and are continuing. Our own headcount numbers reflect a further 9.1% reduction though most have been due to natural attrition. Everyone is fully cognizant of a world that crude oil and gas prices are poised to stay well below recent highs for some time. We are taking the opportunity to make sure we address training of our workforce in this downturn while also assessing individual contract renewals. Specifically in Singapore, we are taking the patient route in preserving core competence in manpower. Ours is a structurally challenging sector given the decline in population. With government measures to restrict the growth of foreign workers in Singapore set to remain, the Group has to balance utilization with availability when the industry recovers.

Our strategy in Bahrain remains to source local candidates and train them at our facility while augmenting overall numbers by recruitment from overseas for experienced and managerial positions. Another year of experience has been chalked up by our workforce, which augurs well. We continue to focus on building the Bahrain team for the future.

The total staff strength for the Group is about 899, broken down by geographical segments as follows:

Country	Headcount as at 31 March 2017	Headcount as at 31 March 2016*
Singapore	206	247
Bahrain	137	132
Australia and UK	192	269
Indonesia	364	341
	899	**989**

* Excluding MTQ Engine Systems (Aust) Pty Ltd

OUR THANKS

We want to thank the support of all the people who work for MTQ Group. We have had to ask many of our staff to make pay sacrifices, including our directors. Everyone is doing their part to try and help the company tide through this period.

The cyclical nature of our business tends to lead to gloom and doom at such times. However, demand cannot remain weak indefinitely and supply has to moderate without new investment. All we can do is to remain focused on our customers and our employees, and work positively towards delivering better services in better markets. When that day comes, we should be able to regain our profitability.

KUAH KOK KIM
Chairman

KUAH BOON WEE
Group Chief Executive Officer

BOARD OF DIRECTORS

KUAH KOK KIM
Chairman

Mr. Kuah joined the Board on 1 January 1997, was appointed as Executive Chairman on 9 September 1997 and was the Chief Executive Officer of the Group until 30 June 2010. He was re-designated to Non-Executive Chairman on 1 October 2012 and was last re-appointed as Director at MTQ's Annual General Meeting on 29 July 2016. Mr. Kuah possesses extensive business experience which was accumulated through his many years of involvement in the marine logistics as well as oil and gas related industries.

KUAH BOON WEE
Group Chief Executive Officer

Mr. Kuah joined the Board on 10 October 2006 and was appointed Group Chief Executive Officer on 1 July 2010. He was last re-elected as Director at MTQ's Annual General Meeting on 29 July 2016. A UK qualified chartered accountant with a university degree in mechanical engineering, he was previously a senior management executive of PSA International Pte Ltd, having served as CEO of PSA Singapore terminals.

NICHOLAS CAMPBELL COCKS
Lead Independent Director

Mr. Cocks joined the Board on 1 October 2010 and was last re-elected as Director at MTQ's Annual General Meeting on 25 July 2014. He was appointed as Lead Independent Director on 6 May 2013 and is also a member of the Remuneration Committee. Mr. Cocks graduated from Australian National University, Canberra, with a degree in Commerce. Mr. Cocks is the Chief Executive Officer of Readymix Group.

CHEW SOO LIN
Independent Director

Mr. Chew joined the Board on 18 May 2012 and was last re-elected as Director at MTQ's Annual General Meeting on 31 July 2015. He was appointed as Chairman of the Audit Committee on 1 August 2012. A UK qualified chartered accountant, Mr. Chew is currently the Executive Chairman of Khong Guan Flour Milling Limited. Mr. Chew also serves on the board of several other listed companies.

CHRISTOPHER HO HAN SIONG
Independent Director

Mr. Ho joined the Board on 30 October 2007 and was last re-elected as Director at MTQ's Annual General Meeting on 29 July 2016. He is a member of the Audit Committee. Mr. Ho graduated from the University of Wisconsin at Madison, USA, in 1989, with a double degree in Computer Engineering and Computer Science. Mr. Ho is currently the Senior Vice President for Investments in Tai Tak Securities Pte Ltd.

HUANG YUAN CHIANG
Independent Director

Mr. Huang joined the Board on 8 August 2001 and was last re-elected as Director at MTQ's Annual General Meeting on 31 July 2015. He is Chairman of the Remuneration Committee and a member of the Audit Committee. Mr. Huang has degrees in Economics and Law and is a lawyer by training and was a banker by vocation. Mr. Huang is also an independent director of Hwa Hong Corporation Limited.

ONG ENG YAW
Independent Director

Mr. Ong joined the Board on 28 October 2016 and was appointed as a member of the Remuneration Committee on the same date. Mr. Ong graduated with a Bachelor of Laws (Second Class Upper Division) from University College London and holds a Master of Science (Investment Management) from the Cass Business School and a Master of Business Administration from INSEAD. Mr. Ong currently holds the position of Manager (Investments) at Hwa Hong Corporation Limited.

SENIOR MANAGEMENT

CORPORATE OFFICE

DOMINIC SIU MAN KIT
Group Chief Financial Officer and Company Secretary

Mr. Siu graduated with a Bachelor of Civil and Structural Engineering (Honours) degree and is a chartered accountant qualified in the UK. He is an experienced senior finance manager and has held senior finance positions in Greater China and South East Asia regions.

OILFIELD ENGINEERING DIVISION

VINCENT TAN
Managing Director – MTQ Engineering Pte Ltd

Mr. Tan holds a Masters of Business Administration with Distinction and a Bachelor of Mechanical Engineering (Honours). He joined MTQ Engineering Pte Ltd in June 2012. Mr. Tan has over 16 years of experience in general and operations management in the oil and gas industry. Prior to joining MTQ, Mr. Tan was the Director of Sales, Pacific Rim of National Oilwell Varco – Fiber Glass Systems Division.

IAN ROBERT HORTIN
Managing Director – Premier Sea & Land Pte Ltd

Mr. Hortin has extensive experience and technical knowledge of the offshore & onshore drilling industry, having worked on various high profile drilling projects in various parts of the world. He is responsible for developing the Premier Group's business in the drilling industry and expanding international sales.

OILFIELD ENGINEERING DIVISION

SUMARDI BIN SIDI
Managing Director – Pemac Pte Ltd

Mr. Sidi has over 32 years of experience in repair, manufacturing and remanufacturing of API Product Specification (5CT, 7-1, 6A, 16A and 16C) servicing drilling contractors in the region. He has extensive knowledge and experience in quality control and assurance. He is a Certified Welding Inspector with the American Welding Society. Mr. Sidi is responsible for the oilfield engineering business located at Loyang Singapore.

NEPTUNE

ROBIN KING
Chief Executive Officer – Neptune Marine Services Limited

Mr. King holds a Masters of Business Administration and a Bachelor of Civil Engineering (First Class Honours). He has worked in the international oil and gas industry since 1982, focusing mainly in the offshore and subsea sectors. Prior to being appointed CEO at Neptune in 2010, Mr. King was the CEO of Technip Subsea 7 Asia Pacific, responsible for operations throughout Oceania and South East Asia.

GROUP STRUCTURE

(as at 9 June 2017)

MTQ Corporation Limited

- 100.0% MTQ Holdings Pty Ltd
- 100.0% MTQ Engineering Pte Ltd
  - 1.0% MTQ Oilfield Services W.L.L.
- 99.0% MTQ Oilfield Services W.L.L.
- 100.0% MTQ Equipment Rental Pte Ltd
- 100.0% MTQ Fabrication Pte Ltd
- 100.0% MTQ Castings Sdn Bhd
- 100.0% Violetbloom Investments Pte Ltd
- 100.0% Everfield Pte Ltd
- 100.0% Premier Sea & Land Pte Ltd
  - 100.0% Premier Estate Pte Ltd
- 100.0% Pemac Pte Ltd
- 100.0% Blossomvale Investments Pte Ltd
  - 87.1% Neptune Marine Services Limited
    - 100.0% Neptune Marine Services International Pty Ltd
      - 100.0% Neptune Delaware Holdings Inc
        - 100.0% Neptune Underwater Services (USA) LLC
    - 100.0% Neptune Asset Intergrity Services Pty Ltd
    - 100.0% Neptune Diving Services Pty Ltd
      - 100.0% Allied Diving Services Pty Ltd
    - 100.0% Neptune Fabrication Services Pty Ltd
    - 100.0% Neptune Subsea Engineering Pty Ltd
    - 100.0% Neptune Geomatics Pty Ltd
    - 100.0% Neptune Subsea Stabilisation Pty Ltd
    - 100.0% Neptune Offshore Services (PNG) Ltd
    - 100.0% Neptune Asia Holdings Pte Ltd
      - 100.0% Neptune Access IRM Pte Ltd
      - 100.0% Neptune Marine Pacific Pte Ltd
      - 100.0% Neptune Marine Offshore Pte Ltd
      - 100.0% Neptune Subsea Services Sdn Bhd
      - 99.9% Neptune Marine Subsea Services Sdn Bhd
      - 100.0% Neptune Subsea Stabilisation Pte Ltd
        - 0.1% Neptune Marine Subsea Services Sdn Bhd
        - 99.0% PT Neptune Subsea Stabilisation
      - 1.0% PT Neptune Subsea Stabilisation
    - 100.0% Neptune Scotland Holdings Ltd
      - 100.0% Neptune Offshore Services Ltd
      - 100.0% Neptune Subsea Inc
      - 100.0% Neptune Subsea Engineering Ltd
      - 100.0% Neptune ROV Services Holdings Ltd
        - 100.0% Neptune ROV Services Ltd
          - 100.0% Neptune ROV Services Pte Ltd
          - 100.0% Submersible Technology Services Sdn Bhd
          - 100.0% Submersible Technology Services (Middle East S.P.C.)
- 100.0% MTQ Binder Holdings Pte Ltd
  - 100.0% Binder Group Pty Ltd
    - 100.0% Binder Asia Pte Ltd
      - 10.0% Binder Holdings Pte Ltd
    - 90.0% Binder Holdings Pte Ltd
      - 50.0% PT Binder Indonesia

FIVE-YEARS FINANCIAL PROFILE

	2017	2016	2015	2014	2013
FOR THE YEAR (IN S$'000)					
Revenue*	130,361	178,663	248,426	264,436	153,515
(Loss) / Profit before tax*	(20,589)	(24,376)	8,001	27,674	17,116
(Loss) / Profit after tax	(16,206)	(19,381)	5,474	24,650	16,639
(Loss) / Profit attributable to owners of the Company	(15,133)	(18,467)	5,021	23,878	15,397
EBITDA	(6,462)	(7,452)	24,259	43,297	30,603
AT YEAR END (IN S$'000)					
Net current assets	65,293	66,444	82,389	83,631	85,888
Total assets	171,798	198,092	256,405	271,309	257,042
Total liabilities	71,826	84,718	118,055	130,997	136,283
Net debt[1]	10,333	19,120	16,297	28,445	32,664
Shareholders' funds	93,945	105,664	128,960	130,657	110,356
Net tangible assets[2]	83,392	90,028	106,920	99,119	90,927
FINANCIAL RATIOS					
Return on shareholders' funds (%)[3]	(16.11)	(17.48)	3.89	18.28	13.95
Interest cover (EBITDA / net interest expense)[4]	(4.90) times	(3.99) times	10.89 times	16.45 times	20.44 times
Net debt gearing ratio (%)[5]	9.4	14.43	10.54	16.83	21.29
PER SHARE DATA					
Basic (Loss) / Earnings (in Singapore cents)[6]	(9.80)	(11.97)	3.27	15.80	10.98
Net tangible assets (in Singapore cents)[7]	53.97	58.32	69.19	65.03	60.52
Net asset value (in Singapore cents)[8]	60.80	68.45	83.46	85.73	73.45
Dividend (in Singapore cents)[9]	-	-	4.00	3.67	3.00
Dividend payout ratio (%)[10]	-	-	122.32	23.23	27.32

1 Net debt is defined as gross debt less cash and bank balances.

2 Net tangible assets is defined as shareholders' funds less intangible assets.

3 Return on shareholders' funds is defined as (loss) / profit attributable to owners of the Company divided by shareholders' funds.

4 Net interest expense refers to interest expense less interest income.

5 Net debt gearing is defined as the ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt and total equity.

6 Basic (loss) / earnings per share is defined as (loss) / profit attributable to owners of the Company divided by weighted average number of issued shares.

7 Net tangible assets per share is defined as net tangible assets divided by total number of issued shares excluding treasury shares and subsidiary holdings.

8 Net asset value is defined as shareholders' funds divided by total number of issued shares excluding treasury shares and subsidiary holdings.

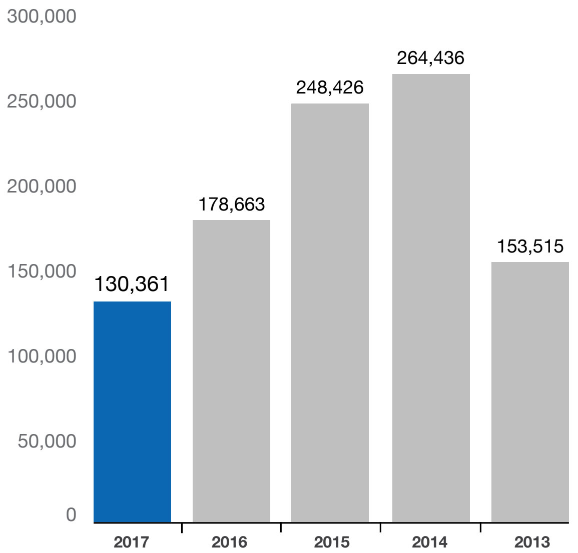
9 Headline dividend for 2013 to 2015 was 4.00 Singapore cents per share. The figures for 2013 to 2014 have been adjusted retrospectively for the effect of bonus shares, which are entitled to the final dividends, issued in 2013 and 2014.

10 Dividend payout ratio is defined as dividend per share paid/payable in respect of the financial year divided by the basic earnings per share.

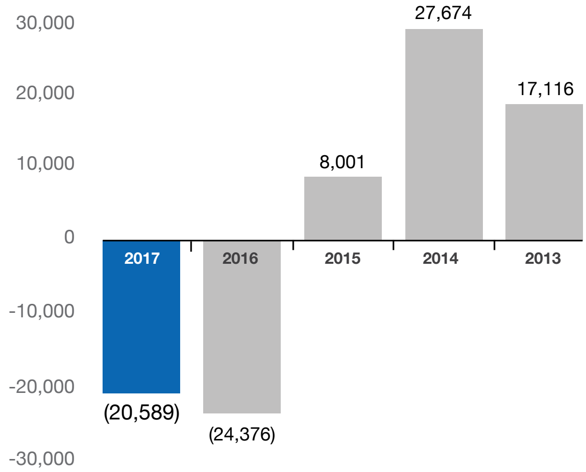
* Excluding discontinued operation's statistics

FIVE-YEARS FINANCIAL PROFILE

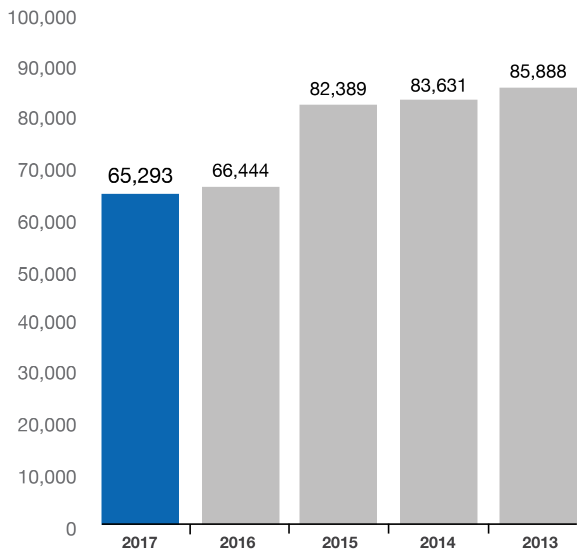
REVENUE (S$'000)



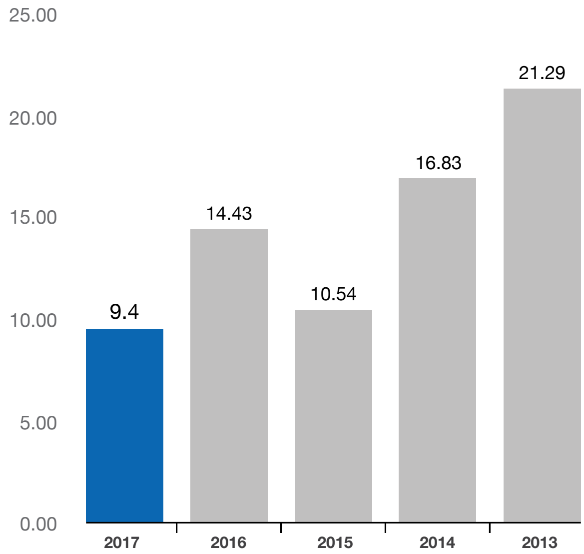
(LOSS) /PROFIT BEFORE TAX (S$'000)



NET CURRENT ASSETS (S$'000)



NET DEBT GEARING RATIO (%)



FINANCIAL REVIEW

REVENUE

In the financial year ended 31 March 2017 ("FY2017"), the Group recorded revenue of S$130.4 million, a decrease of S$48.3 million or 27% from S$178.7 million recorded in financial year ended 31 March 2016 ("FY2016").

The decrease was mainly from Neptune Marine division remarkably in the ROV, Asset Integrity, Survey and Manufacturing business units.

Within Oilfield Engineering, activity levels remain low especially in Singapore. Revenue from Bahrain has improved as we continued widening our work opportunities there.

PROFIT

Overall gross profit decreased by 42% to S$23.3 million in FY2017, in line with lower revenue and reduction in overall gross profit margin narrowing from 22% to 18%.

With the continual weak market conditions, the Group has written-off and made provisions against receivables and inventories totalling S$1.7 million. Excluding these and the impairment charges recognised in FY2016, staff costs and other operating expenses continued to taper off as the Group sees the full-year effect of cost rationalisation initiatives.

Finance costs decreased by 29% to S$1.4 million in FY2017 mainly due to lower borrowings during the year.

Overall, the Group recorded a pre-tax loss from continuing operations of S$20.6 million in FY2017 (FY2016: S$24.4 million). The Group recorded a tax credit of S$1.4 million largely due to the over-recognition of income tax expense from prior years.

GAIN ON DISPOSAL OF ENGINE SYSTEMS DIVISION

During the year, the Group took a strategic view to dispose the Engine Systems division. The sale was completed in October 2016 and the sale consideration has been received fully by April 2017.

The disposal resulted in a total gain on disposal of a subsidiary of S$1.4 million (FY2016: Nil) embedded in the Profit from Discontinued Operation of S$3.0 million (FY2016: S$1.3 million).

LOSS PER SHARE

Total basic and diluted loss per share for FY2017 was 9.80 Singapore cents (FY2016: 11.97 Singapore cents), inclusive of the earnings from the disposed Engine Systems division.

BALANCE SHEET

Net assets decreased by S$13.4 million or 12% to S$100.0 million.

While the disposal of Engine Systems affected most line items, the variances in balance sheet items were mainly a result of working capital changes as well as translation movements.

Total bank borrowings decreased as the Group had a net repayment of about S$3.9 million during the year. The Group also refinanced one of its borrowings resulting in longer debt maturity profile. Including the effect of exchange rate movements, total bank borrowings decreased from S$43.6 million to S$40.9 million as at 31 March 2017.

Overall, shareholders' funds amounted to S$93.9 million as at 31 March 2017, a decrease of 11% from a year ago.

DIVIDENDS

No dividend has been proposed for the financial year ended 31 March 2017 to maintain a strong balance sheet and conserve cash in this challenging market conditions.

CASH FLOWS

The Group used S$5.3 million cash in operating activities before working capital changes as a result of the operating losses recorded for the year (FY2016: generated S$8.2 million cash). Including working capital changes, operating cash flows was positive and stood at S$0.2 million for FY2017 (FY2016: S$10.4 million).

Capital expenditure has reduced substantially from FY2016 and comprised mainly maintenance expenditure in FY2017. Including the first tranche consideration payment from the disposal of Engine Systems, the Group generated S$10.2 million cash from investing activities during FY2017.

Within the financing activities, the Group did not pay any dividends with respect to FY2016 or FY2017 and had a net repayment of S$3.9 million bank loans during the year.

Overall, cash balances increased by S$6.4 million to S$31.4 million as at 31 March 2017.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Total bank borrowings and finance lease payables decreased by 5% to S$41.7 million as at 31 March 2017, while net debt position decreased by 46% to S$10.3 million. Consequently, net gearing ratio decreased from 14% to 9% during FY2017. The Group's gearing level remains healthy.

The capital of the Company remained unchanged during the financial year except for some shares being bought back and subsequently deployed by the Company pursuant to the MTQ Share Plan.

FINANCIAL AND CORPORATE CALENDAR

2017

28 JULY
Annual General Meeting

29 JUNE
Despatch of Annual Report and Notice of AGM for FY2016/2017

5 MAY
Full Year FY2017 Results Announcement

5 APRIL
Post-completion of the disposal of MTQ Engine Systems (Aust) Pty Ltd

24 JANUARY
Third quarter FY2017 Results Announcement

2016

4 NOVEMBER
Completion of disposal of MTQ Engine Systems (Aust) Pty Ltd

28 OCTOBER
Second quarter FY2017 Results Announcement

27 OCTOBER
Waiver from compliance with Rule 1014(2) of the Listing Manual in relation to the Proposed disposal of MTQ Engine Systems (Aust) Pty Ltd

4 OCTOBER
Proposed disposal of entire Issued and Paid-up Share Capital of MTQ Engine Systems (Aust) Pty Ltd

1 SEPTEMBER
Transfer of 271,840 Treasury Shares pursuant to the MTQ Share Plan

1 TO 3 AUGUST
Purchase of 130,000 Shares pursuant to the Share Buyback Mandate by way of on-market acquisitions

29 JULY
Annual General Meeting

27 JULY
First quarter FY2017 Results Announcement

29 JUNE
Despatch of Annual Report and Notice of AGM for FY2015/2016

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kuah Kok Kim
Chairman

Kuah Boon Wee
Group Chief Executive Officer

Nicholas Campbell Cocks
Lead Independent Director

Chew Soo Lin
Independent Director

Christopher Ho Han Siong
Independent Director

Huang Yuan Chiang
Independent Director

Ong Eng Yaw
Independent Director

AUDIT COMMITTEE

Chew Soo Lin
Chairman

Christopher Ho Han Siong

Huang Yuan Chiang

REMUNERATION COMMITTEE

Huang Yuan Chiang
Chairman

Nicholas Campbell Cocks

Ong Eng Yaw

COMPANY SECRETARY

Dominic Siu Man Kit

REGISTERED OFFICE

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Website: www.mtq.com.sg

REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place #32-01
Singapore Land Tower, Singapore 048623
Tel: (65) 6536 5355 / Fax: (65) 6536 1360
Website: www.boardroomlimited.com

PRINCIPAL BANKERS

DBS Bank Ltd

United Overseas Bank Limited

Australia and New Zealand Banking Group Limited

AUDITOR

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583

PARTNER-IN-CHARGE

Tan Seng Choon
(since financial year ended 31 March 2016)

INVESTOR RELATIONS

Dominic Siu Man Kit
Email : investorrelation@mtq.com.sg

DIRECTORY OF PRINCIPAL OFFICES

MTQ CORPORATION LIMITED

CONTACT:

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Kuah Boon Wee *Group Chief Executive Officer*
Email : kuahbw@mtq.com.sg

Dominic Siu Man Kit *Group Chief Financial Officer*
Email : dominicsiu@mtq.com.sg

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MTQ ENGINEERING PTE LTD / MTQ FABRICATION PTE LTD MTQ EQUIPMENT RENTAL PTE LTD

CONTACT:

Vincent Tan *Managing Director*
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PREMIER SEA & LAND PTE LTD / PEMAC PTE LTD

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PERTH

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Tel: (61) 8 6242 2222 / Fax: (61) 8 6242 2211

DARWIN

9 & 10 Fisherman's Wharf Frances Bay, Darwin, 0800
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MELBOURNE

3/273 Williamstown Rd, Port Melbourne, Victoria, 3207
Tel: (61) 3 9392 2901 / Fax: (61) 3 9392 2999

FINANCIAL REPORT

CORPORATE GOVERNANCE

The Board and the management of the Company ("the Group") are committed to maintaining a standard of corporate governance to ensure shareholders' interests and enhance corporate performance and accountability.

