



MTQ Corporation Limited

ANNUAL REPORT 2014/2015





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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.

VISION

To be the leader in the fields that we operate.



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

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

2014	Expanded into design and manufacturing of proprietary and custom-built pipe support and pipe suspension through acquisition of Binder Group which has production facilities in Perth and Indonesia
2012	Acquisition of Neptune Marine Services Limited located in Perth, Western Australia, 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 which repair and manufacture oilfield equipment as well as supply oilfield equipment and tools manufactured by some of the 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, Pemac and Binder Group, we are able to offer complete manufacturing, repair and refurbishment services to the oil and gas industry. Our services include:

- ✓ Oilfield equipment supply
- ✓ 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

Within the Engine Systems division, we offer a wide range of specialty products and services including:

- ✓ Diesel fuel injection
- ✓ Turbochargers
- ✓ Performance parts
- ✓ Automotive parts
- ✓ Industrial specialty products
- ✓ Remanufacturing

“Positive operating contributions were recorded by all business units excluding Binder with Bahrain recording a full year operating profit.”

Kuah Kok Kim
Chairman



DEAR SHAREHOLDERS,

For the financial year ended 31 March 2015, MTQ Group (“MTQ” or “the Group”) recorded revenue of S\$295.6 million, a drop of 6% from the previous year. Profit attributable to shareholders declined to S\$5.0 million, which included goodwill impairment charges of S\$6.8 million. This year saw a full year’s recognition from our Australian-based subsidiary, Binder Group Pty Ltd (“Binder”). Positive operating contributions were recorded by all business units excluding Binder with Bahrain recording a full year operating profit. Binder has recorded losses throughout the year as it secured significantly lower revenues than anticipated. This has reduced the overall Group results.

The year was really one of two halves. In the first half, the Group carried on from the trend of the previous year with steady profits but from the third quarter onwards, weakening demand led to a steady decline in revenues in Singapore. This trend coincided with the commencement of the fall in the oil price which started in October 2014.

I have frequently reminded all that the oil and gas industry is a cyclical business and the positive trending period which lasted up to late last year represented a strong upward phase. Regrettably, the inevitable correction has arrived and the oilfield business will now be in a negative phase for the foreseeable future. That said, the world’s demand for fossil fuel is consistent and growing and thus the long term prospects for our Oilfield Engineering and Subsea Services businesses remain positive.

We are encouraged that underlying activity in our core markets of Asia and the Middle East remain steady. Most of the recent reduction in rig deployment is happening elsewhere in the world, notably in the US, where rig counts have fallen significantly from peaks in the middle of 2014. In contrast, international rig counts have fallen by lesser amounts in the same period. US shale oil production has also started to fall from April 2015.

CHAIRMAN'S STATEMENT

For our Oilfield Engineering services, we have seen weaker demand from OEM equipment suppliers as their order books are reduced by deliveries. With existing facilities actively in production, demand for the subsea maintenance-centric services provided by Neptune still remains but pricing pressure has increased.

Having successfully enlarged our footprint, both in terms of products and range of services in recent years, a key challenge for the Group this past year was to improve underlying performance. Good progress has been made in Neptune and Bahrain.

Neptune consolidated operations in one single location in Perth in May 2015 which means lower operating costs. They have also made inroads in growing their business outside of Australia and the UK. Another area where we have made good progress is building a stronger management team in Bahrain. We continue to strengthen our workshop capability in Singapore and Bahrain and look to maximize the benefits once markets strengthen. In Bahrain, customer recognition of our capabilities continues to grow. Our range of services in Bahrain have expanded to include cladding and surface coating. Our Australian Engine Systems operations faces a weak industrial environment but remains profitable. The challenge of developing national consistency in service delivery remains.

Overall, the Group's financial position remains healthy which allows us to plan ahead to support existing businesses. The Board is recommending a one-tier final cash dividend of 2.0 Singapore cents per ordinary share, which is subject to shareholders' approval at the forthcoming Annual General Meeting. This takes full year dividends to 4.0 cents per share, similar to last year. While this amounts to a higher level of payout relative to earnings for the current year, it is supported by the cash generated within the businesses. Following two years of bonus share issues, dividends have effectively grown in recent years.

MTQ started business in Singapore in 1959 and like all of Singapore, we will look back on 2015 as the end of an era. The oil and gas industry has also entered a downturn period and the recovery will be a gradual one.



In our many years of business operations, we have experienced adverse market conditions. Our proven strategy of staying focus on improving our customer service quality and cost efficiencies will continue. This focus has always enabled us to be in a stronger position to reap full benefits when markets rebound.

I would like to thank all our customers and business partners for their continuous support, and express my gratitude to the management team and staff for their hard work and dedication. I also want to thank the members of the board for their service and counsel. Last but not least, I want to thank all our shareholders for their support. We remain optimistic about the prospects for the Group in the year ahead and will continue to focus on delivering long-term shareholder value while growing our businesses.

Kuah Kok Kim
Chairman

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GROUP CEO'S STATEMENT

"This is a tumultuous time in the oil and gas industry. Recovery following a long period of expansion can be arduous. However, we have seen peaks and troughs before. Our financial position is strong and our gearing is low."

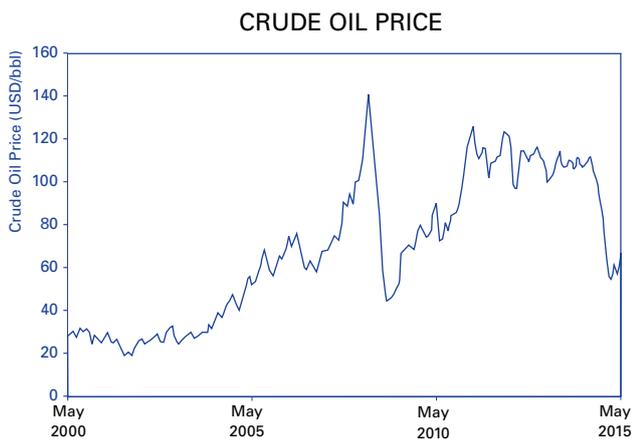
Kuah Boon Wee

Group Chief Executive Officer



BUSINESS REVIEW

IMPACT OF OIL PRICE MOVEMENT



It would be an understatement to say that global oil prices have been in the news since October 2014. Physical demand for fossil fuels has remained steadily growing and inelastic despite price movements, indicating that the real challenge has been supply, or more accurately, the perception of ever growing supply. With the exception of Middle Eastern sources,

international oil companies have announced significant cuts to capital expenditure since late 2014. Within Australia, mega projects like Gorgon, Ichthys, Prelude and Wheatstone are due to come on stream in the next 24 months, additional developments may encounter delays.

Rig utilisation has been dropping as lower drilling expenditure coincides with deliveries of new drilling assets with the predictable decline in day rates. Industry consolidation is likely to accelerate moving ahead, we have already seen Haliburton-Baker Hughes among oil service companies, Shell – BG among oil majors, etc. Order books for capital projects are being depleted as deliveries continue.

Production activities will continue and this will provide opportunities for service companies but lower prices will push down prices in line with market pressure. Lower rates for asset owners are likely to lead to reduced service revenues.

GROUP CEO'S STATEMENT

At some point, the impact of reducing reserves and steadily growing demand will trigger the inevitable recovery. In the meantime, 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.

OILFIELD ENGINEERING – POISED FOR BETTER MARKETS

The Oilfield Engineering business comprises our engineering facilities in Pandan Loop and Loyang in Singapore, our facility in Bahrain and the Binder Engineering Group with facilities in Perth, Australia and Jakarta, Indonesia. While we recorded a profitable year for the whole, general activity in our business areas is weaker in line with overall sentiment. The exception is in Bahrain where the Middle East market has been more resilient. Within South-East Asia, our big challenge has been the decline in drilling asset utilisation. This has led to increase instances of assets being stacked due to inactivity.

Our Bahrain revenues continue to increase and we achieved our best financial performance this year. Our capabilities as a team continue to raise and we are making inroads with the key customers within the region. National oil companies continue to drive exploration expenditure in the Middle East and it is noticeable that overall activity remains steady, consistent with the reported reluctance to concede market share. Our revenues in Bahrain are more skewed towards maintenance opportunities which tend to be less discretionary. However, customers are looking to achieve cost savings which puts us under pricing pressure.

The Binder acquisition has been disappointing so far. Revenue suffered as customers defer planned orders and activity contracted. Our strategic rationale of trying to move into more product design aspects of engineering remain important as is the opportunity to gain a presence in the domestic Indonesian oil and gas market. We have had some headcount reduction in both Perth and Indonesia as we respond to the market environment. We remain confident that LNG plants

will continue to be developed moving ahead, notably in markets like Australia, the Middle East, India and the United States. However, as part of the annual audit exercise, we concluded that goodwill impairment was appropriate and a S\$5.9 million impairment charge was recorded for the year.

In Singapore, workshop activity in Loyang and Pandan Loop has decreased since late 2014. Service opportunities still exist and remain a focus of the current sales effort but the challenge is that our customers are receiving lower revenues for drilling and hence operate on lower budgets. We had recorded steady revenues from new manufacturing to help OEMs fulfill their new equipment deliveries in recent years. Such opportunities have been reducing and we are entering a quieter period for new equipment purchases. We tapped on government incentives to strengthen machining and cladding capabilities to better serve our customers. Manpower continues to remain a challenge, any cost mitigation from not renewing unneeded foreign workers is balanced by the real risk of even lower quotas in Singapore. Our agency business continues to contribute as it focuses on aftermarket opportunities.

NEPTUNE MARINE – SUSTAINABLE PERFORMANCE

We are pleased to note that Neptune recorded a modestly profitable year on the back of revenues of S\$151.9 million. This represents two consecutive profitable years as part of MTQ. Steady contributions were recorded by most of the businesses, with focus on executing well on niche services and packaging services effectively.

Our activities are focused on shallow water subsea and production activity. Several major capital projects are still in their early stages in Australia, notably Gorgon and Ichthys, so maintenance activity will increase. Much management effort was spent on growing the trust of our customers and upgrading management expertise. At the same time, Neptune are looking to grow their capabilities in survey and remotely operated vehicles ("ROV") in SE Asia. Good progress has been made in

GROUP CEO'S STATEMENT

the Middle East in areas like subsea stabilisation and ROV. Another important milestone is the Quad project with a major oil company operating in the North Sea. We managed to complete an integrated engineering project from design all the way to fabrication and installation. This has managed to save our customer sufficient costs while improving field efficiency. Having just relocated to a purpose built facility in Welshpool, Perth, we look to improving operating synergies as well as lower property costs. The market remains challenging with much competition, several of our major oil customers have written to ask to seek lower prices. Our focus is to build a reputation as a strong regional service provider, with our customer-focused mindset differentiating us from larger international competitors.

Overall, our Oilfield Engineering and Neptune Marine businesses are making good progress in helping MTQ Group to develop its presence as a specialist subsea service provider of choice in its chosen markets. Our strategy remains to develop a more comprehensive range of services, both geographically and functionally, so that our potential work scopes with our oil and gas customers can increase. Our focus remains in specialist engineering and subsea services, particularly in the repair and maintenance phase of established oilfield assets. With the immediate market environment bearish, we continue to watch our costs.

ENGINE SYSTEMS – IMPROVING OUR RETURN ON EQUITY

The growth in Engine Systems business continue to be tepid in recent years. Negative business sentiment affected this business with the general slowdown in the domestic industrial sector leading to a reduction in demand for its products and services. Following several years where growth has proven elusive, we took a decision to take a goodwill impairment charge of S\$0.9 million reflecting lower long term prospects. We continue to seek growth opportunities in the resource sector but we need to improve the return on equity generated in this business.

PEOPLE AND SAFETY – KEY AREAS

It is tempting to infer that the challenge of finding people will recede moving ahead as the industry enters a downturn. Certainly, there have been redundancies undertaken by oil and gas companies, both in Singapore and elsewhere. However, such a view would be short sighted. We will continue to train and upgrade the capabilities of our work force, having flexibility in cost structures help to alleviate the cost. Hopefully, the current environment will enable us to strengthen the technical competence of our teams. Our overall numbers have decreased this past year. Retaining and developing this pool of talent is still very important for companies like MTQ.

Given that government measures to restrict the growth of foreign workers in Singapore are set to remain, the Group has to work harder at retaining existing and attracting new employees. The Group remains committed to a policy of sharing the rewards with the workforce, so that interests are aligned across stakeholders. We embrace re-employment and are keen to enhance the working lives of our employees where we can.

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 have also strengthened our leadership team with new members from overseas and we continue to focus on finding people with the right caliber. We continue to tap on the Group resources while building the Bahrain team for the future.

As we develop a stronger Group management team for the future, aligning management with shareholder interests for the long term becomes critical. Expertise and experience is much prized within the industry, especially for senior positions. Following shareholders' approval for the MTQ Share Plan received in 2013, we granted shares to senior management for the first tranche in 2014. We have expanded our performance

GROUP CEO'S STATEMENT

share schemes to cover a wider range of key personnel this past year.

The total staff strength for the Group is about 1,275, broken down by geographical segments as follows:

COUNTRY	Headcount as at 31 March 2015	Headcount as at 31 March 2014
Singapore	276	285
Bahrain	130	129
Australia and UK	505	498
Indonesia	364	448
	1,275	1,360

Safety awareness remains an important area we must not lose sight of. With operating environments as diverse as Aberdeen in the UK to Jakarta in Indonesia, the focus on improvement is a universal mantra. Trying to lift standards to industry-wide acceptance levels is a constant challenge. Regular customer and industry audits from such entities API, DNV remain an important aspect of our business. We continue to have a good record, especially in Australia and the UK of meeting industry requirements.

THE CHALLENGE AHEAD

This is a tumultuous time in the oil and gas industry. Recovery following a long period of expansion can be arduous. However, we have seen peaks and troughs before. Our financial position is strong and our gearing is low, by any yardstick. We have no capital market debt which, in this environment, will require repayment via other sources. We will watch our cost base carefully and we are prepared to take difficult decisions if needed. Our management team and workforce are experienced professionals. As a leadership team, the Board takes a long term view and the Group will continue to focus on the interests of all shareholders so that we can emerge stronger into better markets.

KUAH BOON WEE

Group Chief Executive Officer





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 CHOO ENG
Independent Director

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-elected as Director at MTQ's Annual General Meeting on 25 July 2014.

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 re-elected as Director at MTQ's Annual General Meeting on 26 July 2013. 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 as a Director 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 and ResourceCo Asia.

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 27 July 2012. He was appointed as Chairman of the Audit Committee on 1 August 2012. Mr. Chew is a chartered accountant qualified in UK. Mr. Chew is currently the Executive Chairman of Khong Guan Flour Milling Limited.

CHRISTOPHER HO HAN SIONG

Independent Director

Mr. Ho joined the Board as a Director on 30 October 2007 and was last re-elected as Director at MTQ's Annual General Meeting on 26 July 2013. 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 TaiTak Securities Pte Ltd.

HUANGYUAN 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 27 July 2012. 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 also serves on the board of several other listed companies.

ONG CHOO ENG

Independent Director

Mr. Ong joined the Board on 9 September 1997 and was last re-appointed as Director at MTQ's Annual General Meeting on 25 July 2014. He is a member of the Remuneration Committee. Mr. Ong graduated with a Bachelor of Science (Honours) degree in Civil Engineering and a Master of Science degree in Advance Structural Engineering. Mr. Ong is a member of the Institution of Civil Engineers (UK) and Institution of Engineers (Singapore). Mr. Ong is currently the Group Managing Director of 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.

TAN CHEE KEONG

Group Human Resources Director



Mr. Tan holds a Master of Science (Information Studies) and has 15 years of experience working in Human Resources Management. He has worked for both Singapore-based Government Linked Corporations, as well as multinational companies with international operations.

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 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 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 deep water drilling industry and expanding international sales.

OILFIELD ENGINEERING DIVISION

SUMARDI BIN SIDI

General Manager – Pemac Pte Ltd



Mr. Sidi has over 32 years experience in welding and fabrication works 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.

BINDER

PAUL WILLIAM BENNETT

Group Managing Director – Binder Group Pty Ltd



Mr. Bennett has been with Binder Group for almost 17 years. He has extensive experience within the steel and metals distribution industry, having held senior management positions with Tubemakers of Australia Ltd and McKechnie Metals Ltd.

ENGINE SYSTEMS DIVISION

LES HEALEY

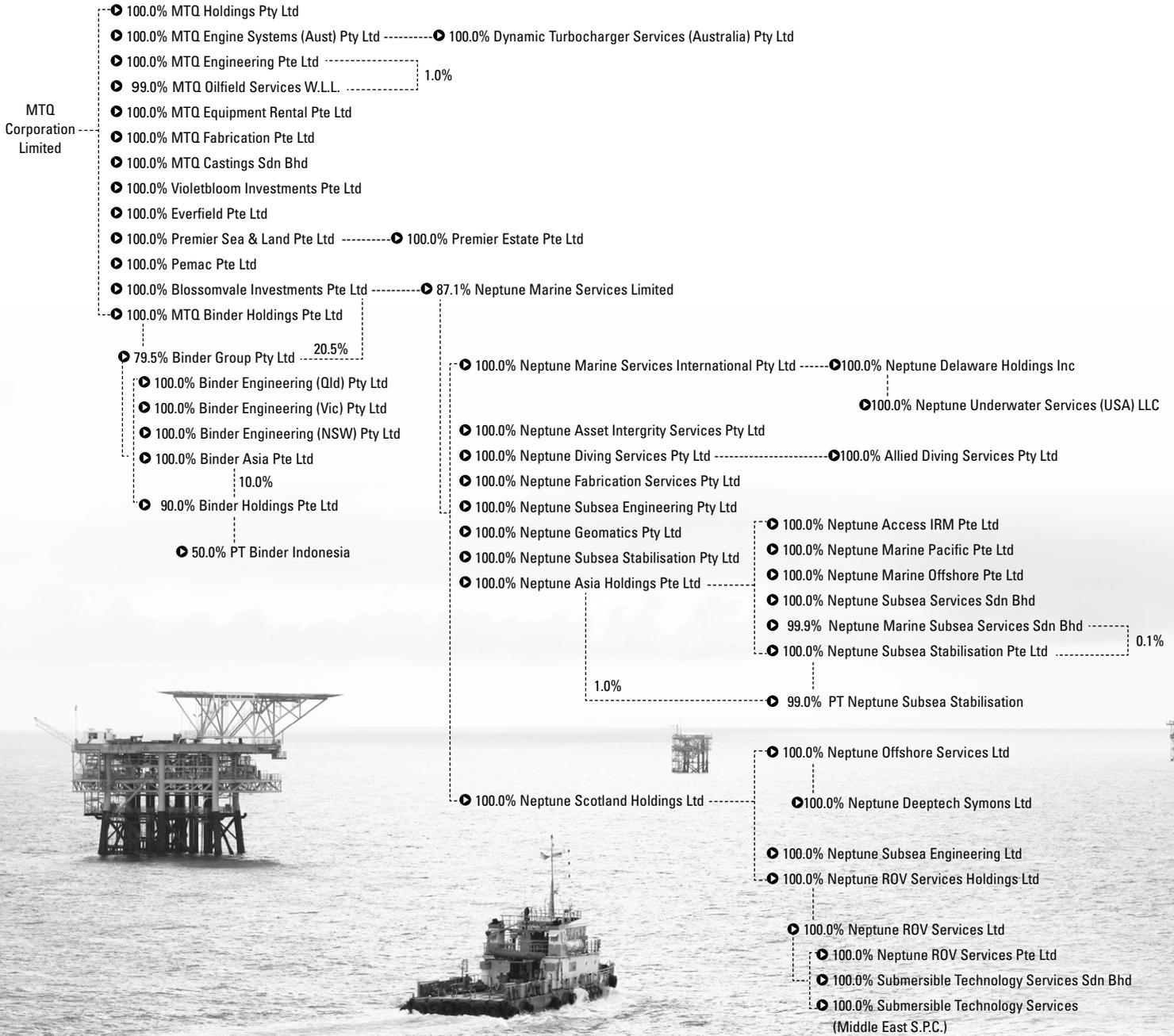
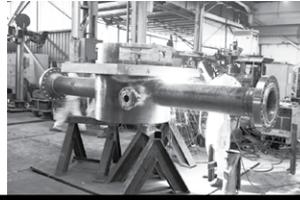
Managing Director – MTQ Engine Systems (Aust) Pty Ltd



Mr. Healey has a Bachelor degree in Arts and Economics. He joined MTQ Engine Systems (Aust) Pty Ltd in 2004. Mr. Healey has extensive experience and networks in industrial markets and engine systems, having held senior management positions with Hasting Deering (Caterpillar Dealer), Komatsu in the Western Australia Region and the Repco Group.

GROUP STRUCTURE

(AS AT 15 JUNE 2015)



	2015	2015 ¹	2014	2013	2012	2011
For the year (in S\$'000)						
Revenue	295,640	295,640	313,330	208,746	128,395	91,714
EBITDA	24,259	31,087	43,297	30,603	21,068	17,409
Profit before tax	9,177	16,005	29,911	20,642	13,898	13,318
Profit after tax	5,474	12,302	24,650	16,639	14,607	10,743
Profit attributable to owners of the Company	5,021	11,849	23,878	15,397	14,607	10,631
At year end (in S\$'000)						
Net current assets	82,389	82,389	83,631	85,888	26,865	37,034
Total assets	256,405	256,405	271,309	257,042	164,018	132,562
Total liabilities	118,055	118,055	130,997	136,283	77,886	54,839
Net debt ²	16,297	16,297	28,445	32,664	18,611	4,486
Shareholders' funds	128,960	128,960	130,657	110,356	86,692	78,283
Net tangible assets ³	106,920	106,920	99,119	90,927	74,274	70,574
Financial Ratios						
Profit before tax margin (%)	3.10	5.41	9.55	9.89	10.82	14.52
Return on shareholders' funds (%) ⁴	3.89	9.19	18.28	13.95	16.85	13.58
Interest cover (EBITDA / net interest expense) ⁵	10.89	13.95	16.45	20.44	22.01	259.84
	times	times	times	times	times	times
Net debt gearing ratio (%) ⁶	10.54	10.54	16.83	21.29	17.77	5.46
Per share data						
Basic earnings (in Singapore cents) ⁷	3.27	7.73	15.80	10.98	10.87	8.03
Net tangible assets (in Singapore cents) ⁸	69.19	69.19	65.03	60.52	54.85	52.85
Net asset value (in Singapore cents) ⁹	83.46	83.46	85.73	73.45	64.02	58.62
Dividend (in Singapore cents) ¹⁰	4.00	4.00	3.67	3.00	2.67	2.67
Dividend payout ratio (%) ¹¹	122.32	51.75	23.23	27.32	24.56	33.25

1 The financial information in this column excluded the impact of S\$6.8 million goodwill impairment to 2015's profit or loss items.

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

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

4 Return on shareholders' funds is defined as profit attributable to owners of the Company divided by shareholders' funds.

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

6 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.

7 Basic earnings per share is defined as profit attributable to owners of the Company divided by weighted average number of issued shares.

8 Net tangible assets per share is defined as net tangible assets divided by total number of issued shares excluding treasury shares, adjusted for the effect of bonus shares issued in 2013 and 2014.

9 Net asset value is defined as shareholders' funds divided by total number of issued shares excluding treasury shares, adjusted for the effect of bonus shares issued in 2013 and 2014.

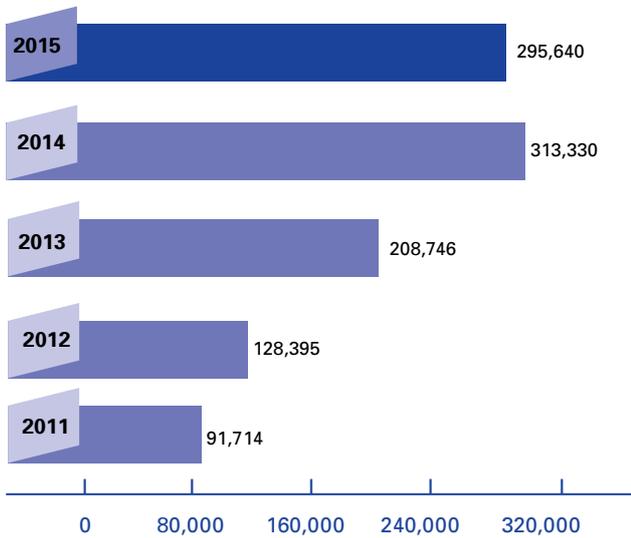
10 Headline dividend is 4.00 Singapore cents per share. The figures have been adjusted retrospectively for the effect of bonus shares, which are entitled to the final dividends, issued in 2013 and 2014.

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

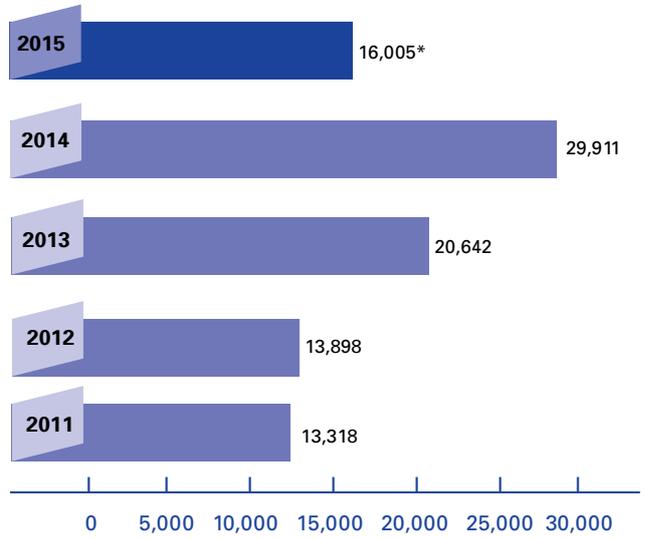
FIVE-YEARS FINANCIAL PROFILE



REVENUE (S\$'000)

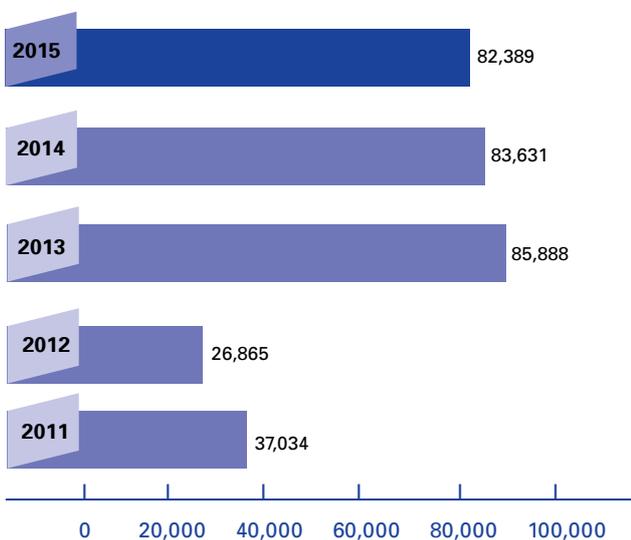


PROFIT BEFORE TAX (S\$'000)

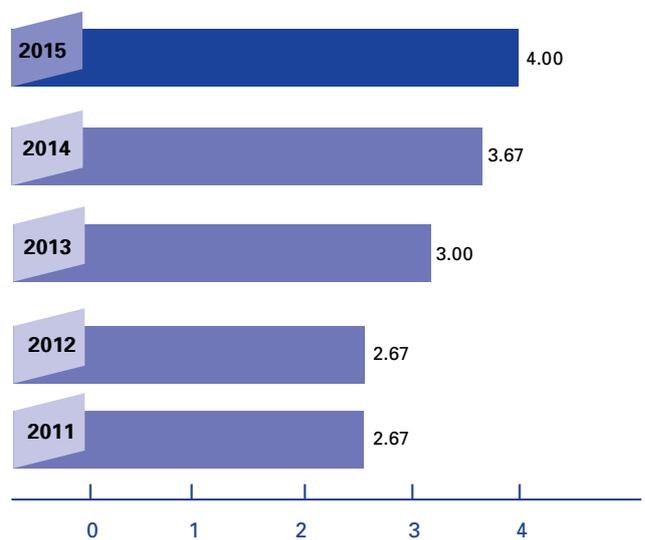


* Excluding goodwill impairment of S\$6.8 million. Including the goodwill impairment, profit before tax was S\$9,177,000.

NET CURRENT ASSETS (S\$'000)



DIVIDEND PER SHARE (CENTS)



REVENUE
FOR FY2015**S\$295.6** MILLIONTOTAL ASSETS
AS AT MARCH 2015**S\$256.4** MILLIONGROSS PROFIT
IN FY2015**S\$92.7** MILLION

REVENUE

In the financial year ended 31 March 2015 ("FY2015"), the Group recorded revenue of S\$295.6 million. The decrease of revenue by S\$17.7 million or 6% from S\$313.3 million in the financial year ended 31 March 2014 ("FY2014") was a result of the decline from all business segments.

Oilfield Engineering segment included the full-year contribution from Binder Group that was acquired in January 2014. Singapore's operations recorded a significant decline in FY2015 as activities slowed down due to the much weaker demand amid the oil rout situation compared to FY2014. Revenue from Bahrain, on the other hand, has almost doubled from FY2014.

Neptune segment recorded lower revenue in FY2015 in the absence of diving campaigns that boosted the segment's revenue in FY2014.

The Engine Systems division recorded 3% lower revenue from FY2014, hampered by the depreciation of the Australian Dollars.

PROFIT

Overall gross profit decreased by 11% to S\$92.7 million in FY2015, due to lower revenue, and reduction in overall gross profit margin narrowing slightly from 33% to 31%.

The Group recorded goodwill impairment of S\$6.8 million during the year relating to the businesses in Binder Group and Engine Systems. Excluding this accounting loss and the full-year recognition of Binder Group's expenses, operating costs for FY2015 in most operating units were lower than FY2014.

Finance costs decreased by 17% to S\$2.4 million in FY2015 as the Group reduced its bank borrowings. Weaker Australian dollars also helped in the reduction of finance costs in FY2015.

The Group posted a 69% decrease in pre-tax profit to S\$9.2 million (FY2014: S\$29.9 million) in FY2015. Excluding the goodwill impairment, the Group's pre-tax profit would have been S\$16.0 million, S\$13.9 million or 46% lower than FY2014.

As a result of the lower profits, taxation expense in FY2015 decreased to S\$3.7 million. The Group's effective tax rate, excluding the goodwill impairment, was 23% (FY2014: 18%). The increase in the effective tax rate was mainly due to the lower proportion of profits from the Singapore operations, where tax rates are generally lower than most of the other countries where the Group operates in.

EARNINGS PER SHARE

Basic earnings per share for FY2015 was 3.27 Singapore cents. Excluding the goodwill impairment, it would have been 7.73 Singapore cents, down by 51% from 15.8 Singapore cents in FY2014.

BALANCE SHEET

Total assets for the Group were S\$256.4 million as at 31 March 2015, a decrease of 5%. Net assets decreased by S\$2.0 million or 1% to S\$138.4 million compared to FY2014.

Non-current assets decreased by S\$10.6 million from S\$123.9 million to S\$113.3 million mainly due to the goodwill impairment and currency realignments.

FINANCIAL REVIEW

The Group's total liabilities amounted to S\$118.1 million, a decrease of 10% or S\$12.9 million from FY2014. Bank borrowings decreased by S\$4.9 million mainly due to the repayment of loans during the year as well as the revaluation of Australian dollar denominated loans.

Shareholders' funds amounted to S\$129.0 million as at 31 March 2015, a slight decrease of 1% compared to 31 March 2014 despite a net translation loss of S\$3.0 million arising from the translation of foreign subsidiaries.

DIVIDENDS

The Board of Directors is recommending a one-tier final cash dividend of 2.0 Singapore cents to be paid for FY2015. Subject to shareholders' approval for the payment of the final dividend at the forthcoming Annual General Meeting, dividend for FY2015, including the interim dividend of 2.0 Singapore cents paid (cash and scrip), will total to 4.0 Singapore cents per share.

CASH FLOWS

Despite lower cash from operating activities as a result of lower profits for the year, the Group continued to generate strong operating cash flows with more efficient working capital management, lower interest and tax payments.

The Group continue to invest in its businesses. While the Group is looking to grow the ROV capabilities in SE Asia, bulk of the capital expenditure in FY2015 and FY2014 relates to the new purpose built facility in Welshpool which was substantially completed as at 31 March 2015.

Within the financing activities, the Group paid a total of S\$3.6 million dividends and had a net repayment of S\$2.5 million bank loans during the year.

Overall, cash balances increased by S\$6.7 million to S\$44.1 million as at 31 March 2015.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Total bank borrowings and finance lease payables decreased by 8% to S\$60.4 million as at 31 March 2015, while net debt position decreased by 43% to S\$16.3 million. Consequently, net gearing ratio decreased from 17% to 11% during FY2015. The Group's gearing level remains healthy and there is headroom available to fund further growth.



The Company issued 2.0 million new ordinary shares in FY2015 as scrip dividends to eligible shareholders who elected to take up scrip in lieu of cash dividend under the MTQ Corporation Limited Scrip Dividend Scheme. 25.4 million new ordinary shares were also issued during the year pursuant to the bonus issue that was approved during the year.