This report sets out the Group's corporate governance practices with specific reference to the Code of Corporate Governance 2012 (the "Code"). The Group subscribe fully to the principles, guidelines and recommendations in the Code where they are applicable. The Group has complied with the Code's principles and guidelines throughout the reporting period for the financial year ended 31 March 2017.

For ease of reference, the relevant provision of the Code under discussion is identified in bold. However, other sections of this Report may also have an impact on the disclosures as this Report is meant to be read as a whole, instead of being compartmentalised under the different principles of the Code.

BOARD MATTERS

Principle 1 : The Board's Conduct of its Affairs

The Board of MTQ Corporation Limited assumes stewardship and control of the Group's resources and undertakes overall responsibility for the corporate governance and performance of the Group. It provides entrepreneurial leadership, sets the vision and objectives of the Group and directs the Group's strategic policies, while ensuring that the necessary financial and human resources are in place for the Group to meet its objectives. The Board also reviews the management and financial performance of the Group, oversees the establishment of a framework of prudent and effective controls, which enables risks to be assessed and managed, sets the Group's values and standards, and ensures that obligations to shareholders and others are understood and met.

These functions are carried out either directly by the Board or delegated to Board Committees, namely, the Remuneration Committee and Audit Committee, each of which has its own written terms of reference. The responsibilities of each Committee are described under "Board Committees" below. The Chairman of each Committee will report to the Board the outcome of the Committee meetings.

The Group has adopted internal guidelines via a Structured Delegation of Authority matrix which sets out the authorisation and approval limits for capital and revenue expenditures, contractual commitments, disposal, assets write-offs and provisioning at Board and Management levels.

Matters which are specifically referred to the Board for decision include:

a) those involving a conflict of interest for a substantial shareholder or a Director;

b) material acquisitions and disposals of assets;

c) corporate or financial restructuring and share issuances;

d) dividends and other returns to shareholders;

e) matters specified under the Group's interested person transaction policy;

f) major financial decisions such as investment and divestment proposals, the annual budget, major funding proposals and expenditures exceeding a prescribed amount.

The Board meets at least four times a year. Ad-hoc meetings are also convened when circumstances require.

The Company's Constitution allows a Board meeting to be conducted by way of telephone conferencing or any other methods of simultaneous communication by electronic or telegraphic means. The attendance records of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings held during the year, is disclosed below.

CORPORATE GOVERNANCE

To assist newly appointed Directors in discharging their duties, they are provided with an orientation on the background information about the Group's history, business operations, its strategic directions and governance practices. Upon the appointment of each new Director, the Company will furnish a formal letter to the Director, which sets out the Director's duties and obligations as a member of the Board. Incoming Directors are also given full access to the past years' annual reports and minutes of the Board meetings. Such letter has been issued to the newly appointed Director, Mr. Ong Eng Yaw, upon his appointment on 28 October 2016.

Directors are encouraged to participate in seminars and training programmes in connection with their duties and are funded by the Company. Directors are also provided with updates and briefings from time to time by the professional advisors, auditors and management on relevant practices, new rules and regulations, listing requirements, corporate governance practices, changes in financial reporting standards, risk management and industry specific knowledge applicable to performance of their duties and responsibilities as Directors. The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a director of a listed company.

Changes to regulatory and financial reporting standards which have bearing on the Company's or Directors' obligations are also closely monitored by the management and conveyed to the Directors at Board Meetings, specially convened meetings or via written updates.

Attendance at Board and Board Committee Meetings

The attendance records of the Directors at the Board and Board Committee meetings for the financial year ended 31 March 2017 is set out as follows:

Type of Meetings		Board	Audit Committee	Remuneration Committee
No. of Meetings held		**5**	**4**	**2**
Name of Director		**No. of Meetings attended**		
Kuah Kok Kim	(Chairman)	5	4*	–
Kuah Boon Wee	(Executive)	5	4*	–
Nicholas Campbell Cocks	(Independent)	5	4*	2
Chew Soon Lin	(Independent)	5	4	–
Christopher Ho Han Siong	(Independent)	4	3	–
Huang Yuan Chiang	(Independent)	5	4	2
One Eng Yaw#	(Independent)	3	2*	1
Ong Choo Eng^	(Independent)	1	–	1

* Attendance by invitation of the Committee.

\# Appointed as Independent Director and member of the Remuneration Committee on 28 October 2016.

^ Resigned as Independent Director and member of the Remuneration Committee on 28 October 2016.

Principle 2 : Board Composition and Guidance

Mr. Ong Eng Yaw was appointed to the Board as Independent Director with effect from 28 October 2016. The Board presently comprises of 7 Directors, of which 6 are non-executive Directors. The Board adopts the Code's definition of an independent director and reviews the independence of each Director annually. For the purposes of the determination, the non-executive Directors provided declarations of their independence on an annual basis which were deliberated upon by the Board. Other than the Chairman, all the non-executive Directors are independent directors. As a significant majority of the Board consists of non-executive and independent directors, objectivity on issues deliberated is assured and the management is able to benefit from the external perspectives on issues brought before the Board.

CORPORATE GOVERNANCE

Mr. Huang Yuan Chiang has served on the Board for more than 9 years from the date of his first appointment. The Board is of the view that his length of service has not compromised the Directors' objectivity and commitment in discharging his duties as director, after considering the following factors (a) shareholding interest, (b) gift or financial assistance, (c) past association, (d) business dealings and (e) financial independence. The Board also acknowledges and recognises the benefits of the experience and stability brought by long-serving Independent Directors.

The size and composition of the Board is considered appropriate for its present scope of operations. The Board comprises of business leaders and professionals with diverse background and broad range of knowledge and experiences in different fields such as accounting, finance, management and strategic planning, providing an effective blend of business and operational expertise. The Directors' academic and professional qualifications are set out in the "Board of Directors" section of this report.

While the non-executive Directors do not exercise management functions in the Group, they play an important role in ensuring that the strategies proposed by the management are fully discussed and rigorously examined. They also review the performance of the management in achieving the agreed goals and objectives and monitor the reporting of performance.

The Directors are also welcomed to request for further explanations, briefings or informal discussions on any aspects of the Group's operations or business issues from the management. The Chairman will make the necessary arrangements for the briefings, informal discussions or explanations required by the Directors. Accordingly, the Board is satisfied that no individual or small group of individuals dominate the Board's decision-making process.

Mr. Nicholas Campbell Cocks is the Lead Independent Director. He leads and co-ordinates the activities of the independent directors and calls meetings of the independent directors, where necessary. He is the principal liaison on board issues between the Independent Directors and Chairman, including having to deal with the management of any actual or perceived conflict of interest that may arise.

There were no alternate directors being appointed during the year.

Principle 3 : Chairman and Chief Executive Officer

Mr. Kuah Kok Kim was re-designated as non-executive Chairman of the Company with effect from 1 October 2012. His responsibility is to lead the Board to ensure its effectiveness on all aspects of its role, set its agenda, control the quality, accuracy and timeliness of the flow of information to the Board, ensure effective communication with shareholders, encourage constructive relations between the Board and the management, facilitate the effective contribution of the Directors, encourage constructive relations between the Directors and assist in compliance with the Company's guidelines on corporate governance.

Mr. Kuah Boon Wee, the son of Mr. Kuah Kok Kim, is the Group Chief Executive Officer ("Group CEO") of the Company. He is responsible for the implementation of the Group's strategies and policies, and the conduct of the Group's operations and business, through the assistance of senior management. The Group CEO assists the Chairman in the latter's execution of his responsibilities.

The Company's Constitution has made provisions for the Group CEO to be subject to the one-third rotation rule as well. This is to separate his management roles from his position as a Board member, and to enable shareholders to exercise their full rights to select all Board members. The Board has also established various committees with the power and authority to perform key functions beyond the authority of, or without undue influence from, the Group CEO.

CORPORATE GOVERNANCE

Principle 4 : Board Membership
Principle 5 : Board Performance

The Company does not have a Nominating Committee. The Board retains the responsibility for the identification, review and appointment of suitable candidates to join the Board as its members, taking into consideration (a) the candidate's skill, experience and ability to perform, (b) the needs of the Board, (c) the candidate's other commitments and (d) the independence of the candidate. When a need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the Board will source for new candidates with the desired competencies. External help may be engaged to source for potential candidates if necessary. When necessary, the Board may also tap on its networking contacts to assist with identifying and shortlisting of candidates. The Board will meet shortlisted candidates for an interview before the appointment is considered and approved.

The Board is also responsible for the re-nomination of Directors, determining annually if a Director is independent, and deciding if a Director is able to and has been adequately carrying out his duties as a Director if he has multiple board representations.

The Board is satisfied that Directors who have multiple board representations have committed sufficient time, attention and contributed meaningfully to the affairs of the Group. Their multiple board representations do not hinder their abilities to carry out their duties as Directors of the Company. Accordingly, the Board has decided not to fix a maximum number of listed company board representations a Director may hold. The Board would continue to review from time to time the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. The Board is satisfied that all Directors have discharged their duties adequately for the financial year ended 31 March 2017.

Apart from the Group, below are the lists of the Directors' principal commitments, directorships both present and those held over the preceding three years in other listed companies:

Name of Director	Present Directorships in Other Listed Companies	Directorships in Other Listed Companies Held Over the Preceding 3 Years	Principal Commitments
Kuah Kok Kim	–	–	–
Kuah Boon Wee	- The Hour Glass Limited - UOB-Kay Hian Holdings Limited	- The Hour Glass Limited - UOB-Kay Hian Holdings Limited	–
Nicholas Campbell Cocks	–	–	Mr. Cocks is the Chief Executive Officer of Readymix Group. He also sits on the board of Forest Adventure Pte Ltd.
Chew Soo Lin	- Asia-Pacific Strategic Investments Limited - Duty Free International Limited - Khong Guan Flour Milling Limited	- Asia-Pacific Strategic Investments Limited - Duty Free International Limited - Khong Guan Flour Milling Limited	Mr. Chew is the Executive Chairman of Khong Guan Flour Milling Limited and sits on the board of certain subsidiaries of Khong Guan Flour Milling Limited.

CORPORATE GOVERNANCE

Name of Director	Present Directorships in Other Listed Companies	Directorships in Other Listed Companies Held Over the Preceding 3 Years	Principal Commitments
Christopher Ho Han Siong	–	- Cordlife Group Limited	Mr. Ho is the Senior Vice President for Investments in Tai Tak Securities Pte Ltd and sits on the board of certain subsidiaries of Tai Tak Group.
Huang Yuan Chiang	- Hwa Hong Corporation Limited	- Hwa Hong Corporation Limited - Mercator Lines (Singapore) Limited - Kluang Rubber Company (Malaya) Bhd - Kuchai Development Bhd - Sungei Bagan Rubber Company (Malaya) Bhd	–
Ong Eng Yaw	- Singapore Reinsurance Corporation Limited	- Singapore Reinsurance Corporation Limited	Mr. Ong is the Manager (Investments) at Hwa Hong Corporation Limited. He also sits on the board of certain subsidiaries of Hwa Hong Corporation Limited.

Article 91 of the Company's Constitution requires one-third of the Directors to retire by rotation at every Annual General Meeting. Each Director is required to retire at least once every three years. In addition, Article 97 of the Company's Constitution requires that all new Directors must submit themselves for re-election at the next Annual General Meeting of the Company immediately following their appointment.

The dates of initial appointment and last re-election of the Directors are set out below:

Name of Director	Appointment	Date of Initial Appointment	Date of Last Re-election
Kuah Kok Kim	Chairman	01.01.1997	29.07.2016
Kuah Boon Wee	Executive Director	10.10.2006	29.07.2016
Nicholas Campbell Cocks[1]	Lead Independent Director	01.10.2010	25.07.2014
Chew Soo Lin	Independent Director	18.05.2012	31.07.2015
Christopher Ho Han Siong	Independent Director	30.10.2007	29.07.2016
Huang Yuan Chiang[1]	Independent Director	08.08.2001	31.07.2015
Ong Eng Yaw[2]	Independent Director	28.10.2016	–

CORPORATE GOVERNANCE

[1] Mr. Nicholas Campbell Cocks and Mr. Huang Yuan Chiang are due for re-election at the forthcoming Annual General Meeting, pursuant to Article 91 of the Company's Constitution. The Board has recommended Mr. Nicholas Campbell Cocks and Mr. Huang Yuan Chiang for re-election.

[2] Mr. Ong Eng Yaw is due for re-election at the forthcoming Annual General Meeting, pursuant to Article 97 of the Company's Constitution. The Board has recommended Mr. Ong Eng Yaw for re-election.

The Board is of the opinion that it has sufficient independence and objectivity in ensuring that the appointment and re-election of Directors is formal and transparent.

On an annual basis, the Board will also assess their performance as a whole based on the achievement of the Group's strategic and long-term objectives. While the Code recommends that the directors be assessed individually, the Board felt that it is more appropriate and effective to evaluate the Board on a whole, bearing in mind that each board member contributes in different ways. A Director would have been appointed or re-nominated on the strength of his calibre and relevant experience that could contribute to the proper guidance of the Group's businesses. The management can also access them for guidance or exchange of views outside the formal environment of Board meetings.

As part of the Board effectiveness evaluation for the financial year ended 31 March 2017, all the Directors are requested to complete a Board Evaluation Questionnaire designed to seek their view on the various aspects of the Board performance. The completed evaluation forms are to be returned to the Lead Independent Director for collation and consolidated responses were presented to the Board for discussion and determining areas for improvement and enhancement of the Board effectiveness.

Principle 6 : Access to Information

In order to ensure that the Board is able to fulfil its responsibilities, the management provides monthly management accounts, complete with relevant analysis and commentaries of the performance, to the Board on a timely basis. Board reports, including financial information and annual budget, significant corporate issues and management proposals requiring the approval of the Board, are circulated to all Directors prior to the Board meetings. In respect of budgets, any material variances between the projections and actual results are also highlighted and explained. In addition, the Directors can, in furtherance of their duties, seek independent professional advice, if necessary, at the Company's expense.

As a general rule, board reports are sent to the Board members at least 3 working days before the Board meeting to afford the Directors with sufficient time to review the board reports prior to the meeting.

The Directors also have separate and independent access to the management as well as the Company Secretary. The Company Secretary is the Company's chief administrative officer and is responsible for the Company's compliance with its statutory duties. The Company Secretary's key role is to ensure that Board procedures are followed and that applicable rules and regulations are complied with. In particular, the Company Secretary will also provide the Board with guidance on procedures under the Companies Act, Chapter 50 (the "Act"), the Constitution of the Company, the Listing Rules of Singapore Exchange Securities Trading Limited ("SGX-ST"), Securities and Futures Act and other relevant regulatory requirements.

Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its committees and between senior management and non-executive Directors, as well as facilitating orientation and assisting with professional development as required. The Company Secretary attends and administers all Board meetings and prepares the minutes of board proceedings. Under the Company's Constitution, the appointment and removal of Company Secretary has to be approved by the Directors.

CORPORATE GOVERNANCE

REMUNERATION MATTERS

Principle 7 : Procedures for Developing Remuneration Policies
Principle 8 : Level and Mix of Remuneration
Principle 9 : Disclosure on Remuneration

Remuneration Committee

The Remuneration Committee as at the date of this Report comprises the following Directors:

Huang Yuan Chiang	(Chairman)
Nicholas Campbell Cocks	
Ong Eng Yaw	(Appointed on 28 October 2016)

The Remuneration Committee consists of 3 members, all of whom are non-executive and Independent Directors. The Remuneration Committee is guided by its terms of reference that are in line with the Code.

The Remuneration Committee's role is to review and recommend to the Board for endorsement, an appropriate and competitive framework of remuneration for the Board and key executives of the Group, including approving the annual increment. In setting remuneration packages, the employment and pay conditions within the industry and in comparable companies are taken into consideration. Where necessary, the Remuneration Committee may seek external expert advice in the field of executive compensation outside the Company when required.

In setting the remuneration packages, the Group is committed to ensuring its remuneration structures are appropriately aligned with shareholder value creation over the short and long term and focuses on motivating, rewarding and retaining key executives. The remuneration structures aim to link performance and reward against the profits or objectives set in the Group's business plan and strategy while taking into account challenges and market forces that the Group is confronted with when faced with cyclical and economic forces.

Remuneration Structure

(i) *Non-executive Directors*

The non-executive Directors do not have service contracts, receive retirement benefits nor do they participate in any incentive programs. Each non-executive Director is paid directors' fees, of which the amount is dependent on their level of responsibilities.

Each non-executive Director, except the Chairman of the Board, receives a base fee of S$27,000 while the Chairman of the Board receives a base fee of S$59,500. An additional fee of S$6,750 to S$20,250 is paid if the Director (except the Chairman of the Board) serves as member or Chairman of the Audit or Remuneration Committees. The additional fees paid for serving on a committee recognises the additional time commitment required by the Directors.

Total directors' fees are recommended and endorsed by the Board for approval by shareholders of the Company at its Annual General Meeting.

In addition to the above, the Chairman of the Board is paid consultancy fees for consultancy services provided to a subsidiary of the Group.

(ii) *Group Chief Executive Officer*

The remuneration scheme for the executive Director is linked to performance, service record, experience and scope of responsibility. Performance is measured against the profits or objectives set in the Group's business plan and strategy. The service contract for the Group CEO does not contain onerous removal clauses. The terms of service contract, including any early termination compensations clauses, have been reviewed and approved by the Board.

CORPORATE GOVERNANCE

The Group CEO's remuneration mix comprises:

- Fixed element – salary and benefits which accounts for approximately 25% of the maximum remuneration in a financial year.

- Variable element – up to approximately 75% of the maximum remuneration in a financial year, based on achievement of short term KPI's and profit outcomes. The variable element is payable over 4 years (67% during the year of award, 33% equally over the following 3 years), subject to certain conditions in the terms of service contract.

(iii) Key Executives

The Group segments its employees into 3 key groupings:

a) individuals who are best able to influence the long-term strategy and direction of the organisation;

b) key employees across the organisation who have a greater influence over business outcomes; and

c) all other employees.

In creating a total remuneration framework for segment (a) and (b) employees, the Group adopts both short and long-term incentives in addition to the fixed element of the employees' remuneration.

Short-term rewards are cash-based and reflect both the individual and business performance over the relevant financial period. The amount to be awarded is based on the profits of the business units as well as the individual's performance score during the annual appraisal process.

The Group adopts the MTQ Share Plan as a long-term compensation scheme which rewards the participants, who are largely segment (a) employees, when and after pre-determined performance conditions are met, based on a percentage of annual base salary subject to the discretion of the Remuneration Committee. Further details on the operation of MTQ Share Plan are disclosed in the Directors' Statement section.

Remuneration Outcome

The remuneration paid to the Directors during the financial year ended 31 March 2017 are set out below:

Name of Director	Fixed Component[1] (S$'000)	Provident Fund[2] (S$'000)	Benefits[3] (S$'000)	Consultancy Fees[4] (S$'000)	Directors' Fees[5] (S$'000)	Total (S$'000)
Kuah Kok Kim[6]	–	–	–	162	60	222
Kuah Boon Wee[6]	379	17	27	–	–	423
Nicholas Campbell Cocks	–	–	–	–	34	34
Chew Soo Lin	–	–	–	–	47	47
Christopher Ho Han Siong	–	–	–	–	38	38
Huang Yuan Chiang	–	–	–	–	50	50
Ong Eng Yaw[#]	–	–	–	–	15	15
Ong Choo Eng[^]	–	–	–	–	19	19

Appointed as Independent Director and member of the Remuneration Committee on 28 October 2016.

^ Resigned as Independent Director and member of the Remuneration Committee on 28 October 2016.

1 Fixed Component refers to base salary and Annual Wage Supplement paid during the financial year ended 31 March 2017.

CORPORATE GOVERNANCE

[2] Provident Fund represents payments in respect of statutory contributions to the Singapore Provident Fund.

[3] Benefits are stated on the basis of direct costs, and include car benefits, other benefits associated with relocation and other non-cash benefits such as club memberships.

[4] Consultancy Fees refer to fees for consultancy services provided to a subsidiary during the financial year ended 31 March 2017.

[5] Directors' Fees are paid on a quarterly basis in arrears.

[6] Mr. Kuah Kok Kim, Chairman of the Company, is the father of Mr. Kuah Boon Wee, Group CEO of the Company.

The remuneration of the top 5 key executives (who are not directors) of the Group are as follows:

Name of Key Executive	Fixed Component[1] (S$'000)	MTQ Share Plan[2] (S$'000)	Provident Fund[3] (S$'000)	Benefits[4] (S$'000)	Total (S$'000)
Between S$500,001 and S$750,000					
Robin King	527	158	54	37	776
Ian Robert Hortin	171	9	15	420	615
Vincent Allegre	388	57	40	28	513
Between S$250,001 and S$500,000					
Dominic Siu Man Kit	230	27	12	36	305
Vincent Tan	211	26	15	15	267

[1] Fixed Component refers to base salary and Annual Wage Supplement paid during the financial year ended 31 March 2017.