FINANCIAL AND CORPORATE CALENDAR

2015

JULY

31 Annual General Meeting

MAY

11 Full Year FY2015 Results Announcement

MARCH

27 Profit Guidance

JANUARY

30 Third quarter FY2015 Results Announcement

6 Interim dividend for financial year ended 31 March 2015

2014

OCTOBER

30 Second quarter FY2015 Results Announcement

SEPTEMBER

18 Final dividend for financial year ended 31 March 2014

2 Issuance and allotment of new shares pursuant to the MTQ Share Plan

AUGUST

29 Grant of awards pursuant to the MTQ Share Plan

JULY

25 Annual General Meeting

25 First quarter FY2015 Results Announcement

11 Listing and quotation of bonus issue on the basis of one bonus share for every five existing ordinary shares

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 CHOO ENG
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 CHOO ENG

COMPANY SECRETARY

DOMINIC SIU MAN KIT

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UNITED OVERSEAS BANK LIMITED

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

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Public Accountants

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Singapore 048583

Partner-in-Charge

PHILIP NG WENG KWAI

(since financial year ended 31 March 2011)

MTQ CORPORATION LIMITED

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Chairman

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KUAH BOON WEE

Group Chief Executive Officer

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DOMINIC SIU MAN KIT

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PEMAC PTE LTD**

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Group Managing Director

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Managing Director

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TOOWOOMBA

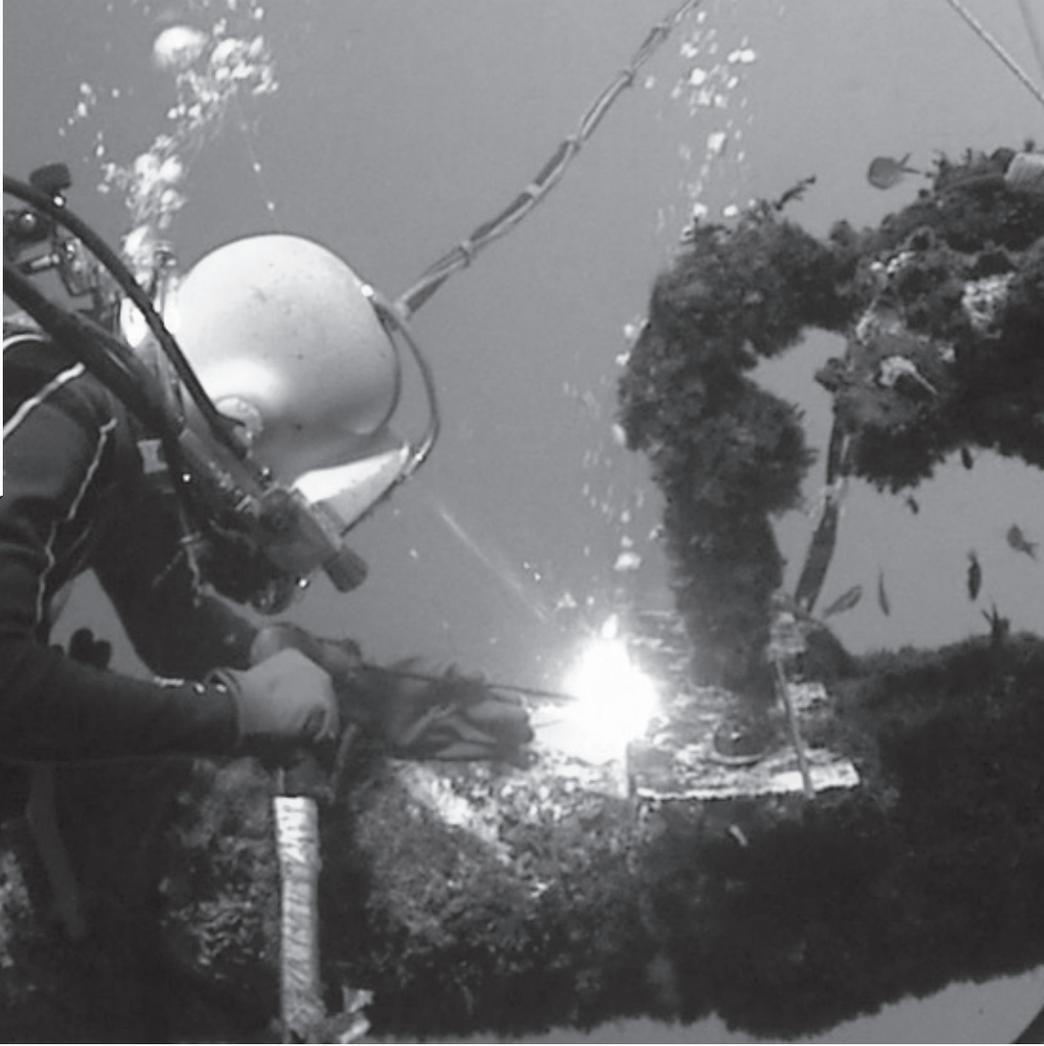
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The logo for MTQ Corporation Limited, featuring the letters 'MTQ' in a bold, sans-serif font. The 'M' and 'T' are connected, and the 'Q' has a small tail. A grey triangle is positioned above the 'Q'.

MTQ Corporation Limited



FINANCIAL REPORT

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CORPORATE GOVERNANCE REPORT

The Board and 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”) and subscribe fully to the principles and 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 2015.

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.

CORPORATE GOVERNANCE REPORT

The Company's Articles of Association (the "Articles") 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 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.

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 provide a formal letter to the Director, which sets out the Director's duties and obligations. Incoming Directors are also given full access to the past years' annual reports and minutes of the Board meetings.

Directors are encouraged to participate in seminars and training programmes in connection with duties, funded by the Company. Directors were also provided with updates and briefings from time to time by professional advisors, auditors and Management on relevant practices, new rules and regulations, listing requirements, governance practices, changes in accounting standards and risk management issues applicable to performance to 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 accounting standards which have bearing on the Company's or Directors' obligations are also closely monitored by 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 of Directors at the Board and Board Committee meetings during the financial year ended 31 March 2015 is set out as follows:

Directors		Board of Directors		Audit Committee		Remuneration Committee	
		No. of meetings held	attended	No. of meetings held	attended	No. of meetings held	attended
Kuah Kok Kim	(Chairman)	5	5	4	4*	2	–
Kuah Boon Wee	(Executive)	5	5	4	4*	2	–
Nicholas Campbell Cocks	(Independent)	5	5	4	4*	2	2
Chew Soo Lin	(Independent)	5	5	4	4	2	–
Christopher Ho Han Siong	(Independent)	5	5	4	4	2	–
Huang Yuan Chiang	(Independent)	5	5	4	4	2	2
Ong Choo Eng	(Independent)	5	5	4	–	2	2

* Attendance by invitation

Principle 2 : Board Composition and Guidance

The Board presently comprises 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. Both Mr. Ong Choo Eng and Mr. Huang Yuan Chiang have served on the Board for more than 9 continuous years. The Board is of the view that their length of service has not compromised these Directors' objectivity and commitment in discharging their duties as directors, after considering the following factors (a) shareholding interest, (b) gift or financial assistance, (c) past association, (d) business dealings and (d) financial independence.

CORPORATE GOVERNANCE REPORT

The size and composition of the Board is considered appropriate for its present scope of operations. The Board comprises 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 management are fully discussed and rigorously examined. They also review the performance of management in meeting 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 dealing with Management of any actual or perceived conflict of interest that may arise.

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 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, 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 staff. The Group CEO will assist the Chairman in the latter's execution of his responsibilities.

The Company's Articles 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.

The Board is of the opinion that there is sufficient independence in its exercise of objective judgment on business affairs of the Group.

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.

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.

CORPORATE GOVERNANCE REPORT

The Board is satisfied that Directors who have multiple board representations have devoted sufficient time and attention 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 which any 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.

Apart from the Group, below is the list of the Directors' principal commitments, present and past directorships in other listed companies:

Director	Present Directorships in Other Listed Companies	Past Directorships in Other Listed Companies Held Over the Preceding 3 Years	Principal Commitments
Kuah Kok Kim	–	–	–
Kuah Boon Wee	– The Hour Glass Limited	–	–
Nicholas Campbell Cocks	–	–	Mr. Cocks is the Chief Executive Officer of Readymix Group and ResourceCo Asia. 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	–	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.
Christopher Ho Han Siong	–	–	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 – Mercator Lines (Singapore) Limited	–	–
Ong Choo Eng	– Hwa Hong Corporation Limited – Singapore Reinsurance Corporation	–	Mr. Ong is the Group Managing Director of Hwa Hong Corporation Limited.

Article 91 of the Company's Articles of Association 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, all new Directors must submit themselves for re-election at the next Annual General Meeting of the Company immediately following their appointment.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, a Director of over the age of 70 years, may, by ordinary resolution passed at the Company's Annual General Meeting be appointed or re-appointed as a director of the Company to hold office or be authorised to continue in office as a director of the Company, until the next Company's Annual General Meeting.

CORPORATE GOVERNANCE REPORT

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

Director	Appointment	Date of Initial Appointment	Date of Last Re-election
Kuah Kok Kim ²	Chairman	01.01.1997	25.07.2014
Kuah Boon Wee	Executive Director	10.10.2006	26.07.2013
Nicholas Campbell Cocks	Lead Independent Director	01.10.2010	25.07.2014
Chew Soo Lin ¹	Independent Director	18.05.2012	27.07.2012
Christopher Ho Han Siong	Independent Director	30.10.2007	26.07.2013
Huang Yuan Chiang ¹	Independent Director	08.08.2001	27.07.2012
Ong Choo Eng ²	Independent Director	09.09.1997	25.07.2014

¹ Mr. Chew Soo Lin and Mr. Huang Yuan Chiang are due for re-election at the forthcoming Annual General Meeting, pursuant to Article 91 of the Company's Articles of Association.

² Mr. Kuah Kok Kim and Mr. Ong Choo Eng are due for re-election at the forthcoming Annual General Meeting, pursuant to Section 153 (6) of the Companies Act, Cap. 50.

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 as 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. 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 2015, 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, 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.

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, Cap. 50 (the "Act"), the Memorandum and Articles of Association of the Company, the Listing Rules of Singapore Exchange Securities Trading Limited ("SGX-ST"), Securities and Futures Act and other relevant regulatory requirements.

CORPORATE GOVERNANCE REPORT

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 Articles of Association, the appointment and removal of Company Secretary has to be approved by the Directors.

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 comprises:

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

The Remuneration Committee consists of 3 non-executive Directors, all of whom are independent Directors. The Remuneration Committee is guided by its terms of reference that had been amended to be 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 Remuneration Committee takes into account the performance of the Group, as well as individual Directors and key executives. In addition to linking rewards to the Group and individual performance, the remuneration packages are also designed to align their interests with those of shareholders.

The Group adopts a share-based payment arrangement, the MTQ Share Plan (the "Share Plan"), for its employees approved by the members of the Company on 26 July 2013.

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 non-executive Directors are paid directors' fees, of which amount is dependent on their level of responsibilities. Each non-executive Director is paid a basic fee. In addition, non-executive Directors who serve as members of the Audit Committee and Remuneration Committee are paid an additional fee for such services in view of the heavier responsibilities. The Chairman of each Board Committee is also paid a higher fee compared with members of the Board Committee in view of the higher responsibility carried by that office.

The non-executive Directors do not have service contracts. The service contract for the executive Director 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.

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

CORPORATE GOVERNANCE REPORT

The remunerations paid to the Directors during the financial year ended 31 March 2015 are set out below:

Name of Director	Fixed Component ¹	Variable Component ²	Provident Fund ³	Benefits ⁴	Consultancy Fees ⁵	Directors' Fees ⁶	Total (\$'000)
Kuah Kok Kim ⁷	–	–	–	2%	67%	31%	230
Kuah Boon Wee ⁷	32%	65%	1%	2%	–	–	1,425
Nicholas Campbell Cocks	–	–	–	–	–	100%	38
Chew Soo Lin	–	–	–	–	–	100%	53
Christopher Ho Han Siong	–	–	–	–	–	100%	43
Huang Yuan Chiang	–	–	–	–	–	100%	55
Ong Choo Eng	–	–	–	–	–	100%	38

¹ Fixed Component refers to base salary and Annual Wage Supplement paid during the financial year ended 31 March 2015.

² Variable Component refers to cash bonuses awarded for financial year ended 31 March 2014's performance paid out during the financial year ended 31 March 2015.

³ Provident Fund represents payments in respect of statutory contributions to the Singapore Provident Fund.

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.

⁵ Consultancy fees refer to fees for consultancy services provided during the financial year ended 31 March 2015.

⁶ Director' Fees are paid on a quarterly basis in arrears.

⁷ Mr. Kuah Kok Kim, Chairman of the Company, is the father of Mr. Kuah Boon Wee, Group Chief Executive Officer of the Company.

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

Name of Key Executive	Fixed Component ¹	Variable Component ²	MTQ Share Plan ³	LTI and RPR Plans ⁴	Provident Fund ⁵	Benefits ⁶	Total
Between S\$1,750,001 and S\$2,000,000							
Robin King	36%	26%	7%	22%	6%	3%	100%
Between S\$750,001 and S\$1,750,000							
Vincent Allegre	51%	18%	5%	15%	7%	4%	100%
Between S\$500,001 and S\$750,000							
Ian Robert Hortin	35%	17%	1%	–	2%	45%	100%
Paul William Bennett	78%	–	–	–	13%	9%	100%
Between S\$250,001 and S\$500,000							
Vincent Tan	50%	40%	4%	–	3%	3%	100%

¹ Fixed Component refers to base salary and Annual Wage Supplement paid during the financial year ended 31 March 2015.

² Variable Component refers to cash bonuses awarded for financial year ended 31 March 2014's performance paid out during the financial year ended 31 March 2015.

³ 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 2015. Further information on the MTQ share Plan is set out in the Directors' Report section.

⁴ LTI and RPR Plans represent Long Term Incentive Plan and Retention Performance Rights that are adopted by Neptune Marine Services Limited ("Neptune"). The figures are based on the amounts paid for the buy-back of Neptune's RPR and LTI rights during the financial year ended 31 March 2015. Further information on the LTI and RPR Plans has been disclosed in Neptune's Annual Report which is publicly available.

⁵ Provident Fund represents payments in respect of statutory contributions to national pension schemes.

⁶ 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 membership.

CORPORATE GOVERNANCE REPORT

The total amount paid to the top 5 executives during the financial year ended 31 March 2015 is S\$4.2 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 2015.

ACCOUNTABILITY AND AUDIT

Principle10: Accountability

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.

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.

Principle 11 : Audit Committee

Principle 12 : Internal Controls

Principle 13 : Internal Audit

Audit Committee

The Audit Committee comprises 3 non-executive Directors, all of whom are independent Directors:

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

The Audit Committee has been set up to perform the functions required pursuant to Section 201 B(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 has been 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 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.

CORPORATE GOVERNANCE REPORT

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 2015 are found on page 71 of this Annual Report.

The Audit Committee meets with the internal and external auditors at least on an annual basis, without the presence of Management, to review the overall scope of both internal and external audits, and the assistance given by 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.

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 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 management and their yearly plan is submitted to the Audit Committee for review and approval.

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

- That the Group's financial records have been properly maintained and the financial statements for the year ended 31 March 2015 give a true and fair view of the Group's business operations and finances; and
- That the effectiveness of 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 had 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 and compliance and 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 Management, 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 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 2015.

CORPORATE GOVERNANCE REPORT

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. The Audit Committee has received no complaints up to the date of this report.

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 Ernst & Young LLP as the external auditors of the Company for the financial year ending 31 March 2016.

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 engaged an external public relations firm which organises the media and analyst briefings upon release of its quarterly financial results and various investor road shows.

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 or circulars sent to all shareholders. These notices are also published in the Business Times and posted onto the SGXNET. If any shareholder is unable to attend, the Articles of Association of the Company have 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.

Voting at general meetings will be by poll.

The Company has been declaring dividends twice a year to the shareholders at half-year and final year-end. Any dividend payouts are clearly communicated to shareholders through announcement via SGXNET. In considering the level of dividend payments, the Board takes into consideration the Group's profit growth, cash position, cash flow generated from operations and other factors as the Board may deem appropriate.

CORPORATE GOVERNANCE REPORT

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.

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' REPORT

The Directors are pleased to present their report 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 statements of changes in equity of the Company for the financial year ended 31 March 2015.

DIRECTORS

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

Kuah Kok Kim
Kuah Boon Wee
Chew Soo Lin
Christopher Ho Han Siong
Huang Yuan Chiang
Nicholas Campbell Cocks
Ong Choo Eng

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, SHARE OPTIONS 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 and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
	At 1.4.2014	At 31.3.2015	At 21.4.2015	At 1.4.2014	At 31.3.2015	At 21.4.2015
The Company						
(Ordinary shares)						
Kuah Kok Kim	30,667,713	37,319,582	37,319,582	–	–	–
Kuah Boon Wee	3,525,630	4,522,322	4,522,322	–	–	–
Huang Yuan Chiang	126,908	157,320	157,320	–	–	–

Mr. Kuah Kok Kim is deemed to have an interest in shares of the Company's subsidiaries 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 or debentures of the Company or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

DIRECTORS' REPORT

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 Choo Eng

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) 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, 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").

DIRECTORS' REPORT

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 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 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 Memorandum and Articles of Association, 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.

- (c) As at 31 March 2015, the aggregate number of shares comprised in Awards granted pursuant to the MTQ Share Plan which are not released amounted to 310,081 shares (31 March 2014: Nil). The movements in the number of shares comprised in Awards granted under the MTQ Share Plan are as follows:

Date of Grant	Number of shares			At 31.3.2015
	At 1.4.2014	Granted	Released	
29.8.2014	–	465,119	(155,038)	310,081

DIRECTORS' REPORT

SHARE PLAN (CONT'D)

- (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 2015.
- (e) No eligible participant has received 5% or more of the aggregate of (i) the total number of the new ordinary 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.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by means of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the salary and related staff benefits as a full time employee of the Company, subsidiary or a related company.

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, 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 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;
- 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;

DIRECTORS' REPORT

AUDIT COMMITTEE (CONT'D)

- 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 recommends to the Board of Directors that the auditors, Ernst & Young LLP, be nominated for reappointment as external auditors at the forthcoming Annual General Meeting of the Company.

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

AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Kuah Boon Wee

Director

Chew Soo Lin

Director

Singapore
15 June 2015

STATEMENT BY DIRECTORS

We, Kuah Boon Wee and Chew Soo Lin, being two of the Directors of MTQ Corporation Limited, do hereby state that, in the opinion of the Directors:

- (a) the accompanying balance sheets, consolidated statement of comprehensive income, 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 state of affairs of the Group and of the Company as at 31 March 2015 and the results of the business, 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.

On behalf of the Board of Directors,

Kuah Boon Wee
Director

Chew Soo Lin
Director

Singapore
15 June 2015

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2015
Independent auditor's report to the members of MTQ Corporation Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of MTQ Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 40 to 128, which comprise the balance sheets of the Group and the Company as at 31 March 2015, the statements of changes in equity of the Group and the Company, and the consolidated statement of comprehensive income and consolidated statement cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2015
Independent auditor's report to the members of MTQ Corporation Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statements of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
15 June 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2015

(In Singapore dollars)

	Note	2015 \$'000	2014 \$'000 (Restated)
Revenue	3	295,640	313,330
Cost of sales		(202,976)	(209,522)
Gross profit		92,664	103,808
Other income	4	1,280	2,187
Staff costs		(46,227)	(44,525)
Other operating expenses		(35,108)	(28,754)
Profit from operating activities	5	12,609	32,716
Finance costs	6	(2,405)	(2,910)
Share of results of a joint venture company		(1,027)	105
Profit before taxation		9,177	29,911
Taxation	7	(3,703)	(5,261)
Profit for the financial year, net of tax		5,474	24,650
Other comprehensive income/(loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of subsidiaries		(7,035)	(5,435)
Net gain on hedge of net investment in foreign operation		3,540	3,929
Net fair value of loss on derivatives		(76)	-
Foreign currency reserve reclassified to profit or loss upon liquidation of a subsidiary		-	(219)
Other comprehensive loss for the financial year, net of tax		(3,571)	(1,725)
Total comprehensive income for the financial year		1,903	22,925
Profit for the financial year attributable to:			
Owners of the Company		5,021	23,878
Non-controlling interests		453	772
		5,474	24,650
Total comprehensive income attributable to:			
Owners of the Company		1,902	22,609
Non-controlling interests		1	316
		1,903	22,925
Earnings per share attributable to owners of the Company			
- Basic	8	3.27 cents	15.80 cents
- Diluted	8	3.26 cents	15.79 cents

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

BALANCE SHEETS

As at 31 March 2015

(In Singapore dollars)

	Note	Group		Company	
		2015 \$'000	2014 \$'000 (Restated)	2015 \$'000	2014 \$'000
Non-current assets					
Goodwill	9	21,568	31,010	-	-
Intangible assets	10	472	528	-	-
Investment property	11	-	-	991	1,038
Property, plant and equipment	12	81,616	81,519	505	624
Investment in subsidiaries	13	-	-	45,066	44,763
Investment in joint venture	14	1,543	2,320	-	-
Receivables	15	1,144	3,766	80,762	76,981
Prepayments	15	35	7	28	-
Deferred tax assets	22	6,947	4,703	-	-
		113,325	123,853	127,352	123,406
Current assets					
Inventories	16	26,952	29,031	-	-
Trade and other receivables	17	68,873	78,308	11,850	15,362
Prepayments	15	3,120	2,685	100	73
Cash and cash equivalents	18	44,135	37,432	2,413	2,669
		143,080	147,456	14,363	18,104
Current liabilities					
Trade and other payables	19	44,460	49,605	2,457	3,594
Derivatives		120	-	-	-
Finance lease payable	20	455	807	-	-
Bank borrowings	21	6,932	6,501	3,864	3,544
Provisions	23	1,455	2,104	-	-
Provision for taxation		7,269	4,808	809	168
		60,691	63,825	7,130	7,306
Net current assets		82,389	83,631	7,233	10,798
Non-current liabilities					
Other payables	19	-	4,598	6,239	6,247
Finance lease payable	20	342	553	-	-
Bank borrowings	21	52,703	58,016	9,252	12,029
Deferred tax liabilities	22	2,466	2,767	93	106
Provisions	23	1,853	1,238	78	76
		57,364	67,172	15,662	18,458
Net assets		138,350	140,312	118,923	115,746
Equity attributable to owners of the Company					
Share capital	24	36,807	34,108	36,807	34,108
Reserves	25	92,153	96,549	82,116	81,638
Shareholders' funds		128,960	130,657	118,923	115,746
Non-controlling interests		9,390	9,655	-	-
Total equity		138,350	140,312	118,923	115,746

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 2015

(In Singapore dollars)

Group	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Foreign currency translation reserve	Retained earnings	Other reserves	Shareholders' funds		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance as at 1 April 2013		31,740	1,265	75,961	1,390	110,356	10,403	120,759
Profit for the financial year, net of tax		-	-	23,878	-	23,878	772	24,650
Exchange difference on translation of subsidiaries		-	(4,979)	-	-	(4,979)	(456)	(5,435)
Net gain on hedge of net investment in foreign operation		-	3,929	-	-	3,929	-	3,929
Foreign currency reserve reclassified to profit or loss upon liquidation of a subsidiary		-	(219)	-	-	(219)	-	(219)
Total comprehensive income/(loss) for the financial year		-	(1,269)	23,878	-	22,609	316	22,925
Dividends paid on ordinary shares	26	-	-	(5,031)	-	(5,031)	-	(5,031)
Issuance of ordinary shares pursuant to scrip dividend scheme	24	2,434	-	-	-	2,434	-	2,434
Share issuance expense	24	(66)	-	-	-	(66)	-	(66)
Settlement of share-based payment arrangements		-	-	-	(234)	(234)	(35)	(269)
Employee equity benefits expenses		-	-	-	659	659	92	751
Total contributions by and distributions to owners		2,368	-	(5,031)	425	(2,238)	57	(2,181)
Acquisition of non-controlling interests without a change in control	13	-	-	-	(70)	(70)	(1,121)	(1,191)
Total changes in ownership interests in subsidiaries		-	-	-	(70)	(70)	(1,121)	(1,191)
Balance as at 31 March 2014		34,108	(4)	94,808	1,745	130,657	9,655	140,312

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 2015

(In Singapore dollars)

Group	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Foreign currency translation reserve	Retained earnings	Other reserves	Shareholders' funds		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 April 2014, as previously reported		34,108	(7)	95,105	1,745	130,951	9,655	140,606
Adjustments to initial accounting for business combination		-	3	(297)	-	(294)	-	(294)
Balance as at 1 April 2014, restated		34,108	(4)	94,808	1,745	130,657	9,655	140,312
Profit for the financial year, net of tax		-	-	5,021	-	5,021	453	5,474
Exchange difference on translation of subsidiaries		-	(6,583)	-	-	(6,583)	(452)	(7,035)
Net gain on hedge of net investment in foreign operation		-	3,540	-	-	3,540	-	3,540
Net fair value of loss on derivatives		-	-	-	(76)	(76)	-	(76)
Total comprehensive income/(loss) for the financial year		-	(3,043)	5,021	(76)	1,902	1	1,903
Dividends paid on ordinary shares	26	-	-	(6,125)	-	(6,125)	-	(6,125)
Issuance of ordinary shares pursuant to scrip dividend scheme	24	2,531	-	-	-	2,531	-	2,531
Issuance of ordinary shares pursuant to MTQ Share Plan		250	-	-	(250)	-	-	-
Share issuance expense	24	(82)	-	-	-	(82)	-	(82)
Settlement of share-based payment arrangements		-	-	-	(548)	(548)	(83)	(631)
Employee equity benefits expenses		-	-	-	758	758	18	776
Total contributions by and distributions to owners		2,699	-	(6,125)	(40)	(3,466)	(65)	(3,531)

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 2015

(In Singapore dollars)

Group	Note	Attributable to owners of the Company				Share- holders' funds \$'000	Non- controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Foreign currency translation reserve \$'000	Retained earn- ings \$'000	Other reserves \$'000			
Reduction in share capital of a subsidiary	13	-	-	-	(133)	(133)	(201)	(334)
Total changes in ownership interests in subsidiaries		-	-	-	(133)	(133)	(201)	(334)
Balance as at 31 March 2015		36,807	(3,047)	93,704	1,496	128,960	9,390	138,350

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 2015

(In Singapore dollars)

Company	Note	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Total equity \$'000
Balance as at 1 April 2013		31,740	63,842	2,165	97,747
Profit for the financial year, net of tax		–	20,524	–	20,524
Total comprehensive income for the financial year		–	20,524	–	20,524
Dividends paid on ordinary shares	26	–	(5,031)	–	(5,031)
Employee equity benefits expenses		–	–	138	138
Issuance of ordinary shares pursuant to scrip dividend scheme	24	2,434	–	–	2,434
Share issuance expense	24	(66)	–	–	(66)
Total contributions by and distributors to owners		2,368	(5,031)	138	(2,525)
Balance as at 31 March 2014		34,108	79,335	2,303	115,746
Balance as at 1 April 2014		34,108	79,335	2,303	115,746
Profit for the financial year, net of tax		–	6,209	–	6,209
Total comprehensive income for the financial year		–	6,209	–	6,209
Dividends paid on ordinary shares	26	–	(6,125)	–	(6,125)
Employee equity benefits expenses		–	–	644	644
Issuance of ordinary shares pursuant to scrip dividend scheme	24	2,531	–	–	2,531
Issuance of ordinary shares pursuant to MTQ Share Plan	24	250	–	(250)	–
Share issuance expense	24	(82)	–	–	(82)
Total contributions by and distributors to owners		2,699	(6,125)	394	(3,032)
Balance as at 31 March 2015		36,807	79,419	2,697	118,923

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 2015

(In Singapore dollars)

	Note	2015 \$'000	2014 \$'000 (Restated)
Cash flows from operating activities:			
Profit from operations before taxation		9,177	29,911
Adjustments for:			
Depreciation of property, plant and equipment	12	12,565	10,310
Amortisation of intangible assets	10	289	444
Loss/(gain) on disposal of property, plant and equipment	4	156	(53)
Write-back of impairment of trade receivables	5	(197)	(962)
Bad debts written off	5	61	24
Allowance for inventory obsolescence	5	173	239
Net fair value loss on held-for-trading investment securities	3	–	39
Fixed assets written off	5	355	–
Gain on liquidation of a subsidiary	4	–	(224)
Employee equity benefits expense	30	758	757
Interest income	4	(177)	(278)
Interest expense	6	2,405	2,910
Share of results of a joint venture company	14	1,027	(105)
Impairment loss on goodwill	9	6,828	–
Provision made during the year	23	534	454
Gain on disposal of held-for-trading investment securities	3	–	(225)
Operating cash flows before changes in working capital		33,954	43,241
Decrease in receivables and prepayments		11,177	2,892
Decrease in inventories and work-in-progress		1,705	3,841
Decrease in payables		(8,116)	(7,710)
Currency realignment		(880)	(1,239)
Cash generated from operations		37,840	41,025
Interest income received		177	278
Interest expense paid		(2,413)	(2,933)
Taxes paid, net		(4,794)	(6,112)
Net cash generated from operating activities		30,810	32,258

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 2015

(In Singapore dollars)

	Note	2015 \$'000	2014 \$'000 (Restated)
Cash flows from investing activities:			
Purchase of property, plant and equipment		(14,782)	(13,968)
Purchase of intangible assets		(219)	–
Acquisition of a subsidiary	13	(978)	(12,878)
Proceeds from disposal of property, plant and equipment		1,365	1,469
Proceeds from disposal of investment in quoted shares, net of brokerage		–	970
Proceeds from liquidation of a subsidiary		–	35
Acquisition of non–controlling interests		–	(1,511)
Loans granted to staff		(130)	(39)
Loans repaid by staff		92	55
Net cash used in investing activities		(14,652)	(25,867)
Cash flows from financing activities:			
Dividends paid	26	(3,594)	(2,597)
Share issuance expense	24	(82)	(66)
Proceeds from bank borrowings		1,100	38,341
Repayment of bank borrowings		(3,620)	(43,384)
Repayment of finance lease		(544)	(618)
Settlement of share-based payment		(665)	(269)
Reduction in share capital of a subsidiary		(334)	–
Net cash used in financing activities		(7,739)	(8,593)
Net increase/(decrease) in cash and cash equivalents		8,419	(2,202)
Cash and cash equivalents at 1 April	18	37,432	40,911
Effect of exchange rate changes on cash and cash equivalents		(1,716)	(1,277)
Cash and cash equivalents at 31 March	18	44,135	37,432

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 2015

(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 29. 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.

2.2 Changes in accounting policies

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 2014. 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 that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
<i>Amendments to FRS 19 Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 <i>Share Based Payment</i>	1 July 2014
(b) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(c) Amendments to FRS 108 <i>Operating Segments</i>	1 July 2014
(d) Amendments to FRS 16 <i>Property, Plant and Equipment</i> and FRS 38 <i>Intangible Assets</i>	1 July 2014
(e) Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(b) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Description	Effective for annual periods beginning on or after
(c) Amendments to FRS 40 <i>Investment Property</i>	1 July 2014
Amendments to FRS 27: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
(a) Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	
(b) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
(c) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
Amendments to FRS 110 & FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 1: <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Except for FRS 115 and FRS 109, the directors expect that the adoption of the 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 policies on adoption of FRS 115 and FRS 109 are described below:

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new 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 to 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. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and will adopt the new standard on the required effective date.

FRS 109 Financial Instruments

In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. 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 in the year of adoption. The adoption of FRS 109 will have an effect on the classification and measurement of the Group financial assets, but no impact on the classification and measurement of the Group financial liabilities.

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. However, 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, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

Income taxes (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Income taxes (cont'd)

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 likely 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 2015 amounted to \$6,947,000 (2014: \$4,703,000), \$2,466,000 (2014: \$2,767,000) and \$7,269,000 (2014: \$4,808,000) respectively. The carrying amounts of the Company's deferred tax liabilities and provision for taxation as at 31 March 2015 amounted to \$93,000 (2014: \$106,000) and \$809,000 (2014: \$168,000) 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.

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 key assumptions applied in the determination of the value in use including sensitivity analysis are disclosed in Note 9.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(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)*

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis or a diminishing value basis over their estimated useful lives. Management estimates the useful lives of plant and equipment to be within 1 to 20 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual value of these assets, therefore, future depreciation charges could be revised. The carrying amounts of the Group's property, plant and equipment is disclosed in Note 12.

Impairment of non-financial assets other than goodwill and indefinite life intangibles

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists, the recoverable amount of the asset is determined.

Impairment of loans and receivables

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 debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 33.

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 2015

(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.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to 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 2015
(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 interest 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 2015

(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:

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.

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.

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

License fee revenue 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 is recognised using the effective interest method.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 *Employee benefits (cont'd)*

Equity compensation plan (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 *Income 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 *Income taxes (cont'd)*

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 *Intangible assets (cont'd)*

(a) *Goodwill (cont'd)*

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 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.

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. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 *Investment properties (cont'd)*

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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, there is no change in the cost of the property for measurement or disclosure purposes. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.15 up to the date of change in use.

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. Leasehold buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold buildings at the end of the reporting period.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. 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 term of the leases 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	– 10 to 20 years

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

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 derecognised 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 *Joint venture (cont'd)*

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.

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, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 *Financial instruments (cont'd)*

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

(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.

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 derecognised 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 *Impairment of financial assets (cont'd)*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 34.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

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 grant shall be 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 may be presented as a credit in profit or loss, either separately or 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 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.33 Related parties (cont'd)

- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. REVENUE

	Group	
	2015 \$'000	2014 \$'000
Services, repair and contract revenue	241,751	256,866
Trading sales	51,731	48,017
Equipment rental income	2,158	8,261
Net fair value loss on held-for-trading investment securities	–	(39)
Gain on disposal of held-for-trading investment securities	–	225
	295,640	313,330

4. OTHER INCOME

	Group	
	2015 \$'000	2014 \$'000
Interest income	177	278
(Loss)/gain on disposal of property, plant and equipment	(156)	53
Gain on liquidation of a subsidiary	–	224
Commission received	663	916
Gain on disposal of scraps	153	122
Government grants	302	239
Rental income	3	235
Other income	138	120
	1,280	2,187

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

5. PROFIT FROM OPERATING ACTIVITIES

Profit from operating activities is stated after charging/(crediting):

	Group	
	2015 \$'000	2014 \$'000
(a) Manpower costs		
Salaries, wages and bonuses	89,771	89,675
Defined contribution plan expense	7,622	6,693
Share-based payments expense	758	757
Others	7,489	8,022
	105,640	105,147
	105,640	105,147
<i>Included in cost of sales</i>	59,413	59,419
<i>Included in staff costs</i>	46,227	45,728
	105,640	105,147

Share-based payments 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.

The amounts paid to a director and key management personnel during financial years ended 31 March 2015 and 31 March 2014 are as follows:

	Group	
	2015 \$'000	2014 \$'000
Director's remuneration:		
– Salaries, wages and bonuses	1,380	1,829
– Defined contribution plan expense	14	14
– Others	31	21
Other key management personnel:		
– Salaries, wages and bonuses	4,428	4,529
– Defined contribution plan expense	331	304
– Others	471	607
	4,428	4,529

During the year, the Company issued new ordinary shares pursuant to the vesting of the Awards granted under the MTQ Share Plan (Note 30(a)). The aggregate grant date fair values of the tranches of the Awards that have vested and released to key management personnel during the financial year amounted to \$250,000 (2014: Nil).