[2] The figures are based on the grant date fair values of the tranches of Awards vested and released during the financial year ended 31 March 2017. Further information on the MTQ share Plan is set out in the Directors' Statement section.

[3] Provident Fund represents payments in respect of statutory contributions to national pension schemes.

[4] Benefits are stated on the basis of direct costs, and include car benefits, other benefits associated with relocation and other non-cash benefits such as club memberships.

The total remuneration paid to the top 5 key executives during the financial year ended 31 March 2017 was S$2.48 million.

Other than Mr. Kuah Kok Kim and Mr. Kuah Boon Wee, no employee of the Company and its subsidiaries was an immediate family member of a Director or the Group CEO and whose remuneration exceeded S$50,000 during the financial year ended 31 March 2017.

ACCOUNTABILITY AND AUDIT

Principle 10 : Accountability

The management provides monthly management accounts, complete with relevant analysis and commentaries of the performance, to the Board on a timely basis. Board reports, including financial information and annual budget, significant corporate issues and management proposals requiring the approval of the Board, are circulated to all Directors prior to the Board meetings.

The Board reviews legislative and regulatory compliance reports from the management to ensure the Group complies with the relevant requirements. In line with the Listing Rules of SGX-ST, the Board provides a negative assurance statement to the shareholders in its quarterly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. For the financial year under review, the Group CEO and Group CFO have provided assurance to the Board on the integrity of the Group's financial statements and the adequacy and effectiveness of the Group's risk management and internal controls systems.

CORPORATE GOVERNANCE

Shareholders are informed of the Group's quarterly and full year financial reports and other various disclosures of corporate developments in a timely manner through the announcements made to SGX-ST via SGXNET and Company's website.

Principle 11 : Risk Management and Internal Controls
Principle 12 : Audit Committee
Principle 13 : Internal Audit

Audit Committee

The Audit Committee as at the date of this Report comprises the following Directors:

Chew Soo Lin (Chairman)
Christopher Ho Han Siong
Huang Yuan Chiang

The Audit Committee consists of 3 members, all of whom are non-executive and Independent Directors. None of the Audit Committee members were previous partners or directors of the Company's external auditor, Messrs Ernst & Young LLP, within the last twelve months or hold any financial interest in the external auditor.

The Audit Committee has been set up to perform the functions required pursuant to Section 201B(5) of the Companies Act, the Listing Rules set out by SGX-ST and the Code. The Board is of the view that members of the Audit Committee have the requisite accounting and financial management expertise or experience to carry out their duties. The Audit Committee is guided by its terms of reference, which are in line with the Code.

The Audit Committee meets at least four times a year and plays a key role in assisting the Board to ensure that the financial reporting and internal accounting controls of the Group meet the highest standards. Changes to accounting standards which have a direct impact on financial statements will be highlighted to the Audit Committee from time to time by the external auditor.

The Audit Committee is empowered to investigate any matter within its written terms of reference, including matters relating to the Group's accounting, auditing, internal controls and/or financial practices brought to its attention. The Audit Committee has the full discretion to invite any Director and/or executive officer to attend its meetings. The Audit Committee also has full access to records, resources and personnel, to enable it to discharge its functions properly.

In addition, the Audit Committee reviews the scope and results of the audit and its cost effectiveness, and on an annual basis, the independence and objectivity of the external auditors of the Group. In doing so, the Audit Committee has also taken into account the nature and extent of non-audit services provided by them and has confirmed that the non-audit services provided by the external auditors would not affect their independence. A breakdown of the fees for audit and non-audit services paid to the auditors for the financial year ended 31 March 2017 are found on page 67 of this Annual Report.

The Audit Committee meets with the internal and external auditors at least once on an annual basis, without the presence of the management, to review the overall scope of both internal and external audits, and the assistance given by the management to the auditors. The Audit Committee pays full attention to any material weaknesses reported and the recommendations proposed by both the internal and external auditors to ensure that the Group maintains a sound system of internal controls. In addition to the above, the Audit Committee reviews the quarterly and full year financial statements of the Group before submitting them to the Board for its approval and the announcement of the financial results.

In the review of the financial statements, the Audit Committee has discussed with the management the significant accounting principles that were applied and their judgment and estimates of items that might affect the integrity of the financial statements. Following the review and discussions, the Audit Committee then recommended to the Board for approval of the financial statements. The following Key Audit Matters ("KAMs") impacting the annual financial statements were discussed with the management and the external auditor and were reviewed by the Audit Committee:

CORPORATE GOVERNANCE

KAMs	How the Audit Committee reviewed these KAMs and what decisions were made
Impairment assessment of goodwill and impairment assessment of property, plant and equipment	The Audit Committee acknowledges the annual impairment assessment requires significant judgment. The Audit Committee evaluated the appropriateness of the valuation methodology and impairment models and assessed the reasonableness of key assumptions and sensitivity analysis for the impairment assessments. The external auditor has included these items as key audit matters in its audit report for the financial year ended 31 March 2017. Refer to pages 32-34 of this Annual Report.
Trade receivables and allowance for doubtful debts	The Audit Committee reviews the aging of trade receivables and the allowance for doubtful debts on a quarterly basis with the management. During such reviews, the management will present justifications for any proposed allowance made. The Audit Committee is satisfied that there is a system in place for regular periodic review of any long outstanding debts by the management and the regular quarterly updates. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2017. Refer to page 34 of this Annual Report.
Recoverability of deferred tax assets (“DTA”)	The recoverability of the DTA involved significant management’s judgment given that it is dependent on the management’s forecast of profitability. The Audit Committee reviewed the management’s assessment on the cash flow and profit projections and concurred with the management’s conclusion that the DTA are recoverable. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2017. Refer to page 34 of this Annual Report.

The Group adopts a bottom-up approach for the risk management process to address financial, operational, compliance and information technology risks. Business units implement appropriate risk management frameworks and have the primary responsibility and accountability to identify, evaluate, manage and monitor risks that may have impact on their operations. Appropriate risk management frameworks that are adopted form integral parts of the business operations. Risks identified are regularly reviewed and monitored by the respective management teams at the management meetings or at forums specifically convened to ensure sufficient controls are in place to mitigate these risks affecting the Group.

The Group outsources part of its internal audit function to Robert Tan & Co., a corporate member of the Institute of Internal Auditors Singapore. In addition, the independent in-house internal audit division supplements the internal audit activities to further enhance the risk management of the Group. Reporting directly to the Audit Committee, both internal audit teams plan their work in consultation with, but independent of the management and their yearly plan is submitted to the Audit Committee for review and approval.

CORPORATE GOVERNANCE

During the year under review, the Board has received assurance from the Group CEO and Group CFO confirming that:

- the Group's financial records have been properly maintained and the financial statements for the year ended 31 March 2017 give a true and fair view of the Group's business operations and finances; and
- the Group's risk management systems and internal control systems in place is adequate and effective in addressing the material risks in the Group.

The Group CEO and Group CFO have obtained similar assurance from the respective Managers of the various business units in the Group.

The Audit Committee has reviewed and is satisfied:

- with the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance, information technology controls and risk management policies and systems;
- with the adequacy and effectiveness of the internal audit function;
- that the internal audit function is adequately resourced and has appropriate standing within the Company and the Group; and
- that the independence of the external auditor has not been compromised in relation to the non-audit services provided.

Based on the internal controls and risk management framework established and maintained by the management, review of work performed by the internal and external auditors, regular audits conducted by independent parties for industrial accreditation and customer quality controls and reviews performed by the management, the Board and the various Board Committees, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks that are material and relevant to the Group's operations were effective and adequate as at 31 March 2017.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against irregularities especially those arising from poor judgment in decision making, human error, losses and fraud.

The Company has in place a whistle-blowing policy where employees of the Group may raise concerns about possible improprieties in matter of financial reporting or other matters in confidence. To ensure independent investigation of such matters and appropriate follow-up action, all whistle-blowing reports are to be sent to the Audit Committee. Details of the whistle blowing policy are given to all staff and new recruits during orientation. There were no whistle-blowing reports made during the year under review.

The Audit Committee is satisfied that the Company has complied with Listing Rules 712 and 715 read with 716 of the Listing Manual regarding the appointment of auditors of the Company and its subsidiaries.

The Audit Committee has recommended to the Board the re-appointment of Messrs Ernst & Young LLP as the external auditor of the Company for the financial year ending 31 March 2018.

CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 : Shareholder Rights
Principle 15 : Communication with Shareholders
Principle 16 : Conduct of Shareholder Meetings

The Group is committed to treat all shareholders fairly and equitably to facilitate the exercise of the shareholders' ownership rights and continually review and update such governance arrangements. The Group strives for timeliness and transparency in its disclosures to the shareholders and the public and will continue to disseminate any price-sensitive information on a comprehensive, accurate and timely basis through SGX-ST via SGXNET. Such information will be simultaneously posted on our corporate website at www.mtq.com.sg and investor portal, www.shareinvestor.com. The Group has an internal investor relations team which contact and liaise with analysts and media upon release of its quarterly financial results. An investor relations email account, investorrelation@mtq.com.sg, led by the Group CFO, has been set up to communicate with the analysts, media and shareholders.

Shareholders are invited to attend the general meetings to put forth any questions or share their views regarding the proposed resolutions and the Group's business and affairs. Shareholders are informed of shareholders' meetings through notices contained in annual reports and/or appendixes/circulars sent to all shareholders. In order to allow sufficient time for shareholders to review, the Annual Report FY2016/2017, together with the Appendix and Notice of Annual General Meeting, are despatched to the shareholders at least 28 days in advance before the scheduled Annual General Meeting ("AGM") date. These notices are also published in the Business Times and posted onto the SGXNET.

If any shareholder is unable to attend, the Constitution of the Company has made provisions for shareholders to appoint a proxy or proxies to attend and vote on their behalf. The Company is, however, not implementing absentia voting methods such as mail, e-mail or fax until the security, integrity and other pertinent issues have been addressed satisfactorily.

An email account, lead_id@mtq.com.sg, addressed to the Lead Independent Director has been set up to communicate and solicit feedback from the shareholders.

At the shareholders' meetings, separate resolutions are set for each distinct issue.

With effect from FY2013/2014 AGM, the Company has put all resolutions to vote by electronic poll. Shareholders are allowed to vote in person or by proxy if they are unable to attend the Company's AGM. The detailed results of the electronic poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution tabled, were announced immediately at the AGM and via SGXNET thereafter.

The Company does not have a stated dividend policy at present. The Board takes into consideration the Group's financial performance, cash position, cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate in considering the form, frequency and amount of dividend payments.

The Company did not declare any dividend during the financial year to the shareholders.

DEALINGS IN SECURITIES

The Company has adopted an internal code to provide guidance to its officers in regards to trading in the Company's securities by Directors and officers.

CORPORATE GOVERNANCE

The Directors and officers of the Company and its subsidiaries are notified and reminded on a quarterly basis to observe insider trading laws at all times and against dealing in securities when they are in possession of unpublished price sensitive information and on short-term considerations. They are also refrained from dealing in the Company's securities during the following window periods:

- the period commencing two weeks before the announcement of the Company's financial statements for the first, second and third quarters of its financial year; and
- the period commencing one month before the announcement of the Company's financial statements for its full financial year.

Each of the above window periods will end after the relevant results of the Company are announced.

In addition, the Company Secretary has, from time to time, updated the Directors and officers with regulations on prohibitions on dealing in the Company's securities.

MATERIAL CONTRACTS
(SGX-ST Listing Rule 1207(8))

Except as disclosed in the financial statements, there were no material contracts of the Company and of the Group involving the interests of the Group CEO, each Director or controlling shareholders, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS
(SGX-ST Listing Rule 907)

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are on an arms' length basis.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of SGX-ST. There were no interested person transactions entered into by the Group in excess of S$100,000 during the year under review.

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of MTQ Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2017.

Opinion of the Directors

In the opinion of the Directors,

(a) the accompanying consolidated statement of comprehensive income, balance sheets, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The Directors of the Company in office at the date of this statement are:

Kuah Kok Kim
Kuah Boon Wee
Nicholas Campbell Cocks
Chew Soo Lin
Christopher Ho Han Siong
Huang Yuan Chiang
Ong Eng Yaw (Appointed on 28 October 2016)

Arrangements to enable Directors to acquire shares and debentures

Except as described in the paragraphs below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
The Company	**At 1.4.2016**	**At 31.3.2017**	**At 21.4.2017**	**At 1.4.2016**	**At 31.3.2017**	**At 21.4.2017**
(Ordinary shares)						
Kuah Kok Kim	37,319,582	37,319,582	37,319,582	–	–	–
Kuah Boon Wee	4,522,322	4,522,322	4,522,322	–	–	–
Huang Yuan Chiang	157,320	157,320	157,320	–	–	–
Nicholas Campbell Cocks	–	–	–	–	230,800	230,800

DIRECTORS' STATEMENT

Directors' interests in shares and debentures (cont'd)

Mr. Kuah Kok Kim is deemed to have an interest in shares of the Company's subsidiaries and joint venture by virtue of his interest in more than 20% of the issued share capital of the Company as at the end of the financial year.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share Plan

(a) The Group has adopted a compensation scheme, known as the MTQ Share Plan (the "Share Plan"), approved by shareholders of the Company at an Extraordinary General Meeting held on 26 July 2013, to grant the right to receive fully paid ordinary shares ("Award"). The Share Plan, *inter alia*, allows for the participation of employees of the Group and employees of associated companies (a company as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")) who meet the eligibility criteria, but does not include any controlling shareholders and their associates as defined in the Listing Manual of SGX-ST, nor the non-executive directors.

The Share Plan is administered by the Remuneration Committee which comprises the following members:

Huang Yuan Chiang (Chairman)
Nicholas Campbell Cocks
Ong Eng Yaw

The selection of the participants in the Share Plan and the grant of Award are determined by the Remuneration Committee at its absolute discretion.

(b) The principal terms of the Share Plan are:

(i) ***Size and Duration***

The total number of new shares which may be delivered by the Company pursuant to the Awards granted under the Share Plan ("the New Shares") on any date, when added to the aggregate number of ordinary shares issued or issuable under any other share schemes which may be implemented by the Company, shall not exceed 15% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of grant.

The Share Plan shall continue in force at the discretion of the Remuneration Committee subject to a maximum of 10 years commencing from the date it is adopted by the Company in general meeting, provided always that the Share Plan may continue beyond this stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Share Plan, any grant of Awards made pursuant to the Share Plan prior to such expiry or termination will continue to remain valid.

(ii) ***Eligibility to Participate in the Share Plan***

Subject to the absolute discretion of the Remuneration Committee, the following persons, unless they are also non-executive directors, controlling shareholders and/or their associates (collectively known as the "Participants"), shall be eligible to participate in the Share Plan:

- employees of the Group who have attained the age of twenty-one years before the date of the Award and hold such rank as may be designated by the Remuneration Committee from time to time; and

Share Plan (cont'd)

(ii) ***Eligibility to Participate in the Share Plan (cont'd)***

- employees of associated companies who have attained the age of twenty-one years before the date of the Award and hold such rank as may be designated by the Remuneration Committee from time to time and who, in the opinion of the Remuneration Committee, have contributed to the success of the Group.

(iii) ***Grant of Awards***

Awards under the Share Plan may be granted at any time during the period when the Share Plan is in force. The Remuneration Committee shall, in its absolute discretion, decide, in relation to each Award:

- the participants;
- the Award date;
- the number of fully paid ordinary shares which are the subject of the Award;
- the performance targets and the period during which the targets are to be satisfied;
- the extent to which the fully paid ordinary shares which are the subject of that Award shall be released on the prescribed performance targets being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;
- the vesting date; and
- any other condition as the Remuneration Committee may determine.

The granted Awards may not be sold, transferred, mortgaged, charged, assigned, pledged, encumbered or otherwise disposed of, in whole or in part or in any way whatsoever, except with the prior approval of the Remuneration Committee and if a participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any such rights under an Award, that Award shall immediately lapse.

(iv) ***Operation of the Share Plan***

Subject to the prevailing legislation and the rules of the Listing Manual and such consents or other required action by any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the Share Plan and the Company's Constitution, the Company will have the flexibility to settle the Awards upon their vesting by way of:

- issuing new ordinary shares of the Company as fully paid;
- delivering existing ordinary shares (including, to the extent permitted by law, treasury shares); and/or
- paying the aggregate market price in cash in lieu of allotment or transfer of some or all of the new or existing ordinary shares.

DIRECTORS' STATEMENT

Share Plan (cont'd)

(c) As at 31 March 2017, the aggregate number of shares comprised in Awards granted pursuant to the MTQ Share Plan which are not released amounted to 110,769 shares (31 March 2016: 388,979 shares). The movements in the number of shares comprised in Awards granted under the MTQ Share Plan are as follows:

	Number of shares				
Date of Grant	**At 1.4.2016**	**Granted**	**Released**	**Forfeited**	**At 31.3.2017**
29.8.2014	155,043	–	(155,043)	–	–
26.8.2015	233,936	–	(116,797)	(6,370)	110,769
	388,979	–	(271,840)	(6,370)	110,769

(d) None of the Directors of the Company is a participant of the Share Plan since the commencement date to the end of the financial year ended 31 March 2017.

(e) No eligible participant has received shares pursuant to the release of Awards granted which, in aggregate, represents 5% or more of the aggregate of (i) the total number of the New Shares available under the Share Plan; and (ii) the total number of existing ordinary shares delivered pursuant to the settlement of the Awards under the Share Plan.

Audit Committee

As at the date of this report, the Audit Committee comprises 3 members, all of whom are non-executive and independent directors. The Audit Committee comprises the following members:

Chew Soo Lin (Chairman)
Christopher Ho Han Siong
Huang Yuan Chiang

During the financial year, the Audit Committee carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50 (the "Act"), including the following:

- Reviewed the audit plans of the internal and external auditors and reviewed the internal auditors' evaluation of the adequacy of the system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;

- Reviewed the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;

- Reviewed the effectiveness of material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;

- Met with the internal and external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit Committee;

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

- Reviewed the cost effectiveness and the independence and objectivity of the external auditors;

DIRECTORS' STATEMENT

Audit Committee (cont'd)

- Reviewed the nature and extent of non-audit services provided by the external auditors;
- Recommended to the Board of Directors the external auditors to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;
- Reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considers appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Listing Manual of SGX-ST.

The Audit Committee, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The Audit Committee has also conducted a review of interested person transactions.

The Audit Committee convened four meetings during the financial year and has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

The Audit Committee has recommended to the Board of Directors that the auditor, Ernst & Young LLP, be nominated for re-appointment as external auditor at the forthcoming Annual General Meeting of the Company.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Kuah Boon Wee
Director

Chew Soo Lin
Director

Singapore
16 June 2017

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2017

Independent auditor's report to the members of MTQ Corporation Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MTQ Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2017, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<u>Impairment assessment of goodwill</u>

The carrying amount of the Group's goodwill as at 31 March 2017 amounted to $10,451,000, which management is required to test for impairment annually.

As disclosed in Note 9, the goodwill is allocated to four cash-generating units ("CGUs"). The recoverable amounts of the CGUs which the goodwill are allocated to were determined by management based on value-in-use calculations derived from cash flow projections. This area was significant to our audit because the assessment of recoverable amount involves management exercising significant judgment and making assumptions about future market and economic conditions.

Our audit procedures included, amongst others, the following:

- We assessed the methodology and arithmetical accuracy of the value-in-use calculations.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2017

Independent auditor's report to the members of MTQ Corporation Limited

Key audit matters (cont'd)

Impairment assessment of goodwill (cont'd)

- We considered the robustness of management's budgeting process by comparing the actual financials against previous forecast and projections.
- We evaluated the reasonableness of management's key assumptions, in particular, revenue and gross margin projections, to historical data and corroborated to industry research on market outlook.
- We engaged the assistance of our internal valuation specialist to assess the reasonableness of the discount rates used by management.
- We reviewed management's sensitivity analysis on changes in these key assumptions to changes in the recoverable amounts of the goodwill.
- We also assessed the adequacy of the Group's disclosures in Note 9 to the consolidated financial statements.

Impairment assessment of property, plant and equipment

The carrying amount of the Group's property, plant and equipment as at 31 March 2017 amounted to $54,694,000.

The weakened business conditions in the offshore marine industry, decrease in demand and overall results of the Group have resulted in an indication of impairment of these assets. Therefore, the Group subjected its property, plant and equipment to impairment testing. This area was significant to our audit because the carrying amount of the property, plant and equipment represented 32% of the Group's total assets as at 31 March 2017 and the impairment assessment involved significant management's estimates.

The Group's key categories of property, plant and equipment are leasehold buildings amounting to $20,504,000, and plant, workshop, remotely operated vessels ("ROVs") and rental equipment amounting to $27,958,000.

(i) Leasehold buildings

Management engaged an independent valuer to determine the fair value less costs to sell of the assets. Our audit procedures included, amongst others, the following:

- We evaluated the work of the independent valuer, considering the independence, reputation and competence of the independent valuer.
- We assessed the appropriateness of the valuation methodology and key inputs used by the independent valuer.

(ii) Plant, workshop, ROVs and rental equipment

The recoverable amounts of these assets were determined by management based on value-in-use calculations derived from cash flow projections. Our audit procedures included, amongst others, the following:

- We assessed the methodology and arithmetical accuracy of the value-in-use calculations.
- We considered the robustness of management's budgeting process by comparing the actual financials against previous forecast and projections.
- We evaluated the reasonableness of management's key assumptions, in particular, revenue and gross margin projections, to historical data and corroborated to industry research on market outlook.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2017

Independent auditor's report to the members of MTQ Corporation Limited

Key audit matters (cont'd)

Impairment assessment of property, plant and equipment (cont'd)

(ii) Plant, workshop, ROVs and rental equipment (cont'd)

- We engaged the assistance of our internal valuation specialist to assess the reasonableness of the discount rates used by management.
- We reviewed management's sensitivity analysis on changes in these key assumptions to changes in the recoverable amounts of these assets.
- We also assessed the adequacy of the Group's disclosures in Note 13 to the consolidated financial statements.

Trade receivables and allowance for doubtful debts

The carrying amount of the Group's trade receivables of $37,058,000 as at 31 March 2017 were significant to the Group as they represented 39% of the Group's total current assets as at 31 March 2017.

The credit worthiness of customers may be impacted by the weakened economic conditions in the offshore marine industry. This may result in higher overdue trade receivables and greater collectability risks. As such, we determined the recoverability of trade receivables as a key audit matter.

Our audit procedures included, amongst others, the following:

- We obtained an understanding of the credit policies and credit assessment procedures.
- We assessed the Group's processes and controls relating to the monitoring of trade receivables and considered aging to identify collection risks.
- We evaluated the adequacy of the allowance for doubtful debts through the following:
  - Reviewed debtors aging report to identify any long overdue receivables and reviewed their historical pattern of settlement.
  - Inquired management if there are any known disputed receivables and discussed with management on the collectability of receivables and adequacy of doubtful receivables allowances.
  - Reviewed the collectability of the trade receivables by way of obtaining evidence of receipts subsequent to the balance sheet date from the customers.
- We also assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as credit risk in Notes 18 and 33 (a) to the consolidated financial statements respectively.

Recoverability of deferred tax assets

At 31 March 2017, the Group had deferred tax assets ("DTA") of $7,089,000 recognised on the balance sheet which mainly relates to tax losses carried forward. The testing for the recoverability of these assets was significant to our audit as the estimation of DTA involved significant management's judgment given that it is dependent on management's forecast of profitability.

Our audit procedures included, amongst others, the following:

- We assessed and tested management's assumptions to determine the probability that DTA will be recovered based on management's expectation of taxable income in future years.
- We corroborated these assumptions with supporting evidence such as comparison with historical actual results.
- We also assessed the adequacy of the disclosures in Note 23 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2017

Independent auditor's report to the members of MTQ Corporation Limited

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2017

Independent auditor's report to the members of MTQ Corporation Limited

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

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

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

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

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

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

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Seng Choon.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
16 June 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

(In Singapore dollars)

	Note	2017 $'000	2016 $'000 (Re-presented)
Continuing operations			
Revenue	3	130,361	178,663
Cost of sales		(107,076)	(138,665)
Gross profit		23,285	39,998
Other income	4	994	4,643
Staff costs		(23,554)	(29,205)
Other operating expenses		(20,036)	(37,588)
Loss from operating activities	5	(19,311)	(22,152)
Finance costs	6	(1,371)	(1,939)
Share of results of a joint venture company	15	93	(285)
Loss before taxation from continuing operations		(20,589)	(24,376)
Income tax benefit	7	1,385	3,671
Loss from continuing operations, net of tax		(19,204)	(20,705)
Discontinued operation			
Profit from discontinued operation, net of tax	11	2,998	1,324
Loss for the year		(16,206)	(19,381)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of subsidiaries		2,140	(2,463)
Net (loss)/gain on hedge of net investment in foreign operation		(585)	360
Net fair value (loss)/gain on derivatives		(198)	307
Share of joint venture's gain on remeasurement of employee benefits	15	53	–
Foreign currency translation reserve reclassified to profit or loss upon disposal of a subsidiary	11	2,118	–
Other comprehensive income for the year, net of tax		3,528	(1,796)
Total comprehensive income for the year		(12,678)	(21,177)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

(In Singapore dollars)

	Note	2017 $'000	2016 $'000 (Re-presented)
Loss for the year		(16,206)	(19,381)
Attributable to:			
Owners of the Company			
Loss from continuing operations, net of tax		(18,131)	(19,791)
Profit from discontinued operation, net of tax		2,998	1,324
Loss for the year attributable to Owners of the Company		(15,133)	(18,467)
Non-controlling interests		(1,073)	(914)
Loss for the year		(16,206)	(19,381)
Total comprehensive income for the year		(12,678)	(21,177)
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax		(17,149)	(21,298)
Total comprehensive income from discontinued operation, net of tax		5,477	1,148
Total comprehensive income attributable to Owners of the Company		(11,672)	(20,150)
Non-controlling interests		(1,006)	(1,027)
Total comprehensive income for the year		(12,678)	(21,177)
Basic and diluted earnings/(loss) per share attributable to Owners of the Company (Cents per share)			
From continuing operations	8 (a)	(11.74)	(12.83)
From discontinued operation	11	1.94	0.86
Total loss per share	8 (b)	(9.80)	(11.97)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 March 2017

(In Singapore dollars)

		Group		Company	
	Note	**2017**	**2016**	**2017**	**2016**
		$'000	**$'000**	**$'000**	**$'000**
Non-current assets					
Goodwill	9	10,451	15,488	–	–
Intangible assets	10	102	148	–	–
Investment property	12	–	–	897	944
Property, plant and equipment	13	54,694	63,440	176	305
Investment in subsidiaries	14	–	–	59,189	63,969
Investment in joint venture	15	1,108	962	–	–
Other investment		114	–	114	–
Receivables	16	2,440	2,175	53,892	54,016
Prepayments	16	7	18	–	11
Deferred tax assets	23	7,089	8,976	–	–
		76,005	91,207	114,268	119,245
Current assets					
Inventories	17	14,966	25,735	–	–
Trade and other receivables	18	46,878	52,883	20,328	3,701
Prepayments	16	2,541	3,300	94	37
Cash and cash equivalents	19	31,408	24,967	10,987	823
		95,793	106,885	31,409	4,561
Current liabilities					
Trade and other payables	20	26,017	31,883	1,383	1,745
Finance lease payable	21	331	343	–	–
Bank borrowings	22	3,190	3,079	1,044	1,008
Provisions	24	444	1,523	–	–
Provision for taxation		518	3,613	–	391
		30,500	40,441	2,427	3,144
Net current assets		65,293	66,444	28,982	1,417
Non-current liabilities					
Trade and other payables	20	309	392	7,169	10,354
Finance lease payable	21	498	171	–	–
Bank borrowings	22	37,722	40,494	12,311	13,068
Deferred tax liabilities	23	1,407	1,483	55	35
Provisions	24	1,390	1,737	82	80
		41,326	44,277	19,617	23,537
Net assets		99,972	113,374	123,633	97,125
Equity attributable to owners of the Company					
Share capital	25	36,807	36,807	36,807	36,807
Treasury shares	25	(4)	(116)	(4)	(116)
Reserves	26	57,142	68,973	86,830	60,434
Shareholders' funds		93,945	105,664	123,633	97,125
Non-controlling interests		6,027	7,710	–	–
Total equity		99,972	113,374	123,633	97,125

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2017

(In Singapore dollars)

Group	Note	Share capital	Treasury shares	Foreign currency translation reserve	Retained earnings	Other reserves	Share-holders' funds	Non-controlling interests	Total equity
		Attributable to owners of the Company							
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2015		36,807	–	(3,047)	93,704	1,496	128,960	9,390	138,350
Loss for the year, net of tax		–	–	–	(18,467)	–	(18,467)	(914)	(19,381)
Exchange difference on translation of subsidiaries		–	–	(2,310)	–	–	(2,310)	(153)	(2,463)
Net gain on hedge of net investment in foreign operation		–	–	360	–	–	360	–	360
Net fair value gain on derivatives		–	–	–	–	267	267	40	307
Total comprehensive income for the year		–	–	(1,950)	(18,467)	267	(20,150)	(1,027)	(21,177)
Dividends paid on ordinary shares	27	–	–	–	(3,082)	–	(3,082)	–	(3,082)
Dividends paid by a subsidiary to non-controlling interests		–	–	–	–	–	–	(653)	(653)
Transfer of treasury shares pursuant to MTQ Share Plan	25	–	196	–	–	(196)	–	–	–
Employee equity benefits expense		–	–	–	–	248	248	–	248
Share buy-back	25	–	(312)	–	–	–	(312)	–	(312)
Total contributions by and distributions to owners		–	(116)	–	(3,082)	52	(3,146)	(653)	(3,799)
Balance as at 31 March 2016		36,807	(116)	(4,997)	72,155	1,815	105,664	7,710	113,374

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2017

(In Singapore dollars)

Group	Note	Share capital	Treasury shares	Foreign currency translation reserve	Retained earnings	Other reserves	Share-holders' funds	Non-controlling interests	Total equity
		Attributable to owners of the Company							
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2016		36,807	(116)	(4,997)	72,155	1,815	105,664	7,710	113,374
Loss for the year, net of tax		–	–	–	(15,133)	–	(15,133)	(1,073)	(16,206)
Exchange difference on translation of subsidiaries		–	–	2,047	–	–	2,047	93	2,140
Reclassification to profit or loss on disposal of a subsidiary	11	–	–	2,118	–	–	2,118	–	2,118
Net loss on hedge of net investment in foreign operation		–	–	(585)	–	–	(585)	–	(585)
Net fair value loss on derivatives		–	–	–	–	(172)	(172)	(26)	(198)
Share of joint venture's gain on remeasurement of employee benefits		–	–	–	–	53	53	–	53
Total comprehensive income for the year		–	–	3,580	(15,133)	(119)	(11,672)	(1,006)	(12,678)
Dividends paid by a subsidiary to non-controlling interests		–	–	–	–	–	–	(677)	(677)
Transfer of treasury shares pursuant to MTQ Share Plan	25	–	168	–	–	(168)	–	–	–
Employee equity benefits expense		–	–	–	–	9	9	–	9
Share buy-back	25	–	(56)	–	–	–	(56)	–	(56)
Total contributions by and distributions to owners		–	112	–	–	(159)	(47)	(677)	(724)
Balance as at 31 March 2017		36,807	(4)	(1,417)	57,022	1,537	93,945	6,027	99,972

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2017

(In Singapore dollars)

	Note	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Other reserves $'000	Total equity $'000
Company						
Balance as at 1 April 2015		36,807	–	79,419	2,697	118,923
Loss for the year, net of tax		–	–	(18,652)	–	(18,652)
Total comprehensive income for the year		–	–	(18,652)	–	(18,652)
Dividends paid on ordinary shares	27	–	–	(3,082)	–	(3,082)
Employee equity benefits expense		–	–	–	248	248
Share buy-back	25	–	(312)	–	–	(312)
Transfer of treasury shares pursuant to MTQ Share Plan	25	–	196	–	(196)	–
Total contributions by and distributions to owners		–	(116)	(3,082)	52	(3,146)
Balance as at 31 March 2016		36,807	(116)	57,685	2,749	97,125
Balance as at 1 April 2016		36,807	(116)	57,685	2,749	97,125
Profit for the year, net of tax		–	–	26,603	–	26,603
Total comprehensive income for the year		–	–	26,603	–	26,603
Dividends paid on ordinary shares	27	–	–	–	–	–
Employee equity benefits expense		–	–	–	(39)	(39)
Share buy-back	25	–	(56)	–	–	(56)
Transfer of treasury shares pursuant to MTQ Share Plan	25	–	168	–	(168)	–
Total contributions by and distributions to owners		–	112	–	(207)	(95)
Balance as at 31 March 2017		36,807	(4)	84,288	2,542	123,633

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

(In Singapore dollars)

	Note	2017 $'000	2016 $'000
Cash flows from operating activities:			
Loss before taxation from continuing operations		(20,589)	(24,376)
Profit before taxation from discontinued operation	11	3,538	1,604
Loss before taxation		(17,051)	(22,772)
Adjustments for:			
Depreciation of property, plant and equipment	13	9,215	13,274
Amortisation of intangible assets	10	53	181
Gain on disposal of property, plant and equipment		(81)	(772)
Gain on disposal of a subsidiary	11	(1,449)	–
Allowance for impairment of trade receivables		961	335
Bad debts written-off/(back)	5	37	(46)
Allowance for inventory obsolescence	17	628	175
Fixed assets written-off	5	262	2,017
Employee equity benefits expense	5	2	235
Interest income		(119)	(196)
Interest expense		1,438	2,063
Share of results of a joint venture company	15	(93)	285
Impairment on goodwill	5	–	5,761
Impairment on property, plant and equipment	5	–	7,042
Impairment on intangible assets	5	–	172
Provisions made during the year	24	937	449
Operating cash flows before changes in working capital		(5,260)	8,203
Decrease in receivables and prepayments		10,933	15,869
Decrease in inventories and work-in-progress		227	1,024
Decrease in payables		(2,859)	(8,462)
Currency realignment		121	(1,004)
Cash generated from operations		3,162	15,630
Interest income received		119	196
Interest expense paid		(1,441)	(2,087)
Taxes paid, net		(1,650)	(3,387)
Net cash generated from operating activities		190	10,352

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

(In Singapore dollars)

	Note	2017 $'000	2016 $'000
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,516)	(7,789)
Acquisition of a subsidiary		–	(3,989)
Proceeds from disposal of property, plant and equipment		429	3,419
Proceeds from disposal of a subsidiary, net of cash disposed and transaction costs	11	11,408	–
Other investment		(114)	–
Loans to joint venture		–	(1,419)
Loans granted to staff		(60)	(68)
Loans repaid by staff		60	99
Net cash generated from/(used in) investing activities		10,207	(9,747)
Cash flows from financing activities:			
Dividends paid	27	–	(3,082)
Dividends paid by a subsidiary to non-controlling interests		(677)	(653)
Proceeds from bank borrowings		700	5,003
Repayment of bank borrowings		(4,551)	(19,921)
Repayment of finance lease payable		(245)	(480)
Share buy-back	25	(56)	(312)
Net cash used in financing activities		(4,829)	(19,445)
Net increase/(decrease) in cash and cash equivalents		5,568	(18,840)
Cash and cash equivalents at 1 April	19	24,967	44,135
Effect of exchange rate changes on cash and cash equivalents		873	(328)
Cash and cash equivalents at 31 March	19	31,408	24,967

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

1. Corporate information

MTQ Corporation Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 182 Pandan Loop, Singapore 128373.

The principal activities of the Company relate to those of an investment holding and management company.

The nature of the operations and principal activities of the subsidiaries are described in Note 30. There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 April 2018.

2.2 *Changes in accounting policies and estimates*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2016. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 40 Transfers of Investment Property	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
FRS 116 Leases	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective (cont'd)*

Except for FRS 109, FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below.

<u>FRS 109 Financial Instruments</u>

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held.

The Group expects to have mixed business model. The Group will elect to measure its currently held available-for-sale unquoted equity securities at fair value through other comprehensive income (FVOCI). The Group does not expect any significant impact to arise from these changes.

The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its policy and procedures for impairment assessment.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group plans to adopt the standard on the required effective date.

<u>FRS 115 Revenue from Contracts with Customers</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

<u>FRS 116 Leases</u>

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.4 *Significant accounting estimates and judgments*

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) *Judgments made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognised in the consolidated financial statements:

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Further details on the carrying amounts of the Group's trade receivables balances are disclosed in Note 18.

Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgment is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits together with future tax planning strategies.

The carrying amounts of the Group's deferred tax assets, deferred tax liabilities and provision for taxation as at 31 March 2017 amounted to $7,089,000 (2016: $8,976,000), $1,407,000 (2016: $1,483,000) and $518,000 (2016: $3,613,000) respectively. The carrying amounts of the Company's deferred tax liabilities and provision for taxation as at 31 March 2017 amounted to $55,000 (2016: $35,000) and $Nil (2016: $391,000) respectively.

(b) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.4 *Significant accounting estimates and judgments (cont'd)*

(b) *Key sources of estimation uncertainty (cont'd)*

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and key assumptions applied in the determination of the value-in-use including sensitivity analysis are disclosed in Note 9.

Impairment of property, plant and equipment

For assets with indicators of impairment, management determines the recoverable amount of the assets based on fair value less costs to sell for leasehold buildings and value-in-use calculations for plant, workshop, remotely operated vessels and rental equipment. The fair values of the Group's leasehold buildings are determined by an accredited independent valuer using recognised valuation techniques which comprise recent sales of similar properties within the vicinity, income approach and replacement cost approach. The carrying amount of the Group's leasehold buildings as at 31 March 2017 is $20,504,000 (2016: $20,613,000). The key assumptions applied in the determination of the value-in-use for plant, workshop, remotely operated vessels and rental equipment are disclosed in Note 13.

2.5 *Foreign currency*

The financial statements are presented in Singapore dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.5 *Foreign currency (cont'd)*

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.6 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.6 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date at fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.13(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.7 *Transactions with non-controlling interests*

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.8 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

Trading sales

Revenue from trading sales is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, usually on delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Services, repair and contract revenue

Revenue from repair work, engineering, overhaul, service work and construction contracts is recognised by reference to the stage of completion at the end of the reporting period. Stage of completion is assessed by reference to the ratio of labour hours and costs incurred to-date to the estimated total labour hours and costs for each contract, with due consideration given to the inclusion of only those costs that reflect work performed. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

Rental income

Income from rental services is recognised on a straight-line basis over the lease term.

License fee income

License fee income is recognised on an accrual basis when the Group has the right to receive payment under the relevant agreement and has performed its obligations.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.9 *Employee benefits*

Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies within the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.9 *Employee benefits (cont'd)*

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

Equity compensation plan

Employees of the Group receive remuneration in the form of share-based payment transactions as consideration for services rendered.

The cost of equity-settled share-based payment transactions with employees is measured by reference to the fair value of the equity-settled awards at the date on which the awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, together with a corresponding increase in the employee equity benefit reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the awards do not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee equity benefit reserve is transferred to retained earnings upon expiry of the awards. The employee equity benefit reserve is transferred to share capital if new shares are issued to settle the awards, or to treasury shares if awards are satisfied by the reissuance of treasury shares. When the equity-settled awards issued by subsidiaries are exercised, the employee equity benefit reserve is transferred to non-controlling interests.

2.10 *Leases*

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.10 *Leases (cont'd)*

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.8. Contingent rents are recognised as revenue in the period in which they are earned.

2.11 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.12 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided, using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

(i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.12 *Taxes (cont'd)*

(b) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

(i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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 transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

(i) Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.13 *Intangible assets*

(a) *Goodwill*

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.5.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in Singapore dollars at the rates prevailing at the date of acquisition.

(b) *Other intangible assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives of 5 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net proceeds from disposal and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.14 *Investment properties*

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

2.15 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.11. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis or a diminishing value basis over the estimated useful lives of the assets as follows:

Leasehold buildings	–	the remaining lease terms of 27 to 57 years at the time of acquisition
Plant, workshop and rental equipment	–	2 to 20 years
Furniture and fixtures	–	2 to 20 years
Motor vehicles	–	3 to 10 years
Office equipment	–	1 to 5 years
Remotely operated vehicles (ROV) and vessels	–	6 to 20 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.15 *Property, plant and equipment (cont'd)*

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.16 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.17 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

2.18 *Joint venture*

The Group recognises its interest in the joint venture using the equity method from the date on which it becomes a joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The profit or loss reflects the share of results of the operations of the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

When the Group's share of losses exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.18 *Joint venture (cont'd)*

After the application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint venture used in applying the equity method are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.19 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.20 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing the inventories to their present location and condition.

Costs of inventories are determined using the first-in-first-out method except for those relating to turbochargers, fuel injection parts, pipe supports and pipe suspensions, where costs are determined on a weighted average basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.20 *Inventories (cont'd)*

Finished goods and work-in-progress include the cost of direct materials, direct labour and proportion of production overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.21 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised as revenue in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences and interest.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Group's loans and receivables comprise cash and cash equivalents and trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.21 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

De-recognition

A financial asset is de-recognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of financial liabilities that are not at fair value through profit or loss, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

The Group's financial liabilities comprise trade and other payables, finance lease payable and bank borrowings.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.22 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised, are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.23 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, fixed deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.24 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.25 *Dividend*

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.26 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.28 *Hedge accounting*

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.28 *Hedge accounting (cont'd)*

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Hedges of net investments

Hedges of net investments in foreign operations, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

The Group uses loans as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. The details on hedges of net investments are disclosed in Note 35.

2.29 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.30 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

2. Summary of significant accounting policies (cont'd)

2.31 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants related to income

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss, under "Other income".

2.32 *Financial guarantee*

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.33 *Discontinued operation*

A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In profit or loss of the comparative period of the previous year, all income and expenses from discontinued operation are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in profit or loss. Consequently, certain comparative figures were re-presented to reflect the financial effect of excluding the "discontinued operation".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

3. Revenue

	Group	
	2017	2016
	$'000	$'000 (Re-presented)
Services, repair and contract revenue	114,353	156,027
Trading sales	14,485	18,931
Equipment rental income	1,523	3,705
	130,361	178,663

4. Other income

	Group	
	2017	2016
	$'000	$'000 (Re-presented)
Interest income	106	170
Gain on disposal of property, plant and equipment	61	753
Commission received	47	665
Gain on disposal of scrap material	80	82
Government grants	274	369
Insurance claims	172	2,555
Others	254	49
	994	4,643

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

5. Loss from operating activities

Loss from operating activities is stated after charging the following:

	Group	
	2017	2016
	$'000	$'000 (Re-presented)
(a) ***Manpower costs***		
(i) Amounts recognised in profit or loss		
Salaries, wages and bonuses	49,757	68,004
Defined contribution plan expense	4,351	5,610
Employee equity benefits expense	2	235
Others	3,292	4,090
	57,402	77,939
Included in cost of sales	33,848	48,734
Included in staff costs	23,554	29,205
	57,402	77,939

Employee equity benefits expense recognised in staff costs may not be indicative of the actual vesting value of the shares at vesting dates, which are subject to pre-determined performance targets or vesting conditions.

(ii) Amounts paid during the financial year

The amounts paid to a director and key management personnel during financial years ended 31 March 2017 and 31 March 2016 are as follows:

	Group	
	2017	2016
	$'000	$'000 (Re-presented)
Director's remuneration:		
- Salaries, wages and bonuses	379	1,007
- Defined contribution plan expense	17	14
- Others	27	25
	423	1,046
Other key management personnel:		
- Salaries, wages and bonuses	1,845	3,322
- Defined contribution plan expense	167	248
- Others	560	578
	2,572	4,148

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

5. Loss from operating activities (cont'd)

(a) ***Manpower costs (cont'd)***

(ii) Amounts paid during the financial year (cont'd)

During the year, the Company transferred treasury shares to certain key management personnel pursuant to the vesting of Awards granted under the MTQ Share Plan (Note 31(a)). The aggregate grant date fair values of the tranches of the Awards that vested and were released to key management personnel during the financial year amounted to $306,000 (2016: $306,000).