In addition, the Group paid a total of \$528,000 to certain key management personnel for the buy-back of Neptune's RPR and LTI rights (Notes 30(c) and (d)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

5. PROFIT FROM OPERATING ACTIVITIES (CONT'D)

	Note	2015 \$'000	Group 2014 \$'000 (Restated)
(b) Other operating expenses			
Write-back of impairment of trade receivables	17	(197)	(962)
Bad debts written-off		61	24
Amortisation of intangible assets	10	289	444
Fixed assets written-off		355	-
Impairment of goodwill	9	6,828	-
Depreciation of property, plant and equipment	12	2,138	1,924
Directors' fees paid to Directors of the Company		295	260
Allowance for inventory obsolescence	16	173	239
(Gain)/Loss on exchange		(2,538)	16
Consultancy fees paid to a Director of the Company		155	152
Legal and professional fees		2,531	2,673
Non-audit fees to:			
- Auditors of the Company		8	62
- Auditors of subsidiaries		196	62
Audit fees to:			
- Auditors of the Company		405	464
- Auditors of subsidiaries		649	571
Utilities expenses		2,480	2,122
Operating lease expenses		6,806	6,336
(c) Cost of sales			
Operating lease expenses		11,111	10,744
Depreciation of property, plant and equipment	12	10,427	8,386

6. FINANCE COSTS

	2015 \$'000	Group 2014 \$'000
Interest on:		
- Bank loans	2,360	2,831
- Finance lease payables	43	77
- Others	2	2
	<u>2,405</u>	<u>2,910</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

7. TAXATION

(a) Major components of income tax expense

	2015 \$'000	Group 2014 \$'000 (Restated)
<i>Statement of comprehensive income</i>		
Current income tax		
– Current income taxation	4,424	5,968
– Over provision in respect of previous years	(202)	(504)
– Withholding tax expense	2,916	317
	7,138	5,781
Deferred income tax		
– Movements in temporary differences	(3,240)	(53)
– Over provision in respect of previous years	(195)	(467)
	(3,435)	(520)
Tax expense recognised in the statement of comprehensive income	3,703	5,261

(b) Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2015 and 31 March 2014 are as follows:

	2015 \$'000	Group 2014 \$'000 (Restated)
Profit before taxation	9,177	29,911
Tax at Singapore statutory tax rate of 17% (2014: 17%)	1,560	5,085
Effect of difference in effective tax rates of other countries	(1,990)	2,261
Non-deductible expenses	4,150	2,131
Income not subject to taxation	(2,375)	(2,423)
Effect of partial tax exemption and tax incentives	(354)	(1,402)
Deferred tax assets not recognised	347	3,774
Benefits from previously unrecognised tax losses	–	(3,382)
Overprovision in respect of previous years		
– current tax	(202)	(504)
– deferred tax	(195)	(467)
Withholding tax expense	2,916	317
Others	(154)	(129)
Tax expense recognised in the statement of comprehensive income	3,703	5,261

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
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8. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing the profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued upon conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 March 2015 and 31 March 2014:

	Group	
	2015 \$'000	2014 \$'000 (Restated)
Profit net of tax attributable to owners of the Company	5,021	23,878
	Number of shares	
	2015 \$'000	2014 \$'000 (Restated)
Weighted average number of ordinary shares for basic earnings per share computation*	153,344	151,152
Effects of dilution:		
– Employee share-based payment scheme	755	111
Weighted average number of ordinary shares for diluted earnings per share computation	154,099	151,263

* The weighted average number of shares took into account the weighted average effect of 1,955,000 ordinary shares (2014: 1,799,000) issued under the scrip dividend scheme (Note 26) during the year. During the year, the Company issued 25,402,000 shares pursuant to the bonus issue of one new ordinary share for every five shares existed as at 7 July 2014. As a result, the number of ordinary shares used for the calculations of earnings per share has been adjusted for retrospectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

9. GOODWILL

	Note	Group \$'000
At 1 April 2013		19,406
Acquisitions through business combination	13	12,835
Currency realignment		(1,231)
		31,010
At 31 March 2014, as restated		31,673
At 1 April 2014, as previously reported		31,673
<i>Restatement due to adjustment to initial accounting for business combination:</i>		
– Acquisition through business combination	13	(650)
– Currency realignment		(13)
		31,010
At 1 April 2014, as restated		31,010
Impairment of goodwill	5	(6,828)
Currency realignment		(2,614)
		21,568
At 31 March 2015		21,568

On 14 January 2014, the Group acquired Binder Group Pty Limited and its subsidiaries (“Binder Group”). With the completion of the allocation of purchase price during the financial year, a goodwill arising from the acquisition of Binder Group amounting to \$12,835,000 was recognised and retrospectively adjusted for. Information on the acquisition of Binder Group has been disclosed in Note 13.

Impairment testing of goodwill

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

- Premier Group
- Engine Systems (excluding Highway Diesel)
- Highway Diesel
- Neptune
- Binder Group

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

	2015 \$'000	Group 2014 \$'000 (Restated)
Premier Group	4,560	4,560
Engine Systems (excluding Highway Diesel)	4,948	6,512
Highway Diesel	382	422
Neptune	5,759	6,409
Binder Group	5,919	13,107
	21,568	31,010

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

9. GOODWILL (CONT'D)

The recoverable amounts of the CGUs are determined based on value in use calculations derived from cash flow projections.

The cash flow projections for the first year are derived from financial budgets for the year ending 31 March 2016. Cash flows for a further 4 years are extrapolated using growth rates ranging from 0.0% to 6.0% (2014: 0.0% to 4.5%), based on management's knowledge and past experience of the businesses.

The terminal value of the CGUs was estimated by extrapolating the projected cash flow in the 5th year through perpetuity at growth rates ranging from 0.0% to 2.0% (2014: 0.0% to 2.0%) and discounting it. Post-tax discount rates ranging from 9.3% to 12.5% (2014: 10.5% to 11.7%) have been applied to discount the projected cash flows.

Based on the impairment assessments, impairment losses of \$970,000 and \$5,858,000 were recognised to write-down the carrying amounts of goodwill allocated to Engine Systems and Binder Group respectively. The recoverable amounts of the remaining CGUs are found to be higher than their carrying amounts.

Any adverse change in the above key assumptions relating to growth rates and discount rates would result in further impairment losses with regards to Engine Systems and Binder Group's goodwill. Apart from these two CGUs, the Group believes that any reasonably possible change in the above key assumptions relating to growth rates and discount rates are not likely to cause any of the recoverable amounts of the CGUs to be materially lower than the related carrying amounts.

10. INTANGIBLE ASSETS

	Order backlog	Customer relationships	Customer contracts	Non-compete clause	Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:						
At 1 April 2013	–	–	1,877	149	–	2,026
Acquisition through business combination (Note 13)	377	339	213	–	–	929
Currency realignment	8	7	(125)	(15)	–	(125)
At 31 March 2014, as restated	385	346	1,965	134	–	2,830
At 1 April 2014, as previously reported	–	–	1,747	134	–	1,881
<i>Restatement due to adjustment to initial accounting for business combination:</i>						
– Acquisition through business combination	377	339	213	–	–	929
– Currency realignment	8	7	5	–	–	20
At 1 April 2014, as restated	385	346	1,965	134	–	2,830
Addition	–	–	–	–	309	309
Currency realignment	(39)	(34)	(137)	–	–	(210)
At 31 March 2015	346	312	1,828	134	309	2,929

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

10. INTANGIBLE ASSETS (CONT'D)

	Order backlog \$'000	Customer relationships \$'000	Customer contracts \$'000	Non- compete clause \$'000	Software \$'000	Total \$'000
Accumulated amortisation:						
At 1 April 2013	–	–	1,877	126	–	2,003
Amortisation	318	12	95	19	–	444
Currency realignment	(3)	–	(131)	(11)	–	(145)
At 31 March 2014, as restated	315	12	1,841	134	–	2,302
At 1 April 2014, as previously reported	–	–	1,747	134	–	1,881
<i>Restatement due to adjustment to initial accounting for business combination:</i>						
– Amortisation of the year	318	12	95	–	–	425
– Currency realignment	(3)	–	(1)	–	–	(4)
At 1 April 2014, as restated	315	12	1,841	134	–	2,302
Amortisation for the year	67	67	119	–	36	289
Currency realignment	(36)	36	(132)	–	(2)	(134)
At 31 March 2015	346	115	1,828	134	34	2,457
Net carrying amount:						
At 31 March 2015	–	197	–	–	275	472
At 31 March 2014	70	334	124	–	–	528

During the previous financial year ended 31 March 2014, the Group acquired Binder Group. With the completion of the purchase price allocation during the current financial year, intangible assets of \$929,000 were identified and recognised retrospectively. The recognised intangible assets relate to the order backlog, customer contracts and customer relationships which existed as at the date of acquisition. Order backlog and customer contracts have been fully amortised as at 31 March 2015 upon fulfilment of the orders or contracts. Customer relationships are amortised on a straight line basis over its finite useful life of 5 years. Information on the acquisition of Binder Group has been disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

11. INVESTMENT PROPERTY

	Company \$'000
Balance sheet:	
Cost	
At 1 April 2013	7,255
Improvements	55
	<hr/>
At 31 March 2014 and 1 April 2014	7,310
Improvements	–
	<hr/>
At 31 March 2015	7,310
	<hr/>
Accumulated depreciation	
At 1 April 2013	6,226
Depreciation	46
	<hr/>
At 31 March 2014 and 1 April 2014	6,272
Depreciation	47
	<hr/>
At 31 March 2015	6,319
	<hr/>
Net carrying amount	
At 31 March 2015	991
	<hr/> <hr/>
At 31 March 2014	1,038
	<hr/> <hr/>

	Company	
	2015 \$'000	2014 \$'000
Statement of comprehensive income:		
Rental income from investment properties charged to subsidiaries	3,104	3,035
	<hr/>	<hr/>
Direct operating expenses (including repairs and maintenance) arising from rental generating properties	1,334	1,328
	<hr/>	<hr/>

The fair value of the investment property held by the Company as at 31 March 2015 amounted to \$7,500,000 (2014: \$7,550,000). The fair value was based on valuation performed by an accredited independent valuer with a 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 2015 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 2015
(In Singapore dollars)

12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold buildings \$'000	Plant, workshop, ROV, vessels and rental equipment \$'000	Furniture and fixtures, office equipment and motor vehicles \$'000	Assets under construction \$'000	Total \$'000
Cost					
At 1 April 2013	28,160	71,976	17,840	1,459	119,435
Currency realignment	217	(559)	(1,194)	(143)	(1,679)
Additions	20	3,635	1,078	11,761	16,494
Acquisition through business combination (Note 13)	–	399	507	28	934
Disposals/write-offs	–	(2,769)	(947)	–	(3,716)
Transfers	87	2,935	648	(3,670)	–
At 31 March 2014 and 1 April 2014, as previously reported	28,484	75,617	17,932	9,435	131,468
Adjustments	–	971	290	–	1,261
Currency realignment	1,304	18	(1,116)	(679)	(473)
Additions	–	3,722	837	9,841	14,400
Disposals/write-offs	–	(3,199)	(398)	–	(3,597)
Transfers	–	13,812	1,061	(14,873)	–
At 31 March 2015	29,788	90,941	18,606	3,724	143,059
Accumulated depreciation					
At 1 April 2013	7,111	24,354	10,746	–	42,211
Currency realignment	10	451	(733)	–	(272)
Depreciation	537	7,947	1,826	–	10,310
Disposals/Write-offs	–	(1,591)	(709)	–	(2,300)
Transfers	–	5	(5)	–	–
At 31 March 2014 and 1 April 2014	7,658	31,166	11,125	–	49,949
Adjustments	–	971	290	–	1,261
Currency realignment	107	77	(795)	–	(611)
Depreciation	559	9,988	2,018	–	12,565
Disposals/Write-offs	–	(1,371)	(350)	–	(1,721)
At 31 March 2015	8,324	40,831	12,288	–	61,443
Net carrying amount					
At 31 March 2015	21,464	50,110	6,318	3,724	81,616
At 31 March 2014	20,826	44,451	6,807	9,435	81,519

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

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

Company	Workshop equipment \$'000	Furniture and fixtures, office equipment and motor vehicles \$'000	Asset under construction \$'000	Total \$'000
Cost				
At 1 April 2013	209	1,956	–	2,165
Additions	–	552	6	558
Disposal/Written-off	–	(318)	–	(318)
Transfer	–	6	(6)	–
At 31 March 2014 and 1 April 2014	209	2,196	–	2,405
Additions	–	136	–	136
Disposal/Written-off	–	(6)	–	(6)
At 31 March 2015	209	2,326	–	2,535
Accumulated depreciation				
At 1 April 2013	209	1,534	–	1,743
Depreciation	–	231	–	231
Disposal	–	(193)	–	(193)
At 31 March 2014 and 1 April 2014	209	1,572	–	1,781
Depreciation	–	255	–	255
Disposal	–	(6)	–	(6)
At 31 March 2015	209	1,821	–	2,030
Net carrying amount				
At 31 March 2015	–	505	–	505
At 31 March 2014	–	624	–	624

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
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12. 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	
				2015 \$'000	2014 \$'000
<i>Leasehold building</i>					
182 Pandan Loop, Singapore 128373 *	Office building and workshop	14,271	27 years lease from 16 September 2009	991	1,038
Bahrain International Investment Park, H100, Kingdom of Bahrain	Office building and workshop	40,000	50 years from 1 September 2009	14,350	13,492
54 Loyang Way Singapore 508747	Office building and workshop	6,912	57 years lease from 1 March 1995	6,123	6,250

* This leasehold building has been classified as investment property at Company level as the property is leased to subsidiaries (Note 11).

(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 21):

	Net carrying amount	
	2015 \$'000	2014 \$'000
Leasehold buildings	14,350	13,492
Assets under construction	26	82
Furniture and fixtures, office equipment and motor vehicles	1,747	2,348
Plant and workshop equipment	9,866	10,862

(c) *Assets held under finance lease*

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$95,000 (2014: \$963,000), by means of finance leases.

The carrying amount of property, plant and equipment held under finance lease as at 31 March 2015 was \$424,000 (2014: \$1,060,000).

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

(d) *Assets under construction*

Included in the Group's assets under construction as at 31 March 2015 are \$1,018,000 (2014: \$8,977,000) relating to the construction and refurbishment of plant and equipment, \$Nil (2014: \$372,000) relating to network upgrade and about \$2,400,000 (2014 : \$Nil) relating to purchases of ROVs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
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12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(e) Capitalisation of borrowing costs

No borrowing costs have been capitalised for the financial years ended 31 March 2015 and 31 March 2014 as there are no borrowing costs directly attributable to the acquisition or construction of the Group's assets.

13. INVESTMENT IN SUBSIDIARIES

	Note	Company 2015 \$'000	2014 \$'000
Unquoted shares, at cost:			
At 1 April		45,276	62,884
Additional investment in a subsidiary		–	2,249
Repayment of capital contribution by subsidiaries		–	(5,472)
Liquidation of a subsidiary		–	(14,385)
At 31 March	29	45,276	45,276
Allowance for impairment in value of investments		(5,858)	(5,858)
		39,418	39,418
Intercompany indebtedness:			
Amounts due from subsidiaries			
– Non-trade		6,080	5,777
Allowance for impairment of intercompany indebtedness		(432)	(432)
		5,648	5,345
Total investment in subsidiaries		45,066	44,763

- (a) Further details regarding the cost of investment in subsidiaries are set out in Note 29.
(b) There was no movement in allowance for impairment in value of investments during the financial years ended 31 March 2015 and 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
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13. 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	
	2015 \$'000	2014 \$'000
Amounts due from subsidiaries – nominal value	465	452
Less: Allowance for impairment	(432)	(432)
	<u>33</u>	<u>20</u>

There was no movement in allowance for impairment of intercompany indebtedness during the financial years ended 31 March 2015 and 2014.

Business acquisitions

(a) *Binder Group Pty Limited ("Binder Group")*

On 14 January 2014, the Company's subsidiary, Blossomvale Investments Pte Ltd ("Blossomvale"), entered into a Share Purchase Agreement to acquire 100% of the issued shares of Binder Group. The acquisition of 75% and 4.5% of Binder Group's issued shares was completed as at acquisition date and on 21 January 2015 respectively. The acquisition of the remaining 20.5% of the issued shares will be completed over the next financial year.

Blossomvale has the option to accelerate the non-cancellable obligation to acquire the remaining issued shares. Accordingly, the Group has present ownership interest and consolidates 100% of Binder Group from the date of acquisition. The obligation to purchase the remaining issued shares has been recognised as a financial liability by the Group at fair value initially and remeasured at amortised cost within trade and other payables on the balance sheet.