	Note	Group 2017 $'000	Group 2016 $'000 (Re-presented)
(b) *Other operating expenses*			
Allowance for impairment of trade receivables		957	260
Bad debts written-off/(back)		37	(46)
Amortisation of intangible assets	10	53	181
Fixed assets written-off		262	2,017
Impairment of goodwill	9	–	5,761
Impairment of property, plant and equipment	13	–	7,042
Impairment of intangible assets	10	–	172
Depreciation of property, plant and equipment		1,379	1,752
Directors' fees paid to Directors of the Company		262	295
Allowance for inventory obsolescence		533	51
Inventory written-off		166	–
Loss on foreign exchange		66	733
Consultancy fees paid to a Director of the Company		165	166
Legal and professional fees		1,519	2,354
Non-audit fees to:			
- Auditors of the Company		50	82
Audit fees to:			
- Auditors of the Company		378	396
- Auditors of subsidiaries		575	569
Utilities expenses		1,474	1,752
Operating lease expenses		4,483	4,148
(c) *Cost of sales*			
Operating lease expenses		5,399	11,450
Depreciation of property, plant and equipment		7,485	10,722

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

6. Finance costs

	Group	
	2017	2016
	$'000	$'000 (Re-presented)
Interests on:		
- Bank loans	1,353	1,921
- Finance leases	16	16
- Others	2	2
	1,371	1,939

7. Income tax benefit

(a) ***Major components of income tax benefit for the years ended 31 March are as follows:***

	Group	
	2017	2016
	$'000	$'000 (Re-presented)
Consolidated statement of comprehensive income		
Current income tax from continuing operations		
- Current income tax	227	481
- Over provision in respect of previous years	(1,803)	(1,387)
- Withholding tax expense	129	283
	(1,447)	(623)
Deferred income tax from continuing operations		
- Movement in temporary differences	(314)	(2,613)
- Over provision in respect of previous years	376	(435)
	62	(3,048)
Income tax benefit attributable to continuing operations	(1,385)	(3,671)
Income tax expense attributable to discontinued operation (Note 11)	540	280
Income tax benefit recognised in statement of comprehensive income	(845)	(3,391)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

7. Income tax benefit (cont'd)

(b) ***Relationship between income tax benefit and accounting loss***

A reconciliation between income tax benefit and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 March is as follows:

	Group	
	2017	**2016**
	$'000	**$'000** (Re-presented)
Loss before taxation from continuing operations	(20,589)	(24,376)
Profit before taxation from discontinued operation	3,538	1,604
Accounting loss before taxation	(17,051)	(22,772)
Tax at Singapore statutory tax rate of 17% (2016: 17%)	(2,899)	(3,871)
Effect of difference in effective tax rates of other countries	(1,547)	(1,004)
Non-deductible expenses	1,203	2,409
Income not subject to taxation	(1,379)	(305)
Effect of partial tax exemption and tax incentives	(97)	(246)
Deferred tax assets not recognised	5,255	1,269
Over provision in respect of previous years		
- current tax	(1,803)	(1,387)
- deferred tax	376	(435)
Withholding tax expense	129	283
Others	(83)	(104)
Income tax benefit recognised in statement of comprehensive income	(845)	(3,391)

8. Loss per share

(a) ***Continuing operations***

Basic and diluted loss per share from continuing operations are calculated by dividing loss from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. Potential ordinary shares that would be issued upon under the MTQ Share Plan are excluded from the calculation of diluted loss per share from continuing operations due to its anti-dilutive effect.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

8. Loss per share (cont'd)

(a) *Continuing operations (cont'd)*

The following tables reflect the (loss)/profit and share data used in the computation of basic and diluted loss per share for the financial years ended 31 March:

		Group	
		2017	**2016**
	Note	**$'000**	**$'000**
Loss for the year attributable to owners of the Company		(15,133)	(18,467)
Less: Profit from discontinued operation, net of tax, attributable to owners of the Company	11	(2,998)	(1,324)
Loss from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted loss per share from continuing operations		(18,131)	(19,791)

	Number of shares	
	2017	**2016**
	'000	**'000**
Weighted average number of ordinary shares for basic and diluted earnings per share computation*	154,445	154,320

* The weighted average number of shares took into account the weighted average effect of the following treasury shares transactions during the year:

a) 130,000 (2016: 400,000) ordinary shares that the Company bought back (Note 25)

b) 271,840 (2016: 251,649) ordinary shares that the Company transferred/issued to the participants of the MTQ Share Plan (Note 25)

(b) *Loss per share computation*

The basic and diluted loss per share are calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted loss per share computation. These loss and share data are presented in the tables in Note 8 (a) above.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

9. Goodwill

	Note	Group $'000
At 1 April 2015		21,568
Impairment of goodwill	5	(5,761)
Currency realignment		(319)
At 31 March 2016		15,488
At 1 April 2016		15,488
Disposal of a subsidiary	11	(5,400)
Currency realignment		363
At 31 March 2017		10,451

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to five (2016: seven) cash-generating units (CGUs) for impairment testing as follows:

- Premier Group
- Engine Systems, excluding Highway Diesel (Disposed in FY2017)
- Highway Diesel (Disposed in FY2017)
- Binder Group
- Neptune
  - Asset Integrity
  - Engineering UK
  - Diving

The carrying amounts of goodwill allocated to each CGU are as follows:

	Group	
	2017 $'000	2016 $'000
Premier Group	4,560	4,560
Engine Systems (excluding Highway Diesel)	–	4,874
Highway Diesel	–	377
Binder Group	–	–
Neptune		
- Asset integrity	1,450	1,397
- Engineering UK	1,554	1,498
- Diving	2,887	2,782
	10,451	15,488

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

9. Goodwill (cont'd)

Impairment testing of goodwill (cont'd)

The recoverable amounts of the CGUs are determined based on value-in-use calculations derived from cash flow projections covering a five-year period. The terminal value of the CGUs at the end of the five-year period were estimated by extrapolating the projected cash flows in the 5th year through perpetuity using a long-term growth rate applicable to each CGU.

Key assumptions used in the value-in-use calculations

Key assumptions used in the value-in-use calculations are as follows:

Revenue and gross margin projections

Projections for the first year are derived from financial budgets for the year ending 31 March 2018. Projections for a further 4 years are extrapolated using growth rates ranging from 2.0% to 50.0% (2016: Nil% to 10.0%) for revenue with corresponding gross margins ranging from 21% to 25% (2016: 21% to 30%). The revenue growth rates are determined based on management's knowledge and past experience of the businesses, taking into consideration the expected medium to long-term market outlook.

Long-term growth rates

The long-term growth rates ranges from 2.0 % to 3.0% (2016: Nil% to 2.6%) per annum and are derived by reference to the estimated long-term inflation rate of the markets relevant to the CGUs.

Discount rates

Discount rates ranging from 9.4% to 11.4% (2016: 9.5% to 11.2%) per annum have been applied to discount the projected cash flows. The discount rates are based on post-tax weighted average cost of capital (WACC) applicable to the respective CGUs and represent the current market assessment of the CGU-specific risks, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

Sensitivity to changes in assumptions

The Group believes that any reasonably possible change in the above key assumptions are not likely to cause any of the recoverable amounts of the CGUs to be materially lower than the related carrying amounts.

Impairment loss recognised

Based on the impairment assessments, the recoverable amounts of the CGUs were found to be higher than their carrying amounts. In the previous year, impairment loss of $5,761,000 was recognised to fully write-down the carrying amount of goodwill allocated to Binder Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

10. Intangible assets

	Order backlog	Customer relationships	Customer contracts	Non-compete clause	Software	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost:						
At 1 April 2015	346	312	1,828	134	309	2,929
Write-offs	(341)	–	(1,809)	(134)	–	(2,284)
Currency realignment	(5)	(10)	(19)	–	(5)	(39)
At 31 March 2016 and 1 April 2016	–	302	–	–	304	606
Currency realignment	–	11	–	–	12	23
At 31 March 2017	–	313	–	–	316	629
Accumulated amortisation:						
At 1 April 2015	346	115	1,828	134	34	2,457
Amortisation for the year	–	60	–	–	121	181
Impairment of intangible assets	–	172	–	–	–	172
Write-offs	(341)	–	(1,809)	(134)	–	(2,284)
Currency realignment	(5)	(45)	(19)	–	1	(68)
At 31 March 2016 and 1 April 2016	–	302	–	–	156	458
Amortisation for the year	–	–	–	–	53	53
Currency realignment	–	11	–	–	5	16
At 31 March 2017	–	313	–	–	214	527
Net carrying amount:						
At 31 March 2017	–	–	–	–	102	102
At 31 March 2016	–	–	–	–	148	148

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

11. Discontinued operation

On 4 November 2016, the Group completed its disposal of a subsidiary, MTQ Engine Systems (Aust) Pty Ltd ("MTQES"). As a result, the income and expenses of MTQES are presented separately in the consolidated statement of comprehensive income as "Profit from discontinued operation, net of tax" for the years ended 31 March 2017 and 2016. The comparative results of the Group have been re-presented to report separately profit and loss items from continuing and discontinued operation.

The summarised financial information of the discontinued operation is as follows:

Income statement disclosures

	2017	2016
	$'000	$'000
Revenue	26,858	43,125
Cost of sales	(16,991)	(28,394)
Gross profit	9,867	14,731
Other income	33	50
Staff costs	(4,649)	(7,685)
Other operating expenses	(3,095)	(5,368)
Profit from operating activities	2,156	1,728
Finance costs	(67)	(124)
Gain on disposal of subsidiary	1,449	–
Profit before taxation	3,538	1,604
Income tax expense (Note 7)		
- Related to profit from operating activities	(540)	(280)
- Related to gain on disposal of subsidiary	–	–
Profit from discontinued operation, net of tax	2,998	1,324

Cash flow statement disclosures

	2017	2016
	$'000	$'000
Operating	377	1,819
Investing	(115)	(242)
Financing	(2,910)	(156)
Net cash (outflows)/ inflows	(2,648)	1,421

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

11. Discontinued operation (cont'd)

The effects of disposal of the subsidiary on the financial statements of the Group are as follows:

	Note	2017 $'000
Goodwill	9	5,400
Property, plant and equipment	13	2,251
Deferred tax assets	23	1,486
Inventories		9,789
Trade and other receivables		4,979
Cash and short-term deposits		1,178
Trade and other payables		(4,065)
Finance lease payable		(359)
Provisions	24	(2,197)
Income tax provision		(91)
Net assets disposed		18,371
Realisation of foreign currency translation reserve		2,118
Disposal transaction costs		99
Gain on disposal of subsidiary		1,449
Sale consideration		22,037
Sale consideration		22,037
Disposal transaction costs		(99)
Consideration receivable as at 31 March 2017		(9,352)
Net cash received		12,586
Cash and cash equivalents of the subsidiary disposed		(1,178)
Net cash inflow from disposal of the subsidiary		11,408

Earnings per share disclosures

The information on earnings per share from discontinued operation is as follows:

	2017 $'000	2016 $'000
Earnings per share from discontinued operation attributable to owners of the Company (cents per share)		
Basic and diluted	1.94	0.86

The basic and diluted earnings per share from discontinued operation are calculated by dividing the profit from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted earnings per share computation. These earnings and share data are in the tables in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

12. Investment property

	Company
	$'000
Balance sheet:	
Cost	
At 1 April 2015, 31 March 2016 and 31 March 2017	7,310
Accumulated depreciation	
At 1 April 2015	6,319
Depreciation	47
At 31 March 2016 and 1 April 2016	6,366
Depreciation	47
At 31 March 2017	6,413
Net carrying amount	
At 31 March 2017	897
At 31 March 2016	944

	Company	
	2017	2016
	$'000	$'000
Statement of comprehensive income:		
Rental income from investment property charged to subsidiaries	1,167	1,219
Direct operating expenses (including repairs and maintenance) arising from rental generating properties	1,119	1,148

The fair value of the investment property held by the Company as at 31 March 2017 amounted to $6,850,000 (2016: $7,200,000). The fair value was based on valuation performed by an accredited independent valuer with recognised and relevant professional qualification and with recent experience in the location and category of the property being valued. The valuations were arrived at taking into account comparisons with recent sales of similar properties within the vicinity, income approach and replacement cost approach.

The investment property held by the Company as at 31 March 2017 is as follows:

Location	Description	Tenure
182 Pandan Loop Singapore 128373	Office building and workshop	27 years lease from 16 September 2009

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

13. Property, plant and equipment

Group	Note	Leasehold buildings	Plant, workshop, ROVs, vessels and rental equipment	Furniture and fixtures, office equipment and motor vehicles	Assets under construction	Total
		$'000	$'000	$'000	$'000	$'000
Cost						
At 1 April 2015		29,788	90,941	18,606	3,724	143,059
Currency realignment		(297)	(1,192)	(220)	(133)	(1,842)
Additions		–	2,554	288	5,172	8,014
Disposals/write-offs		–	(7,100)	(3,009)	(141)	(10,250)
Transfers		–	4,800	3,079	(7,879)	–
At 31 March 2016 and 1 April 2016		29,491	90,003	18,744	743	138,981
Currency realignment		549	997	337	21	1,904
Additions		–	430	408	1,360	2,198
Disposals/write-offs		–	(5,688)	(1,235)	–	(6,923)
Disposal of a subsidiary	11	–	(7,413)	(7,820)	(57)	(15,290)
Transfers		–	1,137	450	(1,587)	–
At 31 March 2017		30,040	79,466	10,884	480	120,870
Accumulated depreciation						
At 1 April 2015		8,324	40,831	12,288	–	61,443
Currency realignment		(36)	(459)	(137)	–	(632)
Depreciation		590	10,772	1,912	–	13,274
Impairment of property, plant and equipment		–	7,042	–	–	7,042
Disposals/write-offs		–	(3,257)	(2,329)	–	(5,586)
At 31 March 2016 and 1 April 2016		8,878	54,929	11,734	–	75,541
Currency realignment		64	509	199	–	772
Depreciation		594	7,309	1,312	–	9,215
Disposals/write-offs		–	(5,324)	(989)	–	(6,313)
Disposal of a subsidiary	11	–	(5,915)	(7,124)	–	(13,039)
At 31 March 2017		9,536	51,508	5,132	–	66,176
Net carrying amount						
At 31 March 2017		20,504	27,958	5,752	480	54,694
At 31 March 2016		20,613	35,074	7,010	743	63,440

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

13. Property, plant and equipment (cont'd)

Company	Workshop equipment	Furniture and fixtures, office equipment and motor vehicles	Total
	$'000	$'000	$'000
Cost			
At 1 April 2015	209	2,326	2,535
Additions	–	29	29
Disposals/write-offs	–	(45)	(45)
At 31 March 2016 and 1 April 2016	209	2,310	2,519
Additions	–	11	11
Disposals/write-offs	–	(3)	(3)
At 31 March 2017	209	2,318	2,527
Accumulated depreciation			
At 1 April 2015	209	1,821	2,030
Depreciation	–	228	228
Disposals/write-offs	–	(44)	(44)
At 31 March 2016 and 1 April 2016	209	2,005	2,214
Depreciation	–	140	140
Disposals/write-offs	–	(3)	(3)
At 31 March 2017	209	2,142	2,351
Net carrying amount			
At 31 March 2017	–	176	176
At 31 March 2016	–	305	305

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

13. Property, plant and equipment (cont'd)

(a) ***The Group's leasehold land and buildings held by the Group include the following:***

Location	Description	Area sq. m.	Tenure	Net carrying amount 2017 $'000	Net carrying amount 2016 $'000
Leasehold building					
182 Pandan Loop, Singapore 128373*	Office building and workshop	14,271	27 years lease from 16 September 2009	897	944
Bahrain International Investment Park, H100, Kingdom of Bahrain	Office building and workshop	22,397	50 years lease from 1 September 2009	13,830	13,719
54 Loyang Way Singapore 508747	Office building and workshop	6,912	57 years lease from 1 March 1995	5,777	5,950

* This leasehold building has been classified as investment property at Company level as the property is leased to subsidiaries (Note 12).

(b) ***Assets pledged as securities***

The carrying amounts of property, plant and equipment pledged as securities to secure bank borrowings of subsidiaries are as follows (Note 22):

	Net carrying amount 2017 $'000	Net carrying amount 2016 $'000
Leasehold buildings	13,830	13,719
Assets under construction	–	39
Furniture and fixtures, office equipment and motor vehicles	82	920
Plant, workshop, ROVs, vessels and rental equipment	6,785	9,515

(c) ***Assets held under finance lease***

The carrying amount of property, plant and equipment held under finance lease as at 31 March 2017 was $744,000 (2016: $723,000).

Leased assets are pledged as security for the related finance lease payable.

(d) ***Assets under construction***

Included in the Group's assets under construction as at 31 March 2017 were $245,000 relating to construction of workshop and equipment and $78,000 relating to purchase of ROVs (2016: $576,000 relating to the construction and refurbishment of plant and equipment).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

13. Property, plant and equipment (cont'd)

(e) ***Impairment of assets***

During the financial year ended 31 March 2017 and 2016, management carried out a review of the recoverable amount of its ROVs. An impairment loss of $Nil (2016: $7,042,000), representing the write down of these equipment to the recoverable amount was recognised in "Other operating expenses" (Note 5) within profit or loss.

The recoverable amount of the ROVs was estimated with reference to its value-in-use based on EBITDA and post-tax discount rate of 11.54% (2016: 10.49%) per annum. Any reasonable possible change in the key assumptions are not likely to cause the recoverable amount to be materially lower than its carrying amount.

(f) ***Changes in estimates***

During the financial year ended 31 March 2016, the Group conducted an operational efficiency review on its fleet of ROVs. The Group revised the estimated depreciation rate of the ROVs by applying an estimated useful life of 6 years (previously 6 – 10 years) and revising the residual values of the ROVs fleet. The revision in estimate was applied on a prospective basis from 1 July 2015. The effect of the above revision on depreciation charge in current and future periods is insignificant.

14. Investment in subsidiaries

	Note	Company 2017 $'000	Company 2016 $'000
Unquoted shares, at cost:			
Beginning of financial year		45,276	45,276
Disposal of a subsidiary		(5,295)	–
End of financial year		39,981	45,276
Allowance for impairment in value of investments		(5,858)	(5,858)
	30	34,123	39,418
Intercompany indebtedness:			
Amounts due from subsidiaries			
- Non-trade		25,544	24,983
Allowance for impairment of intercompany indebtedness		(478)	(432)
		25,066	24,551
Total investment in subsidiaries		59,189	63,969

Further details regarding the cost of investment in subsidiaries are set out in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

14. Investment in subsidiaries (cont'd)

Intercompany indebtedness

The amounts and loans owing by subsidiaries included as part of the Company's net investment in subsidiaries are unsecured, interest-free, have no repayment terms and are repayable only when the cash flows of the subsidiaries permit. Accordingly, the fair value of these loans and receivables are not determinable as the timing of the future cash flows arising from the repayment of these loans and receivables cannot be estimated reliably.

The non-current amounts due from subsidiaries that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Company	
	2017	**2016**
	$'000	**$'000**
Amounts due from subsidiaries – nominal value	478	469
Less: Allowance for impairment	(478)	(432)
	–	37
Allowance for impairment:		
At 1 April	432	432
Charge for the year	46	–
At 31 March	478	432

15. Investment in joint venture

The Group has 50% (2016: 50%) equity interest in a jointly-controlled entity, PT Binder Indonesia[1] that is held through a subsidiary. The joint venture is incorporated in Indonesia and manufactures proprietary and custom-built pipe support and pipe suspension solutions. The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

	Group
	$'000
Unquoted shares, at costs:	
At 1 April 2015	1,543
Share of results of joint venture	(285)
Currency realignment	(296)
At 31 March 2016 and 1 April 2016	962
Share of results of joint venture	93
Share of joint venture's gain on remeasurement of employee benefits recognised as other comprehensive income	53
At 31 March 2017	1,108

1 Audited by Tasnum Ali Widjanarko & Rekan

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

15. Investment in joint venture (cont'd)

Summarised financial information in respect of PT Binder Indonesia based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Group	
	2017	2016
	$'000	$'000
Summarised balance sheet:		
Cash and cash equivalents	116	904
Other current assets	9,970	6,944
Total current assets	10,086	7,848
Total non-current assets	270	408
Total assets	10,356	8,256
Current trade and other payables	5,549	4,346
Non-current other payables	2,591	1,986
Total liabilities	8,140	6,332
Net assets	2,216	1,924
Group's share of net assets at 50% ownership interest	1,108	962
Carrying amount of the investment	1,108	962
Summarised statement of comprehensive income:		
Revenue	14,355	7,906
Other income	104	752
Operating expenses	(14,273)	(9,228)
Profit/(loss) before tax	186	(570)
Income tax expense	–	–
Profit/(loss) after tax	186	(570)
Other comprehensive income	106	(592)
Total comprehensive income	292	(1,162)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

16. Receivables and prepayments

	Group		Company	
	2017	2016	2017	2016
Receivables	$'000	$'000	$'000	$'000
Non-current				
Amounts due from subsidiaries				
- Interest-free loans	–	–	66,574	68,820
- Interest-bearing loan	–	–	8,355	9,076
Allowance for amounts due from subsidiaries	–	–	(21,152)	(23,975)
	–	–	53,777	53,921
Loans due from joint venture	2,330	2,044	–	–
Deposits	–	21	–	–
Staff loans, at amortised cost	110	110	115	95
	2,440	2,175	53,892	54,016

Interest-bearing loan to a subsidiary is funded by bank borrowings – Facility 1 (Note 22). It is denominated in United States dollars and bears interest at the rate of 1.5% (2016: 1.5%) per annum above the SIBOR.

Interest-free loans due from subsidiaries are unsecured and have no fixed repayment term and are to be settled in cash.

Loans due from joint venture are unsecured, non-interest bearing and have no fixed repayment term and are to be settled in cash.

The non-current amounts due from subsidiaries that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment is as follows:

	Company	
	2017	2016
	$'000	$'000
Amounts due from subsidiaries – nominal value	21,152	77,793
Less: Allowance for impairment	(21,152)	(23,975)
	–	53,818
Allowance for impairment:		
At 1 April	23,975	3,801
(Reversals)/charges for the year	(2,823)	20,174
At 31 March	21,152	23,975

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

16. Receivables and prepayments (cont'd)

Receivables (cont'd)

The interest-free staff loans are extended to certain staff of the Company and its subsidiaries to purchase cars. These loans are repayable by monthly instalments over five years with the last repayment due in financial year ending 2021 (2016: 2021). The individuals concerned had entered into agreements with the Company or the respective subsidiaries to assign all rights of ownership of the cars to the Company or the subsidiaries until full settlement of the loans. The staff loans are carried at amortised cost. The difference between the amortised cost and gross loan receivables is recognised as prepaid staff benefits. The total staff loans are as follows:

	Note	Group		Company	
		2017	**2016**	**2017**	**2016**
		$'000	**$'000**	**$'000**	**$'000**
Staff loans at amortised costs:					
Current, classified under trade and other receivables	18	103	62	61	37
Non-current, classified under receivables		110	110	115	95
		213	172	176	132
Prepayments					
Current					
Advances to suppliers		509	375	–	–
Other prepayments		2,032	2,925	94	37
		2,541	3,300	94	37
Non-current					
Prepaid staff benefits		7	18	–	11

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

17. Inventories

	Group	
	2017	2016
	$'000	$'000
Balance sheet:		
First-in-first-out basis		
- Raw materials	6,388	7,844
- Work-in-progress	2,192	1,336
- Finished goods	5,824	6,118
- Goods-in-transit	25	–
	14,429	15,298
Weighted average basis		
- Finished goods	515	9,822
- Work-in-progress	22	355
- Goods-in-transit	–	260
	537	10,437
Total inventories at lower of cost and net realisable value	14,966	25,735
Inventories are stated after deducting allowance for inventory obsolescence of:		
- first-in-first-out basis	411	556
- weighted average basis	600	1,713
	1,011	2,269
Movement in allowance for inventory obsolescence:		
At 1 April	2,269	2,130
Allowance for inventory obsolescence included in other operating expenses	628	175
Utilised	(194)	(16)
Currency realignment	65	(20)
Disposal of a subsidiary	(1,757)	–
At 31 March	1,011	2,269

Inventories recognised as cost of sales attributing to continuing operations amounted to $51,901,000 (2016: $61,688,000).

Inventories recognised as cost of sales and presented within "Profit from discontinued operation, net of tax" in the consolidated statement of comprehensive income amounted to $13,506,000 (2016: $21,178,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

18. Trade and other receivables

		Group		Company	
	Note	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Trade receivables		37,058	52,010	–	–
Staff loans, current	16	103	62	61	37
Sundry deposits		188	210	2	2
Sundry receivables		9,529	601	9,417	–
Amounts due from subsidiaries		–	–	10,848	3,662
		46,878	52,883	20,328	3,701

Include in sundry receivables of the Group and Company is an amount of $9,352,000 relating to the deferred sale consideration for the disposal of a subsidiary (Note 11). The amount has been received as of the date the financial statements were authorised for issue.

Amounts due from subsidiaries are non-trade, unsecured, interest-free and repayable upon demand.

Trade and other receivables are stated after deducting an allowance for doubtful receivables of:

Trade receivables	1,464	1,150	–	–

Trade and other receivables are denominated in the following currencies at the end of the reporting period:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore Dollars	5,329	2,797	5,982	3,469
Australian Dollars	22,803	25,210	11,284	221
United States Dollars	14,321	17,077	3,062	11
Bahraini Dinar	58	36	–	–
British Pounds	4,367	7,763	–	–
	46,878	52,883	20,328	3,701

Trade receivables

Trade receivables are non-interest bearing and are generally on 0 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(In Singapore dollars)

18. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $19,409,000 (2016: $25,239,000) that are past due at the end of the reporting period but not impaired as management expects payment subsequent to year end. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2017	**2016**
	$'000	**$'000**
Trade receivables past due but not impaired:		
Lesser than 30 days	11,291	14,017
30 to 60 days	4,132	1,412
61 to 90 days	1,173	1,362
More than 90 days	2,813	8,448
	19,409	25,239

Receivables that are impaired

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and/or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. Trade receivables that are determined to be collectively impaired pertains to impairment allowances made on debtor groups with similar credit risk characteristics that are indicative of the debtors' ability to pay amounts.

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	Individually impaired		**Collectively impaired**	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables – nominal value	1,156	842	308	308
Less : Allowance for impairment	(1,156)	(842)	(308)	(308)
	–	–	–	–
Allowance for impairment:				
At 1 April	842	1,176	308	308
Exchange differences	50	(11)	–	–
Allowance for impairment	961	335	–	–
Written-off	(581)	(658)	–	–
Disposal of a subsidiary	(116)	–	–	–
At 31 March	1,156	842	308	308

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

19. Cash and cash equivalents

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Fixed deposits	11,533	2,126	10,476	–
Cash at banks and in hand	19,875	22,841	511	823
	31,408	24,967	10,987	823

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from Nil% to 1.70% (2016: Nil% to 1.85%) per annum. Fixed deposits are made for varying periods of between one week and three months depending on the immediate cash requirements of the Group, at a weighted average interest rate of 0.59% (2016: 2.92%) per annum. At the end of the reporting period, fixed deposits of $Nil (2016: $299,000) are held as security for lease of premises.

Cash and cash equivalents at 31 March were denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore Dollars	15,172	3,219	10,939	435
Australian Dollars	6,627	7,814	–	–
United States Dollars	7,228	9,033	46	386
British Pounds	2,218	4,294	–	–
Bahraini Dinar	112	203	–	–
Others	51	404	2	2
	31,408	24,967	10,987	823

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

20. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current				
Trade payables	8,289	12,873	–	–
Sundry payables	587	521	63	6
Accrual for staff-related costs	5,339	8,220	885	1,400
Sundry accruals	8,378	8,585	428	326
Trade amounts due to joint venture	3,424	1,684	–	–
Amounts owing to subsidiaries	–	–	7	13
	26,017	31,883	1,383	1,745
Non-current				
Interest-free loans owing to subsidiaries	–	–	7,169	10,354
Sundry payables	309	392	–	–
	309	392	7,169	10,354
Total trade and other payables	26,326	32,275	8,552	12,099

Trade and other payables at 31 March were denominated in the following currencies:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore Dollars	4,086	5,497	5,011	8,929
Australian Dollars	8,570	15,279	3,541	–
United States Dollars	9,003	5,697	–	3,170
Bahraini Dinar	2,136	1,450	–	–
British Pounds	2,285	3,408	–	–
Euro	14	214	–	–
Japanese Yen	–	33	–	–
Others	232	697	–	–
	26,326	32,275	8,552	12,099

Trade and sundry payables

Trade and sundry payables are non-interest bearing and are normally settled on 30 to 60 day terms.

Amounts owing to subsidiaries

Current amounts owing to subsidiaries are non-trade, unsecured, non-interest bearing and are repayable on demand in cash.

Non-current loans owing to subsidiaries are unsecured, non-interest bearing and have no repayment terms. Accordingly, the fair value of these loans is not determinable as the timing of the future cash flows arising from the payment of these loans cannot be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

21. Finance lease payable

At 31 March 2017 and 31 March 2016, the Group has obligations for certain workshop equipment under finance leases (Note 13(c)).

The leases include options to purchase the equipment for a nominal sum. Future minimum lease payments under finance lease and the present value of the net minimum lease payments are as follows:

	Group					
	2017			2016		
	Minimum lease payments	Finance charges	Present value of minimum lease payments	Minimum lease payments	Finance charges	Present value of minimum lease payments
	$'000	$'000	$'000	$'000	$'000	$'000
Within 1 year	348	(17)	331	368	(25)	343
After 1 year but within 5 years	520	(22)	498	178	(7)	171
Total	868	(39)	829	546	(32)	514

The average discount rate implicit in the finance leases is between 1% to 6% (2016: 1% to 13%) per annum. The finance leases are denominated in Australian Dollars and United States Dollars (2016: Australian Dollars, British Pounds and United States Dollars).

22. Bank borrowings

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Bank borrowings, current portion				
Secured (Facility 1)	1,044	1,008	1,044	1,008
Secured (Facility 2)	749	722	–	–
Unsecured (Facility 3)	1,397	1,349	–	–
Total current bank borrowings	3,190	3,079	1,044	1,008
Bank borrowings, non-current portion				
Secured (Facility 1)	7,311	8,068	7,311	8,068
Secured (Facility 4)	–	2,729	–	–
Unsecured (Facility 5)	5,000	5,000	5,000	5,000
Unsecured (Facility 6)	9,361	9,232	–	–
Unsecured (Facility 7)	16,050	15,465	–	–
Total non-current bank borrowings	37,722	40,494	12,311	13,068
Total bank borrowings	40,912	43,573	13,355	14,076

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

22. Bank borrowings (cont'd)

Bank borrowings are denominated in the following currencies at the end of the reporting period:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore Dollars	10,600	10,600	5,000	5,000
Australian Dollars	16,799	18,916	–	–
United States Dollars	13,513	14,057	8,355	9,076
	40,912	43,573	13,355	14,076

Facility 1

The United States Dollars denominated long term bank loans are repayable over quarterly instalments starting from December 2012 with last instalment due on 28 March 2025. Interest is payable at the rate of 1.50% above the SIBOR. The facility is used to fund an interest-bearing loan to a subsidiary (Note 16).

The facility is secured by the following:

– first all-monies registered legal mortgage over a 50-year leasehold land and property at Bahrain International Investment Park, Hidd, Kingdom of Bahrain;

– first registered fixed and floating charge over assets of a subsidiary;

– registered charge over the interest-bearing loan from the Company to a subsidiary.

Facility 2

The Australian dollars denominated short term bank loan is repayable on 18 April 2017. Interest is payable at the rate of 1.70% (2016: 0.9%) per annum over the bank's base rate.

The facility is secured by fixed and floating charge over all assets of a subsidiary.

Facility 3

The United States dollars denominated short term bank loan is repayable on 30 May 2017. Interest is payable at the rate of 1.75% per annum over the bank's prevailing Cost of Funds.

Facility 4

The Australian dollars denominated long term bank loans were repaid in 2017. It was repayable on 31 August 2019 and interest was payable at the rate of 2.70% per annum over the Australian Bank Bill rate.

Facility 5

The multi-currency denominated long term bank loan outstanding as at 31 March 2017 was refinanced during the year and is now repayable on 3 April 2020 (2016: 31 December 2017). Interest is payable at the rate of 3.00% (2016: 1.70%) per annum over the SIBOR or 3.12% (2016: 1.80%) per annum over the LIBOR in 2017 and depending on the currency being drawn.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

22. Bank borrowings (cont'd)

Facility 6

The multi-currency denominated long term bank loan is repayable on 18 May 2018. Interests is payable at 1.95% per annum over the prevailing Swap Offer or LIBOR rates depending on the currency being drawn .

Facility 7

The Australian dollars denominated bank loan is repayable on 16 April 2019 (2016: 16 April 2019). Interest is payable at the rate of 2.25% (2016: 2.25%) per annum over the Bank Bill Swap Bid Rate.

23. Deferred tax assets/(liabilities)

	Group	Company
	$'000	$'000
At 31 March 2015	4,481	(93)
Currency realignment	(23)	–
Charge to profit and loss during the financial year	3,035	58
At 31 March 2016	7,493	(35)
At 31 March 2016	7,493	(35)
Currency realignment	282	–
Utilisation of tax losses under group relief	(529)	–
Charge to profit and loss during the financial year	(78)	(20)
Disposal of a subsidiary	(1,486)	–
At 31 March 2017	5,682	(55)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

23. Deferred tax assets/(liabilities) (cont'd)

Deferred tax as at 31 March relates to the following:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deferred tax assets				
Unabsorbed capital allowances and unutilised tax losses	8,203	8,370	–	12
Employee benefits	49	729	20	20
Other provisions	727	1,863	–	–
Transaction costs on equity issue of a subsidiary	2	56	–	–
Unrealised foreign exchange loss	10	–	–	–
Others	307	464	22	47
	9,298	11,482	42	79
Deferred tax liabilities				
Excess of net book value over tax written down value of property, plant and equipment	(3,243)	(3,113)	(97)	(114)
Revaluation on investment	–	(325)	–	–
Other provisions	–	(3)	–	–
Unrealised foreign exchange gain	–	(124)	–	–
Others	(373)	(424)	–	–
	(3,616)	(3,989)	(97)	(114)
Deferred tax assets/(liabilities), net	5,682	7,493	(55)	(35)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The net amounts determined after appropriate offsetting are shown in the balance sheets as follows:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Deferred tax assets	7,089	8,976	–	–
Deferred tax liabilities	(1,407)	(1,483)	(55)	(35)
Deferred tax assets/(liabilities), net	5,682	7,493	(55)	(35)

At the end of the reporting period, the Group had unutilised tax losses with no expiry of approximately $149,261,000 (2016: $136,687,000) and unabsorbed capital allowances of approximately $11,724,000 (2016: $11,724,000), net of amounts transferred under the group relief transfer system, that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the countries where the companies reside.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

23. Deferred tax assets/(liabilities) (cont'd)

The potential tax benefit of approximately $47,488,000 (2016: $41,585,000) from these unutilised tax losses and unabsorbed capital allowances has not been recognised in the financial statements due to the uncertainty of their recoverability.

There are no tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 27).

24. Provisions

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Current	444	1,523	–	–
Non-current	1,390	1,737	82	80
	1,834	3,260	82	80

Represented by:

	Make good provision	Maintenance warranty	Long-service leave	Onerous contracts	Total
	$'000	$'000	$'000	$'000	$'000
Group					
At 1 April 2015	641	255	2,412	–	3,308
Currency realignment	(8)	–	(34)	–	(42)
Provisions during the year	29	250	170	–	449
Utilised during the year	–	(245)	(210)	–	(455)
At 31 March 2016 and 1 April 2016	662	260	2,338	–	3,260
Currency realignment	12	6	82	20	120
Provisions/(reversals) during the year	15	(43)	257	708	937
Utilised during the year	(25)	(17)	(244)	–	(286)
Disposal of a subsidiary	(582)	(206)	(1,409)	–	(2,197)
At 31 March 2017	82	–	1,024	728	1,834

	Make good provision	
	2017	2016
	$'000	$'000
Company		
At 1 April	80	78
Accretion of interest	2	2
At 31 March	82	80

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

24. Provisions (cont'd)

Make good provision

In accordance with certain lease agreements, provisions are recognised for expected cost required to be incurred to reinstate the leased premises to their original condition upon the expiry of the leases at various dates till 2036. The provisions are based on quotations received from contractors. Assumptions made by management included variables such as inflation rate and discount rate used to calculate the provision. As such, the actual amounts eventually paid out could be different from the above provisions due to changes in the variables such as discount rate and inflation. However, the Group is of the view that the current provisions are adequate to cover the cost of reinstatement.

Provision for maintenance warranty

In determining the level of provision required for maintenance warranties, the Group has made estimates in respect of the expected performance of the products, number of customers who will utilise the maintenance warranties, frequency of warranty claims and the costs of fulfilling the maintenance warranties. Historical experience and current knowledge of the performance of products has been used in determining this provision.

Provision for long service leave

Provision for long service leave is recognised and measured at the present value of the expected future payment to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Onerous contracts

Present obligations arising under onerous contract are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

25. Share capital and treasury shares

	Group and Company			
	2017		2016	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
(a) Ordinary shares issued and fully paid				
At 1 April and 31 March	154,521	36,807	154,521	36,807

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

25. Share capital and treasury shares (cont'd)

	Group and Company			
	2017		2016	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
(b) Treasury shares				
At 1 April	148	116	–	–
Share buy-back	130	56	400	312
Transfer of treasury shares pursuant to MTQ Share Plan (Note 31)	(272)	(168)	(252)	(196)
At 31 March	6	4	148	116

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company except that no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares.

All ordinary shares carry one vote per share without restrictions, except for treasury shares which have no voting rights. The ordinary shares have no par value.

The Company acquired 130,000 (2016: 400,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $56,000 (2016: $312,000) and this was presented as a component within shareholder equity.

The Company transferred 271,840 (2016: 251,649) treasury shares pursuant to the MTQ Share Plan (Note 31). The gain of $167,000 (2016: $132,000) arising from the transfer was recognised in Gain on Sale/Transfer of Treasury Shares within Other Reserves (Note 26).

26. Reserves

		Group		Company	
	Note	2017	2016	2017	2016
		$'000	$'000	$'000	$'000
Retained earnings		57,022	72,155	84,288	57,685
Foreign currency translation reserve		(1,417)	(4,997)	–	–
Other reserves					
- Gain on sale/transfer of treasury shares		2,463	2,297	2,463	2,297
- Premium paid on acquisition of non-controlling interests or reduction in share capital of a subsidiary		(1,078)	(1,078)	–	–
- Employee equity benefits reserve		80	405	79	452
- Net fair value of loss on derivatives		19	191	–	–
- Share of joint venture's remeasurement of employee benefits liabilities	15	53	–	–	–
		1,537	1,815	2,542	2,749
		57,142	68,973	86,830	60,434

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

26. Reserves (cont'd)

Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising from the translation of financial statements of subsidiaries whose functional currencies are different from that of the Group's presentation currency. The foreign currency translation reserve is also used to record the effect of hedging of net investments in foreign operations.

Gain on sale/transfer of treasury shares

This represents the gain arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

Premium paid on acquisition of non-controlling interests or reduction in share capital of a subsidiary

This represents the premium paid on acquisition of non-controlling interests arising from the acquisition of additional equity interest in Neptune while retaining control and the reduction of share capital of Neptune prior to financial year ended 2016.

Employee equity benefits reserve

Employee equity benefits reserve represents the equity-settled awards granted to employees (Note 31). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date (or acquisition date if later) of equity-settled share schemes, and is reduced by the expiry, cancellation or release of the awards.

Movements in reserves are set out in the statements of changes in equity.

27. Dividends

During the financial year ended 31 March 2016, $3,082,000 one-tier cash dividend of 2.0 cents per share was paid in respect of financial year ended 31 March 2015. There was no dividend declared or paid in respect of financial years ended 31 March 2016 and 2017.

28. Commitments and contingencies

(a) ***Operating leases – as lessee***

The Group leases certain properties, equipment and vehicles for its operations under lease agreements that are non-cancellable. The leases expire at various dates till year 2059 with the property leases containing provisions for rental adjustments. Renewals are at the options of the specific entity that holds the lease but the leases have no purchase options.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

28. Commitments and contingencies (cont'd)

(a) ***Operating leases – as lessee (cont'd)***

Future minimum lease payments for all leases with initial or remaining terms of one year or more are as follows:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Within one year	3,727	5,315	544	584
After one year but not more than five years	11,428	13,621	2,133	2,289
More than five years	28,723	35,181	7,729	8,831
	43,878	54,117	10,406	11,704

Included in the above, $43,606,000 (2016:$53,596,000) and $10,396,000 (2016: $11,680,000) relate to leasehold land and premises of the Group and the Company respectively.

(b) ***Capital expenditure***

As at the end of the financial year, the Group had the following capital expenditure commitments for the acquisition of property, plant and equipment:

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Authorised and committed	594	112	–	–

(c) ***Contingent liabilities***

Corporate guarantees issued by the Company for bank facilities granted to subsidiaries	–	–	18,196	20,265
Guarantees issued to external parties	3,792	3,746	103	103

The corporate guarantees have not been recognised by the Group and the Company as management has assessed the fair value of the corporate guarantees to be immaterial.

Guarantees to external parties comprise guarantees issued in lieu of security deposits required by suppliers and non-financial guarantees to its business associates which commit the Group to make payments on behalf of these entities upon failure to perform under the terms of the relevant contracts.

(d) ***Other commitments***

Financial support

The Company has provided letters of financial support to certain subsidiaries that it will not demand repayment of the amounts owing by such subsidiaries unless such repayment will not jeopardise the ability of these subsidiaries to meet their obligations as and when they fall due. The total amount owing from these subsidiaries, net of allowances for impairment, is $42,256,000 (2016: $36,701,000).

(In Singapore dollars)

29. Information by segment on the Group's operations

(a) ***Operating segments***

For management purposes, the Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different industries as follows:

(i) *Investment holding*

Holds investments and provides management and corporate services to its subsidiaries. It also derives dividend and rental income from its subsidiaries and quoted investments. The Group's central overheads are also classified here. This segment operates mainly in Singapore and Australia.

(ii) *Oilfield engineering*

Provides engineering services for the servicing, manufacturing, assembly and fabrication of oilfield equipment such as valves and blow-out-preventers used in the oil and gas industry. This segment also engages in the business of renting and sale of oilfield equipment and spare parts. This segment has expanded into design and manufacturing of proprietary and custom-built pipe support and pipe suspension solutions for the oil and gas industry. This segment operates primarily out of Singapore, Kingdom of Bahrain, Australia and Indonesia.

(iii) *Engine systems*

Provides sales and servicing of turbochargers used in a wide range of vehicles and machinery, including trucks, earth moving equipment, agricultural machinery, marine vessels, generator sets and railway equipment. This segment also distributes and services fuel injection parts and automotive performance parts. This segment operates mainly in Australia.

During the year, the Group has disposed the subsidiary which constituted the entire operating segment.

(iv) *Neptune*

Provides engineering services to offshore oil and gas, marine and renewable energy industries by Neptune and its subsidiaries. This segment operates mainly in Australia, United Kingdom and Singapore.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

29. Information by segment on the Group's operations (cont'd)

(a) ***Operating segments (cont'd)***

	Continuing operations								
	Investment holding $'000	Oilfield engineering $'000	Neptune $'000	Others $'000	Eliminations $'000	Note	Subtotal $'000	Discontinued operation (Engine Systems) $'000	Per consolidated financial statements $'000
2017									
Revenue:									
External sales	–	45,103	85,258	–	–		130,361	26,858	157,219
Inter-segment sales	8,680	621	7	–	(9,308)	A	–	–	–
Total sales	8,680	45,724	85,265	–	(9,308)		130,361	26,858	157,219
Results:									
Interest income	26	1	79	–	–		106	13	119
Depreciation and amortisation	(411)	(4,691)	(3,815)	–	–		(8,917)	(351)	(9,268)
Allowance for inventory obsolescence	–	(533)	–	–	–		(533)	(95)	(628)
Allowance for doubtful receivables, net	–	(183)	(774)	–	–		(957)	(4)	(961)
Bad debts written off, net	–	(37)	–	–	–		(37)	–	(37)
Finance costs	(143)	(562)	(666)	–	–		(1,371)	(67)	(1,438)
Share of results of joint venture	–	93	–	–	–		93	–	93
Segment profit/(loss) before tax	(3,964)	(7,661)	(8,916)	(48)	–		(20,589)	3,538	(17,051)
Taxation	152	1,552	(319)	–	–		1,385	(540)	845
Assets and liabilities:									
Additions to non-current assets	19	522	1,448	–	–		1,989	209	2,198
Segment assets	27,500	72,988	64,218	3	–		164,709	–	164,709
Deferred tax assets									7,089
Total assets									171,798
Segment liabilities	(1,605)	(10,478)	(16,070)	(7)	–		(28,160)	–	(28,160)
Provision for taxation									(518)
Deferred tax liabilities									(1,407)
Bank borrowings and finance lease payable									(41,741)
Total liabilities									(71,826)

(In Singapore dollars)

29. Information by segment on the Group's operations (cont'd)

(a) *Operating segments (cont'd)*

	Continuing operations								
	Investment holding $'000	Oilfield engineering $'000	Neptune $'000	Others $'000	Eliminations $'000	Note	Subtotal $'000	Discontinued operation (Engine Systems) $'000	Per consolidated financial statements $'000
2016									
Revenue:									
External sales	–	58,098	120,565	–	–		178,663	43,125	221,788
Inter-segment sales	5,048	332	25	–	(5,405)	A	–	–	–
Total sales	5,048	58,430	120,590	–	(5,405)		178,663	43,125	221,788
Results:									
Interest income	–	45	125	–	–		170	26	196
Depreciation and amortisation	(497)	(5,174)	(6,984)	–	–		(12,655)	(800)	(13,455)
Allowance for inventory obsolescence	–	(51)	–	–	–		(51)	(124)	(175)
Impairment of property, plant and equipment	–	–	(7,042)	–	–		(7,042)	–	(7,042)
Impairment of goodwill	–	(5,761)	–	–	–		(5,761)	–	(5,761)
Impairment of intangible assets	–	(172)	–	–	–		(172)	–	(172)
Allowance for doubtful receivables, net	–	(21)	(239)	–	–		(260)	(75)	(335)
Bad debts recovered	–	46	–	–	–		46	–	46
Finance costs	(9)	(614)	(1,316)	–	–		(1,939)	(124)	(2,063)
Share of results of joint venture	–	(285)	–	–	–		(285)	–	(285)
Segment profit/(loss) before tax	(5,252)	(9,617)	(9,466)	(41)	–		(24,376)	1,604	(22,772)
Taxation	795	1,512	1,364	–	–		3,671	(280)	3,391
Assets and liabilities:									
Additions to non-current assets	60	2,131	5,355	–	–		7,546	468	8,014
Segment assets	8,162	76,826	80,321	–	–		165,309	23,807	189,116
Deferred tax assets									8,976
Total assets									198,092
Segment liabilities	(1,904)	(9,709)	(16,666)	(6)	–		(28,285)	(7,250)	(35,535)
Provision for taxation									(3,613)
Deferred tax liabilities									(1,483)
Bank borrowings and finance lease liabilities									(44,087)
Total liabilities									(84,718)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

29. Information by segment on the Group's operations (cont'd)

(a) ***Operating segments (cont'd)***

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

Note A: Inter-segment revenues are eliminated on consolidation.