Binder Group is headquartered in Perth, Western Australia and is one of the region's leading specialists in the design and manufacture of proprietary and custom-built pipe support and pipe suspension solutions mainly focused on the oil and gas sector. In addition, Binder Group has a joint venture in Indonesia which operates a manufacturing facility in Jakarta. The Group views the acquisition of Binder Group as an opportunity to increase the scope and scale of its core Oilfield operations.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Business acquisitions (cont'd)

(a) *Binder Group Pty Limited ("Binder Group") (cont'd)*

As at acquisition date, the fair value of the identifiable assets and liabilities of Binder Group were:

	Note	Group \$'000
Property, plant and equipment	12	934
Intangible assets	10	929
Investment in joint venture	14	2,169
Inventories		2,104
Trade and other receivables		4,424
Tax recoverable		23
Cash and cash equivalents		3,652
Bank borrowings		(807)
Trade and other payables		(3,202)
Provisions	23	(374)
Finance leases		(207)
Deferred tax liabilities	22	(516)
Total identifiable net assets at fair value		9,129
Goodwill arising from acquisition	9	12,835
Total investment in subsidiary at acquisition date		21,964
		Group \$'000

Effect of acquisition of Binder Group on cash flows

75.0% of consideration settled in cash	16,530
4.5% of purchase consideration settled in cash in the financial year ended 31 March 2015	978
Remaining 20.5% consideration not paid	4,456
Total investment in subsidiary at acquisition date	21,964

The net cash outflows on acquisition of a subsidiary in the financial year ended 31 March 2015 was \$978,000 (2014 : \$12,878,000), net of cash and cash equivalents of subsidiary acquired amounting to \$Nil (2014 : \$3,652,000) respectively.

Accounting of the acquisition of Binder Group

As at 31 March 2014, the fair value of the assets and liabilities on the date of acquisition was determined on a provisional basis as the allocation of purchase price had not been finalised. With the completion of the allocation of purchase price in current financial year, the following adjustments to the initial accounting for the business combination were made retrospectively:

- Reduction of goodwill by \$650,000 (Note 9).
- Recognition of intangible assets amounting to \$929,000 relating to order backlog, customer contracts and customer relationships that existed as at acquisition date, resulting in additional amortisation of \$425,000 in the period ended 31 March 2014 (Note 10). Correspondingly, additional deferred tax liabilities and deferred tax credit of \$279,000 and \$128,000 were recognised upon recognising the intangible assets and amortisation respectively (Note 22).

NOTES TO THE FINANCIAL STATEMENTS

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13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Business acquisitions (cont'd)

(a) *Binder Group Pty Limited ("Binder Group") (cont'd)*

Trade and other receivables acquired

Gross amounts of trade and other receivables acquired amounted to \$5,149,000. As at acquisition date, \$725,000 of the contractual cash flows pertaining to trade receivables are not expected to be collected. Accordingly, an allowance for impairment of \$725,000 has been recognised as at acquisition date (Note 17).

Transaction costs

Transaction costs related to the acquisition of \$65,000 have been recognised in the 'Other operating expenses' line item in the Group's profit or loss for the financial year ended 31 March 2014.

Impact of the acquisition on profit or loss

From the acquisition date, Binder Group has contributed \$5,442,000 and \$148,000 to the Group's revenue and profit for the financial year ended 31 March 2014 respectively. Had the business combination taken place on 1 April 2013, the Group's revenue and profit would have been increased by \$35,066,000 and \$2,236,000 respectively for the financial year.

Acquisition of non-controlling interests and reduction in share capital of a subsidiary

(a) *Acquisition of non-controlling interests*

On 5 April 2013, Blossomvale acquired additional 1.55% equity interest in Neptune Marine Service Limited ("Neptune") and its subsidiaries (collectively, "Neptune Group") for a total consideration of \$1,191,000 resulting in ownership of 86.8% equity interest in Neptune as at 31 March 2014.

(b) *Reduction in share capital of a subsidiary*

On 17 February 2015, Neptune purchased and cancelled 210,319 of its own ordinary shares at A\$1.18 per share resulting in a reduction in Neptune's share capital by \$334,000 and an increase in Blossomvale's ownership to 87.1%.

The carrying values of the net assets of Neptune as at 5 April 2013 and 17 February 2015 were \$72,259,000 and \$71,760,000 respectively. The differences between (i) the consideration for the acquisition of additional equity interest or the reduction in Neptune's share capital, and (ii) the carrying value of the additional interests resulted was recognised as "Premium paid on acquisition of non-controlling interests or reduction in subsidiary's share capital" in "Other reserves" within equity.

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14. INVESTMENT IN JOINT VENTURE

The Group has 50% (2014: 50%) equity interest in a jointly-controlled entity, PT Binder Indonesia that is held through a subsidiary. The joint venture is incorporated in Indonesia¹ 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 2013	–
Acquisition through business combination (Note 13)	2,169
Share of results of joint venture	105
Currency realignment	46
At 31 March 2014 and 1 April 2014	<u>2,320</u>
Share of results of joint venture	(1,027)
Currency realignment	250
At 31 March 2015	<u><u>1,543</u></u>

¹ Audited by Tasnum Ali Widjanarko & Rekan

The Group's share of PT Binder Indonesia's commitments are disclosed in Note 27.

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	
	2015 \$'000	2014 \$'000
Summarised balance sheet:		
Cash and cash equivalents	309	959
Other current assets	6,685	8,953
Total current assets	6,994	9,912
Total non-current assets	685	287
Total assets	<u>7,679</u>	<u>10,199</u>
Current trade and other payables	2,387	3,600
Non-current other payables	2,206	1,959
Total liabilities	<u>4,593</u>	<u>5,559</u>
Net assets	<u>3,086</u>	<u>4,640</u>
Group's share of net assets	<u><u>1,543</u></u>	<u><u>2,320</u></u>

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14. INVESTMENT IN JOINT VENTURE (CONT'D)

	Group	
	2015 \$'000	2014 \$'000
Summarised statement of comprehensive income:		
Revenue	7,361	2,988
Other income	35	–
Operating expenses	(9,450)	(2,778)
Profit before tax	(2,054)	210
Income tax expense	–	–
Profit after tax/Total comprehensive loss	(2,054)	210
Share of results of joint venture	(1,027)	105

15. RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Receivables				
Non-current				
Amounts due from subsidiaries				
– Interest-free loans	–	–	71,367	63,709
– Interest-bearing loan	–	–	13,116	15,573
Allowance for amounts due from subsidiaries	–	–	(3,801)	(2,301)
	–	–	80,682	76,981
Loans due from joint venture	612	561	–	–
Deposits	391	3,076	–	–
Staff loans, at amortised cost	141	129	80	–
	1,144	3,766	80,762	76,981

Interest-bearing loan to a subsidiary is funded by bank borrowings – Facility 1 (Note 21). It is denominated in United States dollars and bears interest at the rate of 1.5% (2014: 1.5%) above the Bank's Swap Rate.

Interest-free loans due from subsidiaries are unsecured and have no fixed repayment term. During the financial year ended 31 March 2014, the Company converted \$2,249,000 (US\$1,782,000) of the interest-free loan to share capital of the subsidiary.

Loans due from joint venture are unsecured, non-interest bearing and have no fixed repayment term.

NOTES TO THE FINANCIAL STATEMENTS

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15. RECEIVABLES AND PREPAYMENTS (CONT'D)

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	
	2015 \$'000	2014 \$'000
Amounts due from subsidiaries – nominal value	68,174	35,322
Less: Allowance for impairment	(3,801)	(2,301)
	<u>64,373</u>	<u>33,021</u>
Allowance for impairment:		
At 1 April	2,301	2,301
Charge for the year	1,500	–
At 31 March	<u>3,801</u>	<u>2,301</u>

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Prepayments					
Current					
Advances to suppliers (non-trade)		1,388	673	–	–
Other prepayments		1,732	2,012	100	73
		<u>3,120</u>	<u>2,685</u>	<u>100</u>	<u>73</u>
Non-current					
Prepaid staff benefits		<u>35</u>	<u>7</u>	<u>28</u>	<u>–</u>
Staff loans					
<i>Staff loans at amortised costs:</i>					
Current, classified under trade and other receivables	17	84	65	26	–
Non-current, classified under receivables and prepayments		141	129	80	–
		<u>225</u>	<u>194</u>	<u>106</u>	<u>–</u>

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 seven years with the last repayment due in Year 2020 (2014: Year 2020). 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
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16. INVENTORIES

	Group	
	2015 \$'000	2014 \$'000
Balance sheet:		
First-in-first-out basis		
- Raw materials	6,092	6,237
- Work-in-progress	2,128	3,771
- Finished goods	6,722	6,101
- Engines and spares	819	722
- Goods-in-transit	47	8
	15,808	16,839
Weighted average basis		
- Raw materials	-	721
- Finished goods	10,696	10,899
- Work-in-progress	254	351
- Goods-in-transit	194	221
	11,144	12,192
Total inventories at lower of cost and net realisable value	26,952	29,031
Inventories are stated after deducting allowance for inventory obsolescence of:		
- first-in-first-out basis	556	556
- weighted average basis	1,574	1,672
	2,130	2,228
Movement in allowance for inventory obsolescence:		
At 1 April	2,228	2,180
Allowance for inventory obsolescence as part of other operating expenses (Note 5(b))	173	239
Utilised	(90)	(24)
Currency realignment	(181)	(167)
At 31 March	2,130	2,228

The costs of inventories recognised in cost of sales amounted to \$114,729,000 (2014: \$123,519,000).

17. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables		67,975	77,868	-	-
Staff loans, current	15	84	65	26	-
Sundry deposits		264	194	3	-
Sundry receivables		487	134	32	27
Amounts due from subsidiaries					
- Trade		-	-	11,559	14,484
- Dividend receivable		-	-	230	851
Trade amounts due from joint venture		63	47	-	-
		68,873	78,308	11,850	15,362

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17. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
- Trade receivables	1,484	1,747	-	-

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Singapore dollars	8,594	14,087	11,399	15,172
Australian dollars	35,683	27,475	442	168
United States dollars	17,401	23,282	9	21
Bahraini Dinar	66	32	-	1
British Pounds	7,066	12,501	-	-
Euro	-	925	-	-
Others	63	6	-	-
	68,873	78,308	11,850	15,362

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.

Dividend receivables are non-interest bearing and are generally receivable when they are declared by the investees.

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$35,064,000 (2014: \$32,375,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2015 \$'000	2014 \$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	15,071	17,578
30 to 60 days	4,958	5,898
61 to 90 days	3,365	1,408
More than 90 days	11,670	7,491
	35,064	32,375

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17. TRADE AND OTHER RECEIVABLES (CONT'D)

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 provisions 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:

	Note	Group			
		Individually impaired		Collectively impaired	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables – nominal value		1,176	1,139	308	608
Less : Allowance for impairment		(1,176)	(1,139)	(308)	(608)
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Allowance for impairment:					
At 1 April		1,139	2,151	608	608
Acquisition through business combination	13	–	725	–	–
Exchange differences		27	(721)	–	–
(Write-back of)/allowance for impairment	5(b)	103	(962)	(300)	–
Utilised		(93)	(54)	–	–
At 31 March		<u>1,176</u>	<u>1,139</u>	<u>308</u>	<u>608</u>

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Fixed deposits	8,257	3,111	–	–
Cash at banks and in hand	35,878	34,321	2,413	2,669
	<u>44,135</u>	<u>37,432</u>	<u>2,413</u>	<u>2,669</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from nil% to 2.5% (2014: nil% to 2.5%) per annum. Fixed deposits are made for varying periods of between one week and three months (2014: one week and three months) depending on the immediate cash requirements of the Group, at a weighted average interest rate of 3.45% (2014: 3.57%) per annum. At the end of the reporting period, fixed deposits of \$303,000 (2014: \$338,000) are held as security for lease of premises.

NOTES TO THE FINANCIAL STATEMENTS

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18. CASH AND CASH EQUIVALENTS (CONT'D)

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Singapore dollars	14,447	12,725	2,119	1,590
Australian dollars	8,717	11,066	–	1
United States dollars	14,155	11,756	292	1,075
Bahraini Dinar	193	458	–	1
British Pounds	6,557	1,384	–	–
Others	66	43	2	2
	<u>44,135</u>	<u>37,432</u>	<u>2,413</u>	<u>2,669</u>

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current				
Trade payables	15,279	19,505	–	–
Sundry payables	521	1,282	21	26
Accrual for staff-related costs	12,905	14,743	2,173	3,196
Sundry accruals	9,730	9,997	250	344
Other payables	4,132	1,009	–	–
Trade amounts due to joint venture	1,893	3,069	–	–
Non-trade amounts owing to subsidiaries	–	–	13	28
	<u>44,460</u>	<u>49,605</u>	<u>2,457</u>	<u>3,594</u>
Non-current				
Interest-free loans owing to subsidiaries	–	–	6,239	6,247
Other payables	–	4,598	–	–
	<u>–</u>	<u>4,598</u>	<u>–</u>	<u>–</u>

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19. TRADE AND OTHER PAYABLES (CONT'D)

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current				
Singapore dollars	9,292	12,791	2,450	3,572
Australian dollars	20,306	21,601	–	–
United States dollars	6,471	9,628	–	16
Bahraini Dinar	1,522	729	7	6
Euro	167	127	–	–
Japanese Yen	30	1,198	–	–
British Pounds	6,516	3,429	–	–
Others	156	102	–	–
	<u>44,460</u>	<u>49,605</u>	<u>2,457</u>	<u>3,594</u>
Non-current				
Singapore dollars	–	–	6,239	6,247
Australian dollars	–	4,598	–	–
	<u>–</u>	<u>4,598</u>	<u>–</u>	<u>–</u>

Trade and sundry payables

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

Other payables

Other payables relate to the non-cancellable obligation to acquire the remaining 20.5% (2014: 25.0%) of the issued shares of Binder Group (Note 13).

Amounts owing to subsidiaries

Current amounts owing to subsidiaries are 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

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20. FINANCE LEASE PAYABLE

At 31 March 2015 and 31 March 2014, the Group has obligations for certain workshop equipment under finance leases (Note 12(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					
	2015		Present value of minimum lease payments \$'000	2014		Present value of minimum lease payments \$'000
	Minimum lease payments \$'000	Finance charges \$'000		Minimum lease payments \$'000	Finance charges \$'000	
Within 1 year	485	(30)	455	862	(55)	807
After 1 year but within 5 years	354	(12)	342	585	(32)	553
Total	839	(42)	797	1,447	(87)	1,360

The average discount rate implicit in the finance lease is between 1% to 13% (2014: 0.2% to 13.5%) per annum. The finance leases are denominated in Australian dollars, British Pounds and United States dollars.

21. BANK BORROWINGS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Bank borrowings, current portion				
Secured (Facility 1)	3,864	3,544	3,864	3,544
Secured (Facility 2)	2,338	2,144	–	–
Secured (Facility 3)	–	–	–	–
Secured (Facility 4)	730	813	–	–
	6,932	6,501	3,864	3,544
Bank borrowings, non-current portion				
Secured (Facility 1)	9,252	12,029	9,252	12,029
Secured (Facility 3)	2,769	3,081	–	–
Secured (Facility 5)	9,302	7,986	–	–
Secured (Facility 6)	31,380	34,920	–	–
	52,703	58,016	9,252	12,029
	59,635	64,517	13,116	15,573

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

Singapore dollars	5,600	5,601	–	–
Australian dollars	34,879	38,813	–	–
United States dollars	19,156	20,103	13,116	15,573
	59,635	64,517	13,116	15,573

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21. BANK BORROWINGS (CONT'D)

Secured bank borrowings:

Facility 1

The United States dollars denominated long term bank loans are repayable over quarterly instalments of between US\$188,000 and US\$575,000 (approximately \$238,000 and \$729,000) starting from December 2012 with last instalment due on 31 December 2022. Interest is payable at the rate of 1.50% above the Bank's Swap Rate. The facility is used to fund an interest-bearing loan to a subsidiary (Note 15).

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; and
- corporate guarantee from a subsidiary of the Company.

Facility 2

The United States dollars denominated long term bank loan is repayable on 28 August 2015. Interest is payable at the rate of 1.75% per annum over the bank's prevailing Cost of Funds.

The facility is secured by a corporate guarantee from the Company.

Facility 3

The Australian dollars denominated long term bank loans outstanding as at 31 March 2015 were financed in 2014 and is repayable on 31 August 2016. Interest is payable at the rate of 1.90% per annum over the Australian Bank Bill Rate.

The facility is secured by the following:

- fixed and floating charge over all assets of a subsidiary; and
- corporate guarantee from the Company.

Facility 4

The Australian dollars denominated short term bank loan is repayable on demand. Interest is payable at the rate of 1.00% per annum over the bank's base rate.

The facility is secured by the following:

- fixed and floating charge over all assets of a subsidiary; and
- corporate guarantee from the Company.

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21. BANK BORROWINGS (CONT'D)

During the current financial year, the borrower, one of the wholly-owned subsidiaries, breached the interest coverage covenant of the facility. The facility has since been refinanced as at the date of financial statements.

Facility 5

Previously, the multi-currency denominated long term bank loan was repayable on 27 April 2015. Interest was payable at the rate of 2.35% per annum over the prevailing Swap Offer or LIBOR rates depending on the currency being drawn. During the financial year ended 31 March 2015, the Group refinanced the facility and the loan is now repayable on 18 October 2016. Interests is payable at 1.95% per annum over the higher of the bank's prevailing Cost of Funds or Swap Offer Rate.