(b) ***Geographical segments***

	Singapore $'000	Australia $'000	Bahrain $'000	United Kingdom $'000	Indonesia $'000	Others $'000	Total $'000
2017							
External sales	29,617	94,889	17,791	13,649	1,092	181	157,219
Non-current assets	23,303	14,778	20,932	6,318	1,138	–	66,469
2016							
External sales	50,276	128,750	15,109	27,653	–	–	221,788
Non-current assets	30,586	17,398	21,830	9,251	973	–	80,038

Non-current assets information presented above consist of goodwill, intangible assets, property, plant and equipment, investment in joint venture and other investment as presented in the consolidated balance sheet.

The Group's non-current assets and sales to external customers disclosed in geographical segments are based on the entities' country of domicile.

(c) ***Information about major customers***

For the financial years ended 31 March 2017 and 31 March 2016, there was no single external customer who contributed to 10% or more to the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

30. Subsidiaries

(a) ***The subsidiaries as at 31 March are:***

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Effective interest in equity held by the Company	
			2017	2016	2017	2016
			$'000	$'000	%	%
	Unquoted equity shares held by the Company					
i	MTQ Engineering Pte Ltd (Republic of Singapore)	Providing engineering and manufacturing services to the oil and gas industry (Republic of Singapore)	1,312	1,312	100	100
i	MTQ Equipment Rental Pte Ltd (Republic of Singapore)	Providing oilfield equipment rental services (Republic of Singapore)	5,678	5,678	100	100
i	MTQ Fabrication Pte Ltd (Republic of Singapore)	Providing oilfield fabrication services (Republic of Singapore)	37	37	100	100
i	Blossomvale Investments Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	– ♦	– ♦	100	100
iii	Violetbloom Investments Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	– ♦	– ♦	100	100
iii	Everfield Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	– ♦	– ♦	100	100
i	MTQ Binder Holdings Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	– ♦	– ♦	100	100
ii	MTQ Engine Systems (Aust) Pty Ltd (Australia)	Sales and servicing of turbochargers and fuel injection parts and automotive performance parts (Australia)	– *	5,295	–	100
ii	MTQ Holdings Pty Ltd (Australia)	Investment holding (Australia)	3,556	3,556	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

30. Subsidiaries (cont'd)

(a) *The subsidiaries as at 31 March are: (cont'd)*

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Effective interest in equity held by the Company	
			2017	2016	2017	2016
			$'000	$'000	%	%
	Unquoted equity shares held by the Company (cont'd)					
ii	MTQ Oilfield Services W.L.L. (Kingdom of Bahrain)	Service, manufacture and assemble oilfield equipment and related spare parts in the oil and gas industry (Kingdom of Bahrain)	7,045	7,045	99	99
ii	MTQ Castings Sdn Bhd (previously known as Metalock Castings Sdn Bhd) (Malaysia)	Inactive (Malaysia)	–	–	100	100
i	Premier Sea & Land Pte Ltd (Republic of Singapore)	Trading of oilfield industry materials and supplies machinery and equipment and rental of machinery and equipment (Republic of Singapore)	14,189	14,189	100	100
i	Pemac Pte Ltd (Republic of Singapore)	Manufacture of high pressure piping, general steel fabrication works repairing of oilfield equipment and fabrication of pressure vessels (Republic of Singapore)	2,306	2,306	100	100
			34,123	39,418		

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

30. Subsidiaries (cont'd)

(a) ***The subsidiaries as at 31 March are: (cont'd)***

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group 2017 %	2016 %
	Quoted equity shares held by a subsidiary			
ii,iv	Neptune Marine Services Limited (Australia)	Investment holding (Australia)	87.1	87.1
	Unquoted equity shares held by the subsidiaries			
iii	Dynamic Turbocharger Services (Australia) Pty Ltd (Australia)	Inactive (Australia)	– *	100
ii	MTQ Oilfield Services W.L.L. (Kingdom of Bahrain)	Service, manufacture and assemble oilfield equipment and related spare parts in the oil and gas industry (Kingdom of Bahrain)	100	100
i	Premier Estate Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	100	100
iii,iv	Neptune Marine Services International Pty Ltd (Australia)	Investment holding (Australia)	87.1	87.1
ii,iv	Neptune Asset Integrity Services Pty Ltd (Australia)	Providing a range of specialist access solutions for the provision of inspection, repair and maintenance services (Australia)	87.1	87.1
ii,iv	Neptune Diving Services Pty Ltd (Australia)	Providing commercial diving and inspection, repair and maintenance services to the oil and gas, shipping, defence and marine infrastructure industries (Australia)	87.1	87.1
iii,iv	Neptune Fabrication Services Pty Ltd (Australia)	Inactive (Australia)	87.1	87.1
iii,iv	Neptune Subsea Engineering Pty Ltd (Australia)	Providing a range of specialist subsea engineering services to the oil and gas sector (Australia)	87.1	87.1

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

30. Subsidiaries (cont'd)

(a) ***The subsidiaries as at 31 March are: (cont'd)***

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group 2017 %	2016 %
	Unquoted equity shares held by the subsidiaries (cont'd)			
iii,iv	Neptune Geomatics Pty Ltd (Australia)	Providing a range of hydrographic survey, geophysical and positioning services internationally to the oil and gas sector (Australia)	87.1	87.1
iii,iv	Neptune Subsea Stabilisation Pty Ltd (Australia)	Design, manufacture, supply and install a range of pipeline stabilisation and protection systems (Australia)	87.1	87.1
iii,iv	Allied Diving Services Pty Ltd (Australia)	Inactive (Australia)	87.1	87.1
iii,iv	Neptune Delaware Holdings Inc (United States of America)	Investment holding (United States of America)	87.1	87.1
iii,iv	Neptune Underwater Services (USA) LLC (United States of America)	Inactive (United States of America)	87.1	87.1
i,iv	Neptune Asia Holdings Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	87.1	87.1
i,iv	Neptune Marine Pacific Pte Ltd (Republic of Singapore)	Specialise in the provision of remotely operated vehicles (ROV) services and tooling solutions for both shallow and deep water applications (Republic of Singapore)	87.1	87.1
i,iv	Neptune Access IRM Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	87.1	87.1
i,iv	Neptune Marine Offshore Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	87.1	87.1

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

30. Subsidiaries (cont'd)

(a) *The subsidiaries as at 31 March are: (cont'd)*

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group 2017 %	2016 %
	Unquoted equity shares held by the subsidiaries (cont'd)			
i,iv	Neptune Subsea Stabilisation Pte Ltd (Republic of Singapore)	Design, manufacture, supply and install a range of pipeline stabilisation and protection systems (Republic of Singapore)	87.1	87.1
ii,iv	PT Neptune Subsea Stabilisation (Indonesia)	Design, manufacture, supply and install a range of pipeline stabilisation and protection systems (Indonesia)	87.1	87.1
ii,iv	Submersible Technology Services Middle East S.P.C. (Kingdom of Bahrain)	Specialise in the provision of quality remotely operated vehicle (ROV) services and tooling solutions for both shallow and deepwater applications. (Kingdom of Bahrain)	87.1	87.1
ii,iv	Neptune Scotland Holdings Ltd (United Kingdom)	Investment holding (United Kingdom)	87.1	87.1
ii,iv	Neptune Offshore Services Ltd (United Kingdom)	Providing a range of manufacturing solutions encompassing the design, manufacture, machining, assembly and testing of a wide range of equipment (United Kingdom)	87.1	87.1
ii,iv	Neptune Subsea Engineering Ltd (United Kingdom)	Providing a range of specialist subsea engineering services internationally to the oil and gas sector (United Kingdom)	87.1	87.1
ii,iv	Neptune ROV Services Holdings Ltd (United Kingdom)	Investment holding (United Kingdom)	87.1	87.1

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

30. Subsidiaries (cont'd)

(a) ***The subsidiaries as at 31 March are: (cont'd)***

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group 2017 %	2016 %
	Unquoted equity shares held by the subsidiaries (cont'd)			
iii,iv	Neptune Deeptech Symons Ltd (United Kingdom)	Inactive (United Kingdom)	– #	87.1
ii,iv	Neptune ROV Services Ltd (United Kingdom)	Specialise in the provision of quality remotely operated vehicle (ROV) services and tooling solutions for both shallow and deepwater applications (United Kingdom)	87.1	87.1
ii,iv	Neptune Subsea Services Sdn Bhd (Malaysia)	Providing a range of subsea inspection, repair and maintenance works (Malaysia)	87.1	87.1
i,iv	Neptune ROV Services Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	87.1	87.1
ii,iv	Neptune Offshore Services (PNG) Ltd	Diving (Papua New Guinea)	87.1	–
ii,iv	Neptune Subsea Inc (United States of America)	Providing a range of specialist subsea engineering services to the oil and gas sector (United States of America)	87.1	–
ii,iv	Submersible Technology Services Sdn Bhd (Malaysia)	Inactive (Malaysia)	87.1	87.1
ii,iv	Neptune Marine Subsea Services Sdn Bhd (Brunei)	Providing a range of underwater and subsea works including diving, remotely operated vehicle services, underwater inspection, maintenance and repair services, and supply of subsea stabilisation products and services to the offshore industry. (Brunei)	87.1	87.1

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

30. Subsidiaries (cont'd)

(a) ***The subsidiaries as at 31 March are: (cont'd)***

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group	
			2017	2016
			%	%
	Unquoted equity shares held by the subsidiaries (cont'd)			
ii	Binder Group Pty Ltd (Australia)	Design and manufacturing of proprietary and custom-built pipe support and pipe suspension solutions (Australia)	100	100
iii	Binder Engineering (VIC) Pty Ltd (Australia)	Inactive (Australia)	– #	100
iii	Binder Engineering (QLD) Pty Ltd (Australia)	Inactive (Australia)	– #	100
iii	Binder Engineering (NSW) Pty Ltd (Australia)	Inactive (Australia)	– #	100
i	Binder Asia Pte Ltd (Singapore)	Trading of proprietary and custom-built pipe support and pipe suspension solutions (Singapore)	100	100
iii	Binder Holdings Pte Ltd (Singapore)	Inactive (Singapore)	100	100

i Audited by Ernst & Young LLP, Singapore

ii Audited by member firms of Ernst & Young Global in their respective countries

iii Not required to be audited under the law in its country of incorporation

iv. Subsidiaries, which are part of Neptune Group, that have material non-controlling interest ("NCI") as an aggregate. Total loss allocated to NCI of Neptune Group during the year was $1,073,000 (2016: profit of $914,000). Accumulated NCI of Neptune Group as at 31 March 2017 was $6,027,000 (2016: $7,710,000). During the year $677,000 (2016: $653,000) of dividends were paid by Neptune to NCI.

* Disposed during the year

\# De-registered during the year

♦ The cost of investments in each of these subsidiaries is less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

30. Subsidiaries (cont'd)

(b) ***Summarised financial information about subsidiaries with material NCI***

Summarised financial information excluding consolidation adjustments and intercompany eliminations of Neptune Group as follows:

Summarised balance sheets

	Neptune Group	
	2017	**2016**
	$'000	**$'000**
Current		
Assets	40,150	53,777
Liabilities	(15,806)	(19,086)
Net current assets	24,344	34,691
Non-current		
Assets	39,226	41,762
Liabilities	(1,883)	(1,397)
Net non-current assets	37,343	40,365
Net assets	61,687	75,056

Summarised statement of comprehensive income

	Neptune Group	
	2017	**2016**
	$'000	**$'000**
Revenue	85,348	120,715
Loss after tax	(8,569)	(7,218)
Other comprehensive income	(2,086)	200
Total comprehensive income	(10,655)	(7,018)
Other summarised information		
Net cash flows from operations	5,144	3,905

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

31. Employee benefits

(a) *MTQ Share Plan*

The Group has adopted a compensation scheme, known as the MTQ Share Plan (the "Share Plan"), approved by shareholders of the Company at an Extraordinary General Meeting held on 26 July 2013, to grant the right to receive fully paid ordinary shares ("Award"). The Share Plan, inter alia, allows for the participation of employees of the Group and employees of associated companies (a company as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")) who meet the eligibility criteria, but does not include any controlling shareholders and their associates as defined in the Listing Manual of SGX-ST, nor the Non-Executive Directors.

The Share Plan is administered by the Remuneration Committee which comprises the following members:

Huang Yuan Chiang (Chairman)
Nicholas Campbell Cocks
Ong Eng Yaw

The selection of the participants in the Share Plan and the grant of Award are to be determined by the Remuneration Committee at its absolute discretion.

The principal terms of the Share Plan are:

(i) Size and duration

The total number of new shares which may be delivered by the Company pursuant to the Awards granted under the Share Plan ("the New Shares") on any date, when added to the aggregate number of ordinary shares issued or issuable under any other share schemes which may be implemented by the Company, shall not exceed 15% of the total number of issued ordinary shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of grant.

The Share Plan shall continue in force at the discretion of the Remuneration Committee subject to a maximum of 10 years commencing from the date it is adopted by the Company in general meeting, provided always that the Share Plan may continue beyond this stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Share Plan, any grant of shares made pursuant to the Share Plan prior to such expiry or termination will continue to remain valid.

(ii) Eligibility to participate in the Scheme

Subject to the absolute discretion of the Remuneration Committee, the following persons, unless they are also non-executive directors, controlling shareholders and/or their associates, shall be eligible to participate in the Share Plan:

- employees of the Group who have attained the age of twenty-one years before the date of the Award and hold such rank as may be designated by the Remuneration Committee from time to time; and

- employees of associated companies who have attained the age of twenty-one years before the date of the Award and hold such rank as may be designated by the Remuneration Committee from time to time and who, in the opinion of the Remuneration Committee, have contributed to the success of the Group; (collectively known as the "Participants").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

31. Employee benefits (cont'd)

(a) *MTQ Share Plan (cont'd)*

(iii) Grant of Awards

Awards under the Share Plan may be granted at any time during the period when the Share Plan is in force. The Remuneration Committee shall, in its absolute discretion, decide, in relation to each Award:

- the participants;
- the Award date;
- the number of fully paid ordinary shares which are the subject of the Award;
- the performance targets and the period during which the targets are to be satisfied;
- the extent to which the fully paid ordinary shares which are the subject of that Award shall be released on the prescribed performance targets being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;
- the vesting date; and
- any other condition as the Remuneration Committee may determine.

The granted Award may not be sold, transferred, mortgaged, charged, assigned, pledged, encumbered or otherwise disposed of, in whole or in part or in any way whatsoever, except with the prior approval of the Remuneration Committee and if a participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any such rights under an Award, that Award shall immediately lapse.

(iv) Operation of Share Plan

Subject to the prevailing legislation and the rules of the Listing Manual and such consents or other required action by any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the Share Plan and the Company's Constitutions, the Company will have the flexibility to settle the Awards upon their vesting by way of:

- issuing new ordinary shares of the Company as fully paid;
- delivering existing ordinary shares (including, to the extent permitted by law, treasury shares); and/or
- paying the aggregate market price in cash in lieu of allotment or transfer of some or all of the new or existing ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

31. Employee benefits (cont'd)

(a) *MTQ Share Plan (cont'd)*

(iv) Operation of Share Plan (cont'd)

As at 31 March 2017, the aggregate number of shares comprised in Awards granted pursuant to the MTQ Share Plan which are not released amounted to 110,769 shares (31 March 2016: 388,979 shares). The movements in the number of shares comprised in Awards granted under the MTQ Share Plan are as follows:

	Number of shares				
Date of Grant	**At 1.4.2016**	**Granted**	**Released**	**Forfeited**	**At 31.3.2017**
29.8.2014	155,043	–	(155,043)	–	–
26.8.2015	233,936	–	(116,797)	(6,370)	110,769
	388,979	–	(271,840)	(6,370)	110,769

(b) *Neptune's incentive option scheme*

Neptune operates an ownership-based incentive scheme known as the Neptune Marine Services Limited Incentive Option Scheme ("Neptune Scheme"), which was approved by Neptune's shareholders at a general meeting held on 25 November 2005.

The Neptune Scheme provides for employees, Executive Directors of Neptune and others involved in the management of Neptune to be offered options for no consideration. Each option is convertible to one ordinary share of Neptune. The directors of Neptune may determine the exercise price of the options in its absolute discretion. Subject to the Australian Securities Exchange ("ASX") Listing Rules, the exercise price may be nil but to the extent the ASX Listing Rules specify or require a minimum price, the exercise price in respect of an offer made must not be less than any minimum price specified in the ASX Listing Rules. Options issued under the Neptune Scheme that have not lapsed may be exercised at any time up to the date which is 5 years after the date of the grant of the options, or such other expiry date as the directors of Neptune determine in its discretion at the time of grant. There are no voting or dividend rights attached to the options.

Options may not be offered under the Neptune Scheme if the total number of shares of Neptune which would be issued where each option is accepted, together with the number of shares in the same class or options to acquire such shares issued pursuant to all employee or executive share schemes during the previous five years, exceeds 5% of the total number of issued shares in that class as at the date of the offer.

Employees are entitled to the options if they remain employed with Neptune over the service period which is determined at the date of grant on an individual basis.

All options granted to key management personnel confer a right of one ordinary share in Neptune for every option held.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

31. Employee benefits (cont'd)

(b) *Neptune's incentive option scheme (cont'd)*

The number and weighted average exercise price of the options granted under the Neptune Scheme is as follows:

	Group			
	2017		2016	
	Number of Options	Weighted Average Exercise Price A$	Number of Options	Weighted Average Exercise Price A$
Outstanding at the beginning of the period	100,000	15.00	133,334	14.25
Forfeited during the period	–	–	–	–
Exercised during the period	–	–	–	–
Expired during the period	–	–	(33,334)	12.00
Outstanding at the end of the period	100,000	15.00	100,000	15.00
Exercisable at the end of the period	100,000	15.00	100,000	15.00

The options outstanding at 31 March 2017 had a remaining contractual life of 0.16 years (2016: 1.16 years). Exercise price is A$15.00 in respect of options outstanding at 31 March 2017 and 2016.

In 2010, options issued were calculated by using a Binomial option pricing model applying the following inputs:

Date options issued	1/08/2010
Weighted average exercise price	A$0.58[1]
Weighted average life of the option (years)	5.00
Underlying share price	A$0.28[1]
Expected share price volatility	71%
Risk free interest rate	4.50% per annum

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

[1] The above prices applied in the Binomial option pricing model were prior to the 30:1 share consolidation undertook by Neptune in 2014. Adjusting for the consolidation, the weighted average exercise price and the underlying share price applied would have been A$17.40 and A$8.40 respectively.

Expenses relating to share-based payments

The total expenses recognised relating to the share-based payment transactions included within staff costs in the profit or loss amounted to $2,000 (2016: $235,000).

(In Singapore dollars)

32. Related party disclosure

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place during the financial year on terms agreed by the parties concerned:

(a) ***Sale and purchase of goods and services***

	Company	
	2017	**2016**
	$'000	**$'000**
Subsidiaries		
- Dividend income	8,327	2,294
- Management fee income	6,446	2,774
- Rental income from investment properties	1,167	1,219
- Interest on loans	211	228

(b) ***Compensation of key management personnel***

Key management personnel are defined as persons who have authority and responsibility for planning, directing and controlling the activities of the Group.

Details of their remuneration paid during the year and other related party transactions have been disclosed in Note 5.

33. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The Group's principal financial instruments, other than quoted securities, comprise bank borrowings, finance leases and cash and cash equivalents. All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors ("Board") resolutions, with banking mandates which define the permitted financial instruments and facilities limits, approved by the Board. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The key financial risks faced by the Group include credit risk, foreign currency risk, liquidity risk and interest rate risk. The Board reviews and agrees policies and procedures for the management of these risks, which are executed by the key management personnel of the Group. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting, other than the hedge of net investment in foreign operations as disclosed in Note 35.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

33. Financial risk management objectives and policies (cont'd)

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including quoted investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products and services are made to customers with appropriate credit history and has internal mechanisms to monitor the granting of credit and management of credit exposures. The Group has made allowances, where necessary, for potential losses on credits extended.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets.

- corporate guarantees provided by the Company for bank facilities granted to subsidiaries as at the end of the reporting period is $18,196,000 (2016: $20,265,000) (Note 28(c)).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2017		2016	
	$'000	% of total	$'000	% of total
By country				
Australia	13,901	38	26,400	51
Singapore	7,747	21	6,328	12
United Kingdom	4,343	12	8,363	16
Saudi Arabia	4,162	11	2,731	5
Korea	2,756	7	1,004	2
Indonesia	1,424	4	594	1
Malaysia	329	1	997	2
Thailand	242	1	365	1
Bahrain	229	1	2,927	6
Brunei	187	–*	7	–*
India	118	–*	144	–*
Vietnam	34	–*	77	–*
United States	–	–*	414	1
Others	1,586	4	1,659	3
	37,058	100	52,010	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

33. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

Credit risk concentration profile (cont'd)

	Group			
	2017		2016	
	$'000	% of total	$'000	% of total
By industry sectors				
Oil and gas	34,483	93	46,341	89
Marine and shipping	1,016	3	377	1
Mining	657	2	199	–*
Automotive	–	–	3,244	6
Others	902	2	1,849	4
	37,058	100	52,010	100

* *Less than 1%.*

At the end of the reporting period, approximately 32% (2016: 38%) of the Group's trade receivables were due from five major customers who are leading providers of products and services to the global upstream oil and gas industry.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18 (Trade and other receivables).

(b) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and Australian dollar (AUD). The foreign currencies in which these transactions are denominated are mainly United States dollars (USD), AUD and SGD. The Group's trade and other receivables and trade and other payables balances at the end of the reporting period have similar exposures. As at 31 March 2017, approximately 69% (2016: 39%) of the Group's trade and other receivables and 43% (2016: 30%) of the Group's trade and other payables are denominated in foreign currencies.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The currency mix of the cash and cash equivalents of the Group and Company as at the end of the reporting period are set out in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

33. Financial risk management objectives and policies (cont'd)

(b) *Foreign currency risk (cont'd)*

The Group enters into foreign exchange forward contracts and holds foreign currencies where appropriate, to hedge against its foreign exchange risk in anticipated purchase or sale transactions denominated in foreign currencies. The Group's treasury policy prescribes only "plain vanilla" or treasury hedging instruments with limited downside risk, namely foreign exchange spot and forward contracts, or holder of options ("the Permitted Transactions"). These instruments are generic in nature with no embedded or leverage features and any deviation from these instruments would require specific approval from the Board. Any complex foreign exchange or derivatives transactions involving any combination of the Permitted Transactions or any combination of the Permitted Transactions and other derivatives transactions are prohibited.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation or trading nor any of the treasury transactions for profit purpose. It is not in the interest of the Group to engage in trading for profit or to speculate or trade in treasury instruments. The purpose of engaging in treasury transactions is solely for hedging.

In addition to transactional exposure, the Group is also exposed to foreign currency exchange movements arising from its net investment in foreign operations. The Group does not have any formal policy with respect to such foreign currency exposure as its investments are long term in nature, and management of such foreign currency exposure is considered on a case-by-case basis.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax and equity to a reasonably possible change in the USD, AUD and SGD exchange rates (against the respective functional currencies of the Group entities), with all other variables held constant:

	Group			
	2017		2016	
	Effect on loss before tax	Effect on equity	Effect on loss before tax	Effect on equity
	Decrease/ (increase)	Increase/ (decrease)	Decrease/ (increase)	Increase/ (decrease)
	$'000	$'000	$'000	$'000
USD				
- strengthened 3% (2016: 3%)	(114)	804	272	777
- weakened 3% (2016: 3%)	114	(804)	(272)	(777)
AUD				
- strengthened 3% (2016: 3%)	286	(482)	(14)	(464)
- weakened 3% (2016: 3%)	(286)	482	14	464
SGD				
- strengthened 3% (2016: 3%)	132	(270)	(41)	(270)
- weakened 3% (2016: 3%)	(132)	270	41	270

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

33. Financial risk management objectives and policies (cont'd)

(c) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility by monitoring its net operating cash flow through the review of its working capital requirements regularly, and maintaining an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions.

Analysis of financial instruments by remaining contractual maturities

The tables below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period, based on contractual undiscounted repayment obligations:

	Total contractual cash flow	1 year or less	1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000
Group				
2017				
Non-derivative financial liabilities				
Trade and other payables	(26,326)	(26,017)	(309)	–
Bank borrowings	(43,894)	(20,551)	(20,076)	(3,267)
Finance lease payable	(868)	(348)	(520)	–
Contractual undiscounted financial liabilities	(71,088)	(46,916)	(20,905)	(3,267)
2016				
Non-derivative financial liabilities				
Trade and other payables	(32,275)	(31,883)	(392)	–
Bank borrowings	(48,048)	(4,504)	(39,322)	(4,222)
Finance lease payable	(546)	(368)	(178)	–
Contractual undiscounted financial liabilities	(80,869)	(36,755)	(39,892)	(4,222)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

33. Financial risk management objectives and policies (cont'd)

(c) ***Liquidity risk (cont'd)***

	Total contractual cash flow $'000	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000
Company				
2017				
Non-derivative financial liabilities				
Trade and other payables	(8,552)	(1,383)	–	(7,169)
Bank borrowings	(14,677)	(1,385)	(10,025)	(3,267)
Contractual undiscounted financial liabilities	(23,229)	(2,768)	(10,025)	(10,436)
2016				
Non-derivative financial liabilities				
Trade and other payables	(12,099)	(1,745)	–	(10,354)
Bank borrowings	(15,433)	(1,346)	(9,865)	(4,222)
Contractual undiscounted financial liabilities	(27,532)	(3,091)	(9,865)	(14,576)

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	Total contractual cash flow $'000	1 year or less $'000
Group		
2017		
Issued financial guarantees to external parties	3,792	3,695
2016		
Issued financial guarantees to external parties	3,746	3,746
Company		
2017		
Issued guarantees for bank facilities utilised by subsidiaries	18,196	18,196
Issued financial guarantees to external parties	103	103
2016		
Issued guarantees for bank facilities utilised by subsidiaries	20,265	20,265
Issued financial guarantees to external parties	103	103

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

33. Financial risk management objectives and policies (cont'd)

(d) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its cash and bank balances placed with reputable banks as well as bank borrowings. Bank borrowings are contracted with the objectives of minimising interest burden by carefully evaluating the relative benefits between fixed rate and variable rate whilst maintaining an acceptable debt maturity profile.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the interest rates, with all other variables held constant:

	Effect on Group's loss before tax (increase)/decrease	
	2017	**2016**
	$'000	**$'000**
50 basis points increase (2016: 50 basis points increase)	(205)	(218)
50 basis points decrease (2016: 50 basis points decrease)	205	218

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's cash and cash equivalents, bank borrowings and finance lease payable where applicable. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

34. Financial instruments

Classification of financial instruments

	Note	Loans and receivables $'000	Financial liabilities at amortised cost $'000	Total $'000
Group				
2017				
Assets				
Receivables	16	2,440	–	2,440
Trade and other receivables	18	46,878	–	46,878
Cash and cash equivalents	19	31,408	–	31,408
Total financial assets		80,726	–	80,726
Total non-financial assets				91,072
Total assets				171,798
Liabilities				
Trade and other payables	20	–	(26,326)	(26,326)
Finance lease payable	21	–	(829)	(829)
Bank borrowings	22	–	(40,912)	(40,912)
Total financial liabilities		–	(68,067)	(68,067)
Total non-financial liabilities				(3,759)
Total liabilities				(71,826)
2016				
Assets				
Receivables	16	2,175	–	2,175
Trade and other receivables	18	52,883	–	52,883
Cash and cash equivalents	19	24,967	–	24,967
Total financial assets		80,025	–	80,025
Total non-financial assets				118,067
Total assets				198,092
Liabilities				
Trade and other payables	20	–	(32,275)	(32,275)
Finance lease payable	21	–	(514)	(514)
Bank borrowings	22	–	(43,573)	(43,573)
Total financial liabilities		–	(76,362)	(76,362)
Total non-financial liabilities				(8,356)
Total liabilities				(84,718)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

34. Financial instruments (cont'd)

Classification of financial instruments (cont'd)

	Note	Loans and receivables	Financial liabilities at amortised cost	Total
		$'000	$'000	$'000
Company				
2017				
Assets				
Receivables	16	53,892	–	53,892
Trade and other receivables	18	20,328	–	20,328
Cash and cash equivalents	19	10,987	–	10,987
Total financial assets		85,207	–	85,207
Total non-financial assets				60,470
Total assets				145,677
Liabilities				
Trade and other payables	20	–	(8,552)	(8,552)
Bank borrowings	22	–	(13,355)	(13,355)
Total financial liabilities		–	(21,907)	(21,907)
Total non-financial liabilities				(137)
Total liabilities				(22,044)
2016				
Assets				
Receivables	16	54,016	–	54,016
Trade and other receivables	18	3,701	–	3,701
Cash and cash equivalents	19	823	–	823
Total financial assets		58,540	–	58,540
Total non-financial assets				65,266
Total assets				123,806
Liabilities				
Trade and other payables	20	–	(12,099)	(12,099)
Bank borrowings	22	–	(14,076)	(14,076)
Total financial liabilities		–	(26,175)	(26,175)
Total non-financial liabilities				(506)
Total liabilities				(26,681)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

34. Financial instruments (cont'd)

Fair values of assets and liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(a) ***Fair value hierarchy***

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

- Level 3 – Unobservable inputs for the asset or liability.

There have been no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 March 2017 and 2016.

(b) ***Financial instruments whose carrying amount approximates fair value***

Management has determined that the carrying amount of cash and cash equivalents (Note 19), trade and other receivables (Notes 16 and 18), trade and other payables (Note 20), finance lease payable (Note 21) and bank borrowings (Note 22) based on their notional amounts, reasonably approximate their fair values either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(c) ***Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The fair value of non-current amounts due from/(to) subsidiaries (Notes 16 and 20) are not determinable as the timing of the future cash flows arising from the repayment cannot be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

34. Financial instruments (cont'd)

Fair values of assets and liabilities (cont'd)

(d) ***Assets not carried at fair value but for which fair value is disclosed***

Investment property

The valuation of investment property is based on comparable market transactions that consider sales of similar properties within the vicinity that have been transacted in the open market, income approach and replacement cost approach.

	Company					
	2017 $'000			2016 $'000		
	Fair value measurements at the end of the reporting period using			Fair value measurements at the end of the reporting period using		
	Significant observable inputs other than quoted prices (Level 2)	Total	Carrying amount	Significant observable inputs other than quoted prices (Level 2)	Total	Carrying amount
Assets						
Investment property	6,850	6,850	897	7,200	7,200	944

35. Hedge accounting

Hedge of net investments in foreign operations

Included in loans as at 31 March 2017 was a borrowing of AUD15,000,000 (2016: AUD15,000,000), which has been designated as a hedge of the net investment in the Neptune Group and is being used to hedge the Group's exposure to foreign exchange risk on the investment. Gains or losses on the retranslation of this borrowing are transferred to equity to offset any losses or gains on translation of the net investments in the subsidiary. There was no ineffectiveness in the financial years ended 31 March 2017 and 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

36. Capital management

The primary objective of the Group's capital management is to ensure that it maintains an appropriate capital structure in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings, sell assets or reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2017 and 31 March 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by net capitalisation. The Group includes within its net debt, bank borrowings and finance lease payable, less cash and cash equivalents. Net capitalisation refers to net debt plus shareholders' funds and non-controlling interests.

		Group	
	Note	2017	2016
		$'000	$'000
Bank borrowings	22	40,912	43,573
Finance lease payable	21	829	514
Less: Cash and cash equivalents	19	(31,408)	(24,967)
Net debt		10,333	19,120
Shareholders' funds		93,945	105,664
Add: Non-controlling interests		6,027	7,710
Net capitalisation		110,305	132,494
Net debt gearing ratio		9%	14%

Other than the disclosure made in Note 22, the Group is in compliance with all externally imposed capital requirements for the financial years ended 31 March 2017 and 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

(In Singapore dollars)

37. Comparative figures

The following cosmparative figures have been re-presented to conform to current year's presentation of discontinued operation separately from the continuing operations:

	2016 As currently reported $'000	2016 As previously reported $'000
Revenue	178,663	221,788
Cost of sales	(138,665)	(167,059)
Gross profit	39,998	54,729
Other income	4,643	4,693
Staff costs	(29,205)	(36,890)
Other operating expenses	(37,588)	(42,956)
Loss from operating activities	(22,152)	(20,424)
Finance costs	(1,939)	(2,063)
Share of results of a joint venture company	(285)	(285)
Loss before taxation from continuing operations	(24,376)	(22,772)
Income tax benefit	3,671	3,391
Loss from continuing operations, net of tax	(20,705)	(19,381)
Profit from discontinued operation, net of tax	1,324	–
Loss for the year	(19,381)	(19,381)

38. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Directors on 16 June 2017.

SHAREHOLDERS' INFORMATION

As at 9 June 2017

Issued and Fully Paid-Up Capital (including Treasury Shares)	:	S$ 37,126,760.18
Number of Issued Shares (excluding Treasury Shares)	:	154,514,941
Number/ Percentage of Treasury Shares	:	6,511 (0.004%)
Class of Shares	:	Ordinary Share
Voting Rights	:	One Vote Per Share

There were no subsidiary holdings as at 9 June 2017.

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 99	45	3.72	1,954	0.00
100 - 1,000	78	6.45	41,118	0.03
1,001 - 10,000	576	47.60	3,134,779	2.03
10,001 - 1,000,000	495	40.91	33,739,846	21.83
1,000,001 and above	16	1.32	117,597,244	76.11
	1,210	100.00	154,514,941	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	KUAH KOK KIM	37,319,582	24.15
2	CITIBANK NOMINEES SINGAPORE PTE LTD	33,091,574	21.42
3	TAI TAK SECURITIES PTE LTD	13,240,406	8.57
4	SINGAPORE WAREHOUSE CO PTE LTD	8,250,000	5.34
5	RAFFLES NOMINEES (PTE) LIMITED	5,653,404	3.66
6	DBS NOMINEES (PRIVATE) LIMITED	5,254,972	3.40
7	OCBC SECURITIES PRIVATE LIMITED	2,172,388	1.41
8	UOB KAY HIAN PRIVATE LIMITED	1,822,503	1.18
9	TAN KIM SENG	1,521,739	0.98
10	PHILLIP SECURITIES PTE LTD	1,485,727	0.96
11	KEPPEL INVESTMENT LTD	1,469,128	0.95
12	PETER LOCK HONG CHEONG	1,432,611	0.93
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,336,143	0.86
14	BIANCA CHOY	1,235,585	0.80
15	WONG SIEW KEONG	1,210,000	0.78
16	TAN KAH BOH ROBERT @ TAN KAH BOO	1,101,482	0.71
17	SHIN YONG KEUK	962,422	0.62
18	CHAN WING TO	893,043	0.58
19	LI YAN	782,362	0.51
20	HSBC (SINGAPORE) NOMINEES PTE LTD	742,800	0.48
	TOTAL	120,977,871	78.29

SHAREHOLDERS' INFORMATION

As at 9 June 2017

SUBSTANTIAL SHAREHOLDERS AS AT 9 JUNE 2017

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Kuah Kok Kim	37,319,582	24.15	–	–
Maclean Investments Limited	26,831,478[1]	17.36	–	–
Tai Tak Securities Pte Ltd	13,240,406	8.57	–	–
Singapore Warehouse Company (Private) Limited	8,250,000	5.34	–	–
OCBC Trustee Limited	–	–	26,831,478[2]	17.36
Kurt Robert Malkolm Lindblad	–	–	26,831,478[2]	17.36
Tai Tak Estates Sdn Bhd	–	–	13,240,406[3]	8.57
SG Investments Pte Ltd	–	–	13,240,406[4]	8.57
Ho Han Leong Calvin	15,000	0.01	13,240,406[5]	8.57
Hwa Hong Corporation Limited	–	–	8,250,000[6]	5.34

1 Maclean Investments Limited ("Maclean") through its custodian, Bank of Singapore Nominees Pte Ltd, holds 26,831,478 shares in the Company.

2 OCBC Trustee Limited ("OTL") is the trustee of a trust known as The Limpa Trust ("the Trust") constituted by the Settlor, Mr. Kurt Robert Malkolm Lindblad. Maclean is the investment holding vehicle of the Trust and is 100% owned by OTL in its capacity as trustee of the Trust. OTL is deemed to be interested in the shares held by Maclean. Under the terms of the Trust, Mr. Kurt Robert Malkolm Lindblad is deemed to be interested in the shares that are held by Maclean.

3 Tai Tak Estates Sdn Bhd is deemed to be interested in shares held by Tai Tak Securities Pte Ltd by virture of Section 7 of the Companies Act.

4 SG Investments Pte Ltd is deemed to be interested in shares held by Tai Tak Securities Pte Ltd by virture of Section 7 of the Companies Act.

5 Mr. Ho Han Leong Calvin is deemed to be interested in the shares held by Tai Tak Securities Pte Ltd by virtue of Section 7 of the Companies Act.

6 Hwa Hong Corporation Limited is deemed to be interested in the shares held by Singapore Warehouse Company (Private) Limited by virtue of Section 7 of the Companies Act.

NOTE:

The above percentage is calculated based on the Company's issued share capital (excluding treasury shares and subsidiary holdings) of 154,514,941 shares.

PUBLIC FLOAT

As at 9 June 2017, approximately 41.15% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **MTQ Corporation Limited** ("the **Company**") will be held at Carlton Hotel, Empress Ballroom 2, Level 2, 76 Bras Basah Road, Singapore 189558 on Friday, 28 July 2017 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2017 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Articles 91 and 97 of the Company's Constitution:

Mr. Nicholas Campbell Cocks	(Retiring under Article 91)	**(Resolution 2)**
Mr. Huang Yuan Chiang	(Retiring under Article 91)	**(Resolution 3)**
Mr. Ong Eng Yaw	(Retiring under Article 97)	**(Resolution 4)**

Mr. Nicholas Campbell Cocks will, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee. Mr. Nicholas Campbell Cocks will be considered as an Independent Director and will remain as the Lead Independent Director.

Mr. Huang Yuan Chiang will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee. Mr. Huang Yuan Chiang will be considered as an Independent Director.

Mr. Ong Eng Yaw will, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee. Mr. Ong Eng Yaw will be considered as an Independent Director.

3. To re-appoint Ernst & Young LLP as the Company's Auditor and to authorise the Directors to fix its remuneration. **(Resolution 5)**

4. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

5. To approve the payment of Directors' fees of S$290,000 (2017: S$290,000) for the year ending 31 March 2018, to be paid quarterly in arrears. *[See Explanatory Note (i)]* **(Resolution 6)**

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (a) new shares arising from the conversion or exercise of any convertible securities;

   (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

   (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Company's Constitution; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 7)**

7. **Authority to issue shares under The MTQ Corporation Limited Scrip Dividend Scheme**

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to issue such number of shares in the Company as may be required to be issued pursuant to The MTQ Corporation Limited Scrip Dividend Scheme from time to time set out in the Circular to Shareholders dated 10 June 2004 and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iii)] **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to issue shares under The MTQ Share Plan**

That:

(1) pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised to grant awards ("Awards") in accordance with the provisions of the prevailing MTQ Share Plan ("the Share Plan") and to allot and issue and/or transfer and/or deliver from time to time such number of fully paid-up shares as may be required to be issued and delivered pursuant to the vesting of Awards under the Share Plan, provided that the aggregate number of new shares allotted and issued and/or to be allotted and issued pursuant to the Share Plan, when added to the aggregate number of shares issued or issuable under any other share schemes which may be implemented by the Company, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time; and

(2) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution; and

(3) such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iv)] **(Resolution 9)**

9. **Proposed Renewal of the Share Buyback Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire ordinary shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Appendix to this Notice of Annual General Meeting dated 29 June 2017 (the "Appendix"), in accordance with the terms of the Share Buyback Mandate set out in the Appendix, and the Share Buyback Mandate shall, unless varied or revoked by the Company in a general meeting, continue in force until the conclusion of (i) the next Annual General Meeting of the Company, (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, or (iii) the date on which Share Purchases are carried out to the full extent mandated, whichever is earliest. **(Resolution 10)**
[See Explanatory Note (v)]

By Order of the Board

Dominic Siu Man Kit
Company Secretary
Singapore, 29 June 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 5, if passed, will authorise the Directors of the Company to pay Directors' fees for the year ending 31 March 2018 to Directors quarterly in arrears.

(ii) The Ordinary Resolution 7 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the MTQ Corporation Limited Scrip Dividend Scheme to shareholders who, in respect of a qualifying dividend, have elected to receive shares in lieu of the cash amount of that qualifying dividend.

(iv) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting, to grant awards under the MTQ Share Plan in accordance with the provisions of the MTQ Share Plan and to issue or transfer from time to time such number of fully-paid shares pursuant to the vesting of the awards under the MTQ Share Plan subject to the maximum number of shares prescribed under the terms and conditions of the MTQ Share Plan. The aggregate number of ordinary shares which may be issued pursuant to the MTQ Share Plan, all other share option scheme and any other shares scheme is limited to 15% of the total issued shares capital (excluding treasury shares and subsidiary holdings) of the Company from time to time.

(v) Ordinary Resolution 10 proposed in item 9 above, if passed, will authorise the Directors of the Company from the date of this Annual General Meeting until the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, or the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Company in a general meeting or the date on which Share Purchases are carried out to the full extent mandated, whichever is the earliest, to purchase or otherwise acquire ordinary shares in the capital of the Company by way of market purchases or off-market purchases on an equal access scheme of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the price of up to but not exceeding the Maximum Price as defined in the Appendix. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Company for the financial year ended 31 March 2017 are set out in greater detail in the Appendix.

Notes:

1. A Member who is not a relevant intermediary, is entitled to appoint a proxy or proxies to attend and vote in his/her stead at the Annual General Meeting (the "Meeting").

2. A Member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a Member of the Company.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 182 Pandan Loop, Singapore 128373, not less than forty-eight (48) hours before the time fixed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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MTQ CORPORATION LIMITED

(Company Registration No. 196900057Z)
(Incorporated In the Republic of Singapore)

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the MTQ Corporation Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____ (Name)

of ____ (Address)

being a member/members of MTQ CORPORATION LIMITED (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 28 July 2017, Friday, at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	**Resolutions relating to:**	**No. of Votes For**(1)	**No. of Votes Against**(1)
1	Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2017 together with the Independent Auditor's Report		
2	Re-election of Mr. Nicholas Campbell Cocks as a Director		
3	Re-election of Mr. Huang Yuan Chiang as a Director		
4	Re-election of Mr. Ong Eng Yaw as a Director		
5	Re-appointment of Messrs Ernst & Young LLP as Auditor and authorising Directors to fix its remuneration		
6	Approval of Directors' fees for FY2018 amounting to S$290,000		
7	Authority to issue shares		
8	Authority to issue shares under The MTQ Corporation Limited Scrip Dividend Scheme		
9	Authority to issue shares under The MTQ Share Plan		
10	Proposed renewal of the Share Buyback Mandate		

(1) If you wish to exercise all your votes "For" or "Against", please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of __________ 2017

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholder (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.
4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

Fold along this line and glue overleaf

Affix
postage
stamp

The Company Secretary
MTQ Corporation Limited
182 Pandan Loop
Singapore 128373

Fold along this line and glue overleaf

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 182 Pandan Loop, Singapore 128373, not less than 48 hours before the time appointed for the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 June 2017.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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MTQ Corporation Limited

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