The facility is secured by corporate guarantee from the Company.

Facility 6

The Australian dollars denominated bank loan is repayable on 17 March 2017. Interest is payable at the rate of 2.00% per annum over the Bank Bill Swap Bid Rate.

The facility is secured by corporate guarantee from the Company.

22. DEFERRED TAX ASSETS/(LIABILITIES)

	Note	Group \$'000	Company \$'000
At 1 April 2013		2,514	(178)
Currency realignment		(582)	-
Charge to profit or loss during the financial year	7	520	72
Acquisition through business combination	13	(516)	-
At 31 March 2014, as restated		1,936	(106)
At 1 April 2013, as previously reported		2,095	(106)
<i>Restatement due to adjustment to initial accounting for business combination</i>			
- Currency realignment		(8)	-
- Charge to profit or loss during the financial year	13	128	-
- Acquisition through business combination	13	(279)	-
At 31 March 2014, as restated		1,936	(106)
Currency realignment		(890)	-
Charge to profit and loss during the financial year		3,435	13
At 31 March 2015		4,481	(93)

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

Deferred tax as at 31 March relates to the following:

	Group		Company	
	2015 \$'000	2014 \$'000 (Restated)	2015 \$'000	2014 \$'000
Deferred tax assets				
Unabsorbed capital allowances and unutilised tax losses	5,683	3,019	-	-
Employee benefits	869	1,807	19	12
Other provisions	2,414	1,810	-	-
Transaction costs on equity issue of a subsidiary	111	611	-	-
Others	290	390	-	-
	<u>9,367</u>	<u>7,637</u>	<u>19</u>	<u>12</u>
Deferred tax liabilities				
Excess of net book value over tax written down value of property, plant and equipment	(3,806)	(4,225)	(112)	(118)
Revaluation on investment	(329)	(367)	-	-
Other provisions	(2)	-	-	-
Unrealised foreign exchange gain	(319)	(632)	-	-
Others	(430)	(477)	-	-
	<u>(4,886)</u>	<u>(5,701)</u>	<u>(112)</u>	<u>(118)</u>
Deferred tax assets/ (liabilities), net	<u>4,481</u>	<u>1,936</u>	<u>(93)</u>	<u>(106)</u>

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	
	2015 \$'000	2014 \$'000 (Restated)	2015 \$'000	2014 \$'000
Deferred tax assets	6,947	4,703	-	-
Deferred tax liabilities	(2,466)	(2,767)	(93)	(106)
Deferred tax assets/ (liabilities), net	<u>4,481</u>	<u>1,936</u>	<u>(93)</u>	<u>(106)</u>

At the end of the reporting period, the Group had unutilised tax losses of approximately \$146,132,000 (2014: \$145,592,000) and unabsorbed capital allowances of approximately \$18,024,000 (2014: \$16,187,000), 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 2015

(In Singapore dollars)

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

The potential tax benefit of approximately \$44,680,000 (2014: \$45,416,000) 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 (2014: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 26).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

23. PROVISIONS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current	1,455	2,104	–	–
Non-current	1,853	1,238	78	76
	<u>3,308</u>	<u>3,342</u>	<u>78</u>	<u>76</u>

Represented by:

	Make good provision \$'000	Maintenance warranty \$'000	Long- service leave \$'000	Total \$'000
Group				
At 1 April 2013	712	334	2,027	3,073
Currency realignment	(65)	(34)	(198)	(297)
Acquisition through business combination (Note 13)	–	–	374	374
Provisions during the year	30	157	267	454
Utilised during the year	–	(142)	(120)	(262)
At 31 March 2014 and 1 April 2014	<u>677</u>	<u>315</u>	<u>2,350</u>	<u>3,342</u>
Currency realignment	(62)	(30)	(268)	(360)
Provisions during the year	26	119	389	534
Utilised during the year	–	(149)	(59)	(208)
At 31 March 2015	<u>641</u>	<u>255</u>	<u>2,412</u>	<u>3,308</u>

	Make good provision	
	2015 \$'000	2014 \$'000
Company		
At 1 April	76	72
Accretion of interest	2	4
At 31 March	<u>78</u>	<u>76</u>

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 management is of the view that the current provisions are adequate to cover the cost of reinstatement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

23. PROVISIONS (CONT'D)

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.

24. SHARE CAPITAL

	Group and Company			
	2015		2014	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Ordinary shares issued and fully paid				
At 1 April	127,009	34,108	100,168	31,740
Issuance of shares pursuant to scrip dividend scheme (Note 26)	1,955	2,531	1,799	2,434
Share issuance expense	–	(82)	–	(66)
Issuance of shares pursuant to MTQ Share plan (Note 30)	155	250	–	–
Issuance of shares pursuant to bonus issue	25,402	–	25,042	–
At 31 March	<u>154,521</u>	<u>36,807</u>	<u>127,009</u>	<u>34,108</u>

During the financial year ended 31 March 2015, the Company issued 1,955,000 (2014: 1,799,000) shares pursuant to the scrip dividend scheme. The Company also issued 25,402,000 (2014: 25,042,000) shares pursuant to the bonus issues of one new ordinary share for every five (2014: four) existing shares held in the capital of the Company as at the respective bonus issue's book closure dates. The issuance of shares pursuant to the bonus issue was at nil consideration and without capitalisation of the Company's reserves.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

25. RESERVES

	Note	Group		Company	
		2015 \$'000	2014 \$'000 (Restated)	2015 \$'000	2014 \$'000
Retained earnings		93,704	94,808	79,419	79,335
Foreign currency translation reserve		(3,047)	(4)	-	-
Other reserves					
- Gain on sale/transfer of treasury shares		2,165	2,165	2,165	2,165
- Premium paid on acquisition of non-controlling interests or reduction in share capital of a subsidiary	13	(1,078)	(945)	-	-
- Employee equity benefit reserve		485	525	532	138
- Net fair value of loss on derivatives		(76)	-	-	-
		1,496	1,745	2,697	2,303
		<u>92,153</u>	<u>96,549</u>	<u>82,116</u>	<u>81,638</u>

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 arises from the acquisition of additional equity interest in Neptune while retaining control and the reduction of share capital of Neptune. Information on the acquisition of non-controlling interests and reduction of share capital during the financial year ended 31 March 2014 and 2015 has been disclosed in Note 13.

Employee equity benefit reserve

Employee equity benefit reserve represents the equity-settled awards granted to employees (Note 30). 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 settlement of the awards.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

26. DIVIDENDS

	Group and Company	
	2015	2014
	\$'000	\$'000
<i>Declared and paid during the financial year:</i>		
Paid in respect of the previous financial year:		
– Final dividend of 2.0 cents per ordinary share under the scrip dividend scheme, tax-exempt (one-tier) (2014: 2.0 cents per ordinary share under the scrip dividend scheme, tax-exempt (one-tier))	1,270	965
– Paid in Cash	1,778	1,539
– Paid in Scrip (Ordinary Shares)	3,048	2,504
Paid in respect of the current financial year:		
– Interim dividend of 2.0 cents per ordinary share under the scrip dividend scheme, tax-exempt (one-tier) (2014: 2.0 cents per ordinary share under the scrip dividend scheme, tax-exempt (one-tier)):		
– Paid in Cash	2,324	1,632
– Paid in Scrip (Ordinary Shares)	753	895
	3,077	2,527
	6,125	5,031
Total paid in Cash	3,594	2,597
Total paid in Scrip (Ordinary Shares) (Note 24)	2,531	2,434
	6,125	5,031
	Group and Company	
	2015	2014
	\$'000	\$'000
<i>Proposed but not recognised as a liability as at 31 March:</i>		
Final cash dividend of 2.0 cents per ordinary share, tax exempt (one-tier) (2014: 2.0 cents per ordinary share under the scrip dividend scheme, tax exempt (one-tier))	3,090	3,048*
	3,090	3,048*

* The proposed dividends are in respect of all shares in issue, including the Bonus Shares pursuant to the Proposed Bonus Issue (Note 24).

Interim dividends in respect of the current year and dividends in respect of previous financial year are declared and proposed under the scrip dividend scheme which allows the ordinary shareholder to elect to receive the dividends in cash or ordinary shares.

The proposed final cash dividend in respect of the current financial year will be recorded as a liability on the balance sheets of the Company and the Group upon approval by the shareholders at the next Annual General Meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

27. 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.

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

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Within one year	6,712	6,394	554	526
After one year but not more than five years	12,581	7,398	2,184	2,103
More than five years	16,806	31,297	8,910	9,471
	<u>36,099</u>	<u>45,089</u>	<u>11,648</u>	<u>12,100</u>

(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	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Authorised and committed	3,363	859	–	–
Share of joint venture's capital commitments	71	28	–	–
	<u>3,434</u>	<u>887</u>	<u>–</u>	<u>–</u>

(c) Contingent liabilities

Corporate guarantees issued by the
Company for bank facilities granted
to subsidiaries

	<u>–</u>	<u>–</u>	<u>46,519</u>	<u>48,944</u>
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Guarantees issued to external parties

	<u>4,884</u>	<u>5,155</u>	<u>103</u>	<u>103</u>
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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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

27. COMMITMENTS AND CONTINGENCIES (CONT'D)

(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 is \$100,601,000 (2014: \$68,179,000).

28. 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. The segment also distributes and services fuel injection parts and automotive performance parts. This segment operates mainly in Australia.

(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 2015
(In Singapore dollars)

28. INFORMATION BY SEGMENT ON THE GROUP'S OPERATIONS (CONT'D)

	Investment holding \$'000	Engine systems \$'000	Oilfield engineering \$'000	Neptune \$'000	Others \$'000	Eliminations \$'000	Note	Per consolidated financial statements \$'000
2015								
Revenue:								
External sales	-	47,214	96,478	151,948	-	-		295,640
Inter-segment sales	7,208	-	3,172	41	-	(10,421)	A	-
Total sales	7,208	47,214	99,650	151,989	-	(10,421)		295,640
Results:								
Interest income	3	39	18	117	-	-		177
Depreciation and amortisation	(532)	(1,062)	(4,858)	(6,402)	-	-		(12,854)
Allowance for inventory obsolescence	-	(173)	-	-	-	-		(173)
Impairment of goodwill	-	(970)	(5,858)	-	-	-		(6,828)
Write-back of allowance for impairment of trade receivables	-	46	126	25	-	-		197
Bad debts written-off	(1)	-	(7)	(53)	-	-		(61)
Finance costs	(6)	(155)	(634)	(1,610)	-	-		(2,405)
Segment profit/(loss) before tax and share of results of joint venture	4,976	1,176	10,022	3,635	(27)	(9,578)	B	10,204
Share of results of joint venture	-	-	(1,027)	-	-	-		(1,027)
Taxation	(705)	(486)	(993)	(1,519)	-	-		(3,703)
Assets and liabilities:								
Additions to non-current assets	256	342	3,689	10,422	-	-		14,709
Segment assets	11,580	24,218	113,848	99,808	4	-		249,458
Deferred tax assets								6,947
Total assets								256,405
Segment liabilities	(6,868)	(6,924)	(13,460)	(20,628)	(8)	-		(47,888)
Provision for taxation								(7,269)
Deferred tax liabilities								(2,466)
Bank borrowings and finance lease liabilities								(60,432)
Total liabilities								(118,055)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

28. INFORMATION BY SEGMENT ON THE GROUP'S OPERATIONS (CONT'D)

	Invest- ment holding \$'000	Engine systems \$'000	Oilfield engineering \$'000	Neptune \$'000	Others \$'000	Eliminations \$'000	Note	Per consolidated financial statements \$'000
2014 (Restated)								
Revenue:								
External sales	186	48,894	104,604	159,646	-	-		313,330
Inter-segment sales	8,340	-	4,038	73	-	(12,451)	A	-
Total sales	8,526	48,894	108,642	159,719	-	(12,451)		313,330
Results:								
Interest income	6	42	1	229	-	-		278
Depreciation and amortisation	(450)	(1,229)	(4,424)	(4,651)	-	-		(10,754)
Allowance for inventory obsolescence	-	(239)	-	-	-	-		(239)
Write-back of allowance for impairment of trade receivables	-	47	664	251	-	-		962
Bad debts written-off	-	(24)	-	-	-	-		(24)
Finance costs	(5)	(174)	(724)	(2,007)	-	-		(2,910)
Segment profit/(loss) before tax and share of results of joint venture	13,220	2,237	30,260	5,852	(27)	(21,736)	B	29,806
Share of results of joint venture	-	-	105	-	-	-		105
Taxation	79	(394)	(3,180)	(1,766)	-	-		(5,261)
Assets and liabilities:								
Additions to non-current assets	955	804	4,399	10,336	-	-		16,494
Acquisition of non-current assets through business combination	-	-	16,867	-	-	-		16,867
Segment assets	12,112	28,112	126,317	100,064	1	-		266,606
Deferred tax assets								4,703
Total assets								271,309
Segment liabilities	(9,548)	(7,713)	(20,547)	(19,726)	(11)	-		(57,545)
Provision for taxation								(4,808)
Deferred tax liabilities								(2,767)
Bank borrowings and finance lease liabilities								(65,877)
Total liabilities								(130,997)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

28. INFORMATION BY SEGMENT ON THE GROUP'S OPERATIONS (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.

Note B: The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	Group	
	2015 \$'000	2014 \$'000
Unallocated corporate income	–	(35)
Intersegment dividend income	(9,578)	(21,701)
	<u>(9,578)</u>	<u>(21,736)</u>

(b) Geographical segments

	Singapore \$'000	Australia \$'000	Bahrain \$'000	United Kingdom \$'000	Indonesia \$'000	Others \$'000	Total \$'000
2015							
External sales	77,109	151,433	15,434	51,664	–	–	295,640
Non-current assets	33,211	37,361	22,321	10,763	1,543	–	105,199
2014							
External sales	111,711	155,754	8,455	37,410	–	–	313,330
Non-current assets	34,546	48,915	21,734	7,862	2,320	–	115,377

Non-current assets information presented above consist of goodwill, intangible assets, property, plant and equipment and investment in joint venture 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 2015 and 31 March 2014, 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 2015

(In Singapore dollars)

29. 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	
		2015 \$'000	2014 \$'000	2015 %	2014 %
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
i Violetbloom Investments Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	– ♦	– ♦	100	100
i 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	5,295	100	100
ii MTQ Holdings Pty Ltd (Australia)	Investment holding (Australia)	3,556	3,556	100	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)	7,045	7,045	99	99

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

29. SUBSIDIARIES (CONT'D)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Effective interest in equity held by the Company	
		2015 \$'000	2014 \$'000	2015 %	2014 %
Unquoted equity shares held by the Company (Cont'd)					
ii MTQ Castings Sdn Bhd (previously known as Metalock Castings Sdn Bhd) (Malaysia)	Inactive (Malaysia)	5,858	5,858	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
		45,276	45,276		

Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group	
		2015 %	2014 %

Quoted equity shares held by a subsidiary

ii,v Neptune Marine Services Limited (Australia)	Investment holding (Australia)	87.1	86.8
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Unquoted equity shares held by the subsidiaries

iii Dynamic Turbocharger Services (Australia) Pty Ltd (Australia)	Inactive (Australia)	100	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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

29. SUBSIDIARIES (CONT'D)

Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group	
		2015 %	2014 %
Unquoted equity shares held by the subsidiaries (Cont'd)			
iii,v Neptune Marine Services International Pty Ltd (Australia)	Investment holding (Australia)	87.1	86.8
ii,v 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	86.8
ii,v 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	86.8
iii,v Neptune Fabrication Services Pty Ltd (Australia)	Inactive (Australia)	87.1	86.8
iii,v Neptune Subsea Engineering Pty Ltd (Australia)	Providing a range of specialist subsea engineering services to the oil and gas sector (Australia)	87.1	86.8
iii,v 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	86.8
iii,v Neptune Subsea Stabilisation Pty Ltd (Australia)	Design, manufacture, supply and install a range of pipeline stabilisation and protection systems (Australia)	87.1	86.8
iii,v Allied Diving Services Pty Ltd (Australia)	Inactive (Australia)	87.1	86.8
iii,v Neptune Delaware Holdings Inc (United States of America)	Investment holding (United States of America)	87.1	86.8
iii,v Neptune Underwater Services (USA) LLC (United States of America)	Inactive (United States of America)	87.1	86.8
i,v Neptune Asia Holdings Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	87.1	86.8
i,v 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	86.8

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

29. SUBSIDIARIES (CONT'D)

Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group	
		2015 %	2014 %
Unquoted equity shares held by the subsidiaries (Cont'd)			
i,v Neptune Access IRM Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	87.1	86.8
i,v Neptune Marine Offshore Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	87.1	86.8
i,v 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	86.8
ii,v PT Neptune Subsea Stabilisation (Indonesia)	Design, manufacture, supply and install a range of pipeline stabilisation and protection systems (Indonesia)	87.1	86.8
ii,v 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	86.8
ii,v Neptune Scotland Holdings Ltd (United Kingdom)	Investment holding (United Kingdom)	87.1	86.8
ii,v 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	86.8
ii,v 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	86.8
ii,v Neptune ROV Services Holdings Ltd (United Kingdom)	Investment holding (United Kingdom)	87.1	86.8
iii,v Neptune Deeptech Symons Ltd (United Kingdom)	Inactive (United Kingdom)	87.1	86.8
ii,v 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	86.8

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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29. SUBSIDIARIES (CONT'D)

Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group	
		2015 %	2014 %
Unquoted equity shares held by the subsidiaries (Cont'd)			
ii,v Neptune Subsea Services Sdn Bhd (Malaysia)	Providing a range of subsea inspection, repair and maintenance works (Malaysia)	87.1	86.8
i,v Neptune ROV Services Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	87.1	86.8
ii,v Submersible Technology Services Sdn Bhd (Malaysia)	Inactive (Malaysia)	87.1	86.8
ii,v 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	86.8
v 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	100
iii Binder Engineering (QLD) Pty Ltd (Australia)	Inactive (Australia)	100	100
iii Binder Engineering (NSW) Pty Ltd (Australia)	Inactive (Australia)	100	100
vi 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 Audited by Thong & Lim Consultants Pte Ltd

v Subsidiaries, which are part of Neptune Group, that have material non-controlling interest ("NCI") as an aggregate. Total profit or loss allocated to NCI of Neptune Group during the year was \$453,000 (2014: \$772,000). Accumulated NCI of Neptune Group as at 31 March 2015 was \$9,390,000 (2014: \$9,655,000). No dividend has been paid to NCI during the years ended 31 March 2015 and 2014

◆ 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 2015

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29. SUBSIDIARIES (CONT'D)

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

Summarised balance sheets

	Neptune Group	
	2015	2014
	\$'000	\$'000
Current		
Assets	58,730	56,715
Liabilities	(24,068)	(20,947)
Net current assets	<u>34,662</u>	<u>35,768</u>
Non-current		
Assets	55,539	57,085
Liabilities	(1,700)	(1,523)
Net non-current assets	<u>53,839</u>	<u>55,562</u>
Net assets	<u>88,501</u>	<u>91,330</u>
Summarised statement of comprehensive income		
Revenue	<u>152,116</u>	<u>159,950</u>
Profit after tax	3,165	5,582
Other comprehensive income	4,517	5,182
Total comprehensive income	<u>7,682</u>	<u>10,764</u>
Other summarised information		
Net cash flows from operations	<u>12,888</u>	<u>14,056</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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30. 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 Choo Eng

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) 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 2015
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30. 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 Memorandum and Articles of Association, 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

As at 31 March 2015, the aggregate number of shares comprised in Awards granted pursuant to the MTQ Share Plan which are not released amounted to 310,081 shares (31 March 2014: Nil). The movements in the number of shares comprised in Awards granted under the MTQ Share Plan are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

30. EMPLOYEE BENEFITS (CONT'D)

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

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

Date of Grant	Number of shares			At 31.3.2015
	At 1.4.2014	Granted	Released	
29.8.2014	–	465,119	(155,038)	310,081

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 2015
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30. 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			
	2015		2014 (Restated)	
	Number of Options	Weighted Average Exercise Price A\$	Number of Options	Weighted Average Exercise Price A\$
Outstanding at the beginning of the period	137,335	14.33	177,743	19.11
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	(4,001)	14.70	(36,389)	25.38
Outstanding at the end of the period	133,334	14.25	141,354	14.33
Exercisable at the end of the period	133,334	14.25	137,335	14.33

In August 2014, Neptune undertook a 30:1 share consolidation. Broadly, this had the effect of reducing the total number of shares on issue to approximately 1/30th of the pre-consolidation amount. Accordingly, the number of options and exercise prices has been adjusted retrospectively to reflect the consolidation. The options outstanding at 31 March 2015 had a weighted average remaining contractual life of 1.85 years (2014: 2.74 years). Exercise prices range from A\$12.00 to A\$15.00 in respect of options outstanding at 31 March 2015 (2014: A\$12.00 to A\$15.00).

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
Weighted average life of the option (years)	5.00
Underlying share price	A\$0.28
Expected share price volatility	71%
Risk free interest rate	4.50%

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
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30. EMPLOYEE BENEFITS (CONT'D)

c) *Neptune's long term incentives plan ("LTI")*

LTI rights were approved by Neptune's shareholders at the annual general meeting held on 30th November 2011. These rights are granted based on a percentage of base salary, ranging between 25% to 100%. Relevant employees of Neptune will receive a grant every year as part of their total annual remuneration and the rights will vest into fully paid ordinary shares of Neptune on fourth anniversary of their grant date, subject to meeting performance hurdles. Each grant of LTI rights will be split into two equal tranches, with each tranche having an independent performance hurdle.

During the year, Neptune bought back and cancelled 22,088,353* LTI rights held by a key management personnel before the Neptune's share consolidation. No additional rights were granted and as at 31 March 2015, Nil* (2014: 22,088,353*) LTI rights are outstanding.

d) *Neptune's retention performance rights ("RPR")*

The RPR was approved by Neptune's shareholders at the AGM held on 30 November 2011.

RPRs granted to the employees have contractual lives of five years and will vest annually in equal tranches over four years. Any unvested RPR will lapse if the holder resigns during this four-year period.

No retention rights were granted during the year. During the year, Neptune bought back 5,294,573* (2014: 7,182,074*) of its unlisted rights at A\$0.04 (2014: A\$0.032) per right before the Neptune's share consolidation. The acquired unlisted rights were subsequently cancelled. A\$60,000 worth of RPRs were forfeited and the remaining rights were cancelled as the relevant employees have resigned during the year. At 31 March 2015, Nil* (2014: 5,992,074*) rights remain outstanding.

* These figures were not adjusted for the effect of Neptune's share consolidation as they were bought back/cancelled before the share consolidation.

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 \$758,000 (2014: \$757,000).

31. RELATED PARTY DISCLOSURE

(a) *Sale and purchase of goods and services*

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:

	Company	
	2015 \$'000	2014 \$'000
Subsidiaries		
– Dividend income	9,578	21,701
– Consultancy and management fee income	3,089	4,244
– Rental income from investment properties	3,104	3,035
– Interest on loans	264	331
	9,578	29,311

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
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31. RELATED PARTY DISCLOSURE (CONT'D)

(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 have been disclosed in Note 5(a).

(c) *Interested party transactions*

During the year, purchases made by a subsidiary of the Group from a company, in which a director has effective control, amounted to \$Nil (2014: \$122,000). There was no outstanding balance arising from these transactions as at 31 March 2015 and 31 March 2014.

32. 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 34.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

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 \$46,519,000 (2014: \$48,944,000) (Note 27(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			
	2015		2014	
	\$'000	% of total	\$'000	% of total
By country				
Singapore	11,357	17	16,451	21
Australia	21,811	32	29,664	38
Indonesia	2,125	3	2,998	4
Malaysia	2,973	4	4,694	6
Brunei	304	-*	1,050	1
Thailand	689	1	235	-*
India	323	-*	592	1
Vietnam	185	-*	53	-*
United States	203	-*	2,595	3
Bahrain	4,313	6	619	1
United Kingdom	15,666	23	14,848	19
Saudi Arabia	4,718	7	1,922	3
Others	3,308	5	2,147	3
	67,975	100	77,868	100
By industry sectors				
Oil and gas	62,667	92	71,774	92
Automotive	3,193	5	3,746	5
Marine and shipping	326	-*	624	1
Mining	518	1	227	-*
Others	1,271	2	1,497	2
	67,975	100	77,868	100

* Less than 1%.

At the end of the reporting period, approximately 28% (2014: 19%) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) **Credit risk (cont'd)**

Financial assets that are neither past due or 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 and quoted investment securities that are neither past due nor impaired 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 17 (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), British Pounds (GBP), AUD and SGD. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures. As at 31 March 2015, approximately 21% (2014: 38%) of the Group's trade and other receivables and 42% (2014: 31%) 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 18.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in the USD, GBP, AUD and SGD exchange rates (against the respective functional currencies of the Group entities), with all other variables held constant:

	Group			
	2015	2014		
	Effect on profit before tax \$'000	Effect on equity \$'000	Effect on profit before tax \$'000	Effect on equity \$'000
USD				
– strengthened 3% (2014: 3%)	554	451	(194)	313
– weakened 3% (2014: 3%)	(554)	(451)	194	(313)
AUD				
– strengthened 3% (2014: 3%)	(124)	(941)	(165)	(1,048)
– weakened 3% (2014: 3%)	124	941	165	1,048
SGD				
– strengthened 3% (2014: 3%)	(248)	(64)	(6)	(64)
– weakened 3% (2014: 3%)	248	64	6	64
GBP				
– strengthened 3% (2014: 3%)	(3)	–	13	–
– weakened 3% (2014: 3%)	3	–	(13)	–

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
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32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

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 \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000
Group				
2015				
<u>Non-derivative financial liabilities</u>				
Trade and other payables	(44,460)	(44,460)	–	–
Bank borrowings	(64,520)	(8,993)	(50,135)	(5,392)
Finance lease payable	(839)	(485)	(354)	–
Contractual undiscounted financial liabilities	<u>(109,819)</u>	<u>(53,938)</u>	<u>(50,489)</u>	<u>(5,392)</u>
2014				
<u>Non-derivative financial liabilities</u>				
Trade and other payables	(54,203)	(49,605)	(4,598)	–
Bank borrowings	(71,246)	(8,884)	(56,386)	(5,976)
Finance lease payable	(1,447)	(862)	(585)	–
Contractual undiscounted financial liabilities	<u>(126,896)</u>	<u>(59,351)</u>	<u>(61,569)</u>	<u>(5,976)</u>
	Total contractual cash flow \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000
Company				
2015				
<u>Non-derivative financial liabilities</u>				
Trade and other payables	(8,696)	(2,457)	–	(6,239)
Bank borrowings	(14,133)	(4,082)	(4,659)	(5,392)
Contractual undiscounted financial liabilities	<u>(22,829)</u>	<u>(6,539)</u>	<u>(4,659)</u>	<u>(11,631)</u>
2014				
<u>Non-derivative financial liabilities</u>				
Trade and other payables	(9,841)	(3,594)	–	(6,247)
Bank borrowings	(16,733)	(3,802)	(6,955)	(5,976)
Contractual undiscounted financial liabilities	<u>(26,574)</u>	<u>(7,396)</u>	<u>(6,955)</u>	<u>(12,223)</u>

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Liquidity risk (cont'd)*

The table below shows the contractual expiry by maturity of the Group 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		
2015		
Issued financial guarantees to external parties	4,884	4,884
2014		
Issued financial guarantees to external parties	5,155	5,155
	Total contractual cash flow \$'000	1 year or less \$'000
Company		
2015		
Issued guarantees for bank facilities utilised by subsidiaries	46,519	46,519
Issued financial guarantees to external parties	103	103
2014		
Issued guarantees for bank facilities utilised by subsidiaries	48,944	48,944
Issued financial guarantees to external parties	103	103

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
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32. 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 profit before tax to a reasonably possible change in the interest rates, with all other variables held constant:

	Effect on Group's profit before tax	
	2015 \$'000	2014 \$'000
50 basis points increase (2014: 50 basis points increase)	(298)	(323)
50 basis points decrease (2014: 50 basis points decrease)	298	323

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.

33. FINANCIAL INSTRUMENTS

Classification of financial instruments

	Note	Loans and receivables \$'000	Financial liabilities at amortised cost \$'000	Financial liabilities at fair value through profit or loss \$'000	Total \$'000
Group					
2015					
Assets					
Receivables	15	1,144	–	–	1,144
Trade and other receivables	17	68,873	–	–	68,873
Cash and cash equivalents	18	44,135	–	–	44,135
Total financial assets		114,152	–	–	114,152
Total non-financial assets					142,253
Total assets					256,405
Liabilities					
Trade and other payables	19	–	(44,460)	–	(44,460)
Finance lease payable	20	–	(797)	–	(797)
Bank borrowings	21	–	(59,635)	–	(59,635)
Derivatives		–	–	(120)	(120)
Total financial liabilities		–	(104,892)	(120)	(105,012)
Total non-financial liabilities					(13,043)
Total liabilities					(118,055)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

33. FINANCIAL INSTRUMENTS (CONT'D)

Classification of financial instruments (cont'd)

	Note	Loans and receivables \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
Group				
2014				
Assets				
Receivables	15	3,766	–	3,766
Trade and other receivables	17	78,308	–	78,308
Cash and cash equivalents	18	37,432	–	37,432
Total financial assets		119,506	–	119,506
Total non-financial assets				151,803
Total assets				271,309
Liabilities				
Trade and other payables	19	–	(54,203)	(54,203)
Finance lease payable	20	–	(1,360)	(1,360)
Bank borrowings	21	–	(64,517)	(64,517)
Total financial liabilities		–	(120,080)	(120,080)
Total non-financial liabilities				(10,917)
Total liabilities				(130,997)
Company				
2015				
Assets				
Receivables	15	80,762	–	80,762
Trade and other receivables	17	11,850	–	11,850
Cash and cash equivalents	18	2,413	–	2,413
Total financial assets		95,025	–	95,025
Total non-financial assets				46,690
Total assets				141,715
Liabilities				
Trade and other payables	19	–	(8,696)	(8,696)
Bank borrowings	21	–	(13,116)	(13,116)
Total financial liabilities		–	(21,812)	(21,812)
Total non-financial liabilities				(980)
Total liabilities				(22,792)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015
(In Singapore dollars)

33. FINANCIAL INSTRUMENTS (CONT'D)

Classification of financial instruments (cont'd)

	Note	Loans and receivables \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
Company				
2014				
Assets				
Receivables	15	76,981	–	76,981
Trade and other receivables	17	15,362	–	15,362
Cash and cash equivalents	18	2,669	–	2,669
Total financial assets		95,012	–	95,012
Total non-financial assets				46,498
Total assets				141,510
Liabilities				
Trade and other payables	19	–	(9,841)	(9,841)
Bank borrowings	21	–	(15,573)	(15,573)
Total financial liabilities		–	(25,414)	(25,414)
Total non-financial liabilities				(350)
Total liabilities				(25,764)

Fair values of financial instruments

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) Financial instruments carried at fair value

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 2015 and 2014.

Determination of fair value

Derivatives: Fair value was determined by reference to the marked-to-market value provided by a bank.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) *Financial instruments that are not carried at fair value and whose carrying amount approximates fair value*

Management has determined that the carrying amount of cash and cash equivalents (Note 18), trade and other receivables (Notes 15 and 17), trade and other payables (Note 19), finance lease payable (Note 20) and bank borrowings (Note 21) 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 15 and 19) are not determinable as the timing of the future cash flows arising from the repayment cannot be estimated reliably.

34. HEDGE ACCOUNTING

Hedge of net investments in foreign operations

Included in loans at 31 March 2015 was a borrowing of AUD30,000,000 (2014: AUD30,000,000), 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 gains or losses on translation of the net investments in the subsidiary. There was no ineffectiveness in the years ended 31 March 2015 and 31 March 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2015

(In Singapore dollars)

35. 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 2015 and 31 March 2014.

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.

	Note	2015 \$'000	Group 2014 \$'000
Bank borrowings	21	59,635	64,517
Finance lease payable	20	797	1,360
Less: Cash and cash equivalents	18	(44,135)	(37,432)
Net debt		<u>16,297</u>	<u>28,445</u>
Shareholders' funds		128,960	130,657
Add: Non-controlling interests		<u>9,390</u>	<u>9,655</u>
Net capitalisation		<u>154,647</u>	<u>168,757</u>
Net debt gearing ratio		<u>11%</u>	<u>17%</u>

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 March 2015 and 31 March 2014.

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2015 were authorised for issue in accordance with a resolution of the Directors on 15 June 2015.

SHAREHOLDERS' INFORMATION

As at 15 June 2015

Issued and Fully Paid-Up Capital (including Treasury Shares)	:	S\$ 37,126,760.18
Number of Issued Shares (excluding Treasury Shares)	:	154,121,452
Number/ Percentage of Treasury Shares	:	400,000 (0.26%)
Class of Shares	:	Ordinary Share
Voting Rights	:	One Vote Per Share

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 999	31	2.44	1,392	-
100 - 1,000	78	6.13	43,167	0.03
1,001 - 10,000	640	50.31	3,471,152	2.25
10,001 - 1,000,000	506	39.78	36,212,222	23.43
1,000,001 and above	17	1.34	114,793,519	74.29
	<u>1,272</u>	<u>100.00</u>	<u>154,521,452</u>	<u>100.00</u>

SUBSTANTIAL SHAREHOLDERS AS AT 15 JUNE 2015

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Kuah Kok Kim	37,319,582	24.21	-	-
Maclean Investments Limited	26,831,478 ¹	17.41	-	-
Tai Tak Securities Pte Ltd	13,240,406	8.59	-	-
Singapore Warehouse Company (Private) Limited	8,250,000	5.35	-	-
OCBC Trustee Limited	-	-	26,831,478 ²	17.41
Kurt Robert Malkolm Lindblad	-	-	26,831,478 ²	17.41
Tai Tak Estates Sdn Bhd	-	-	13,240,406 ³	8.59
SG Investments Pte Ltd	-	-	13,240,406 ⁴	8.59
Ho Han Leong Calvin	15,000	0.01	13,240,406 ⁵	8.59
Hwa Hong Corporation Limited	-	-	8,250,000 ⁶	5.35

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 the sole shareholder of Tai Tak Securities Pte Ltd and is therefore deemed to be interested in shares held by Tai Tak Securities Pte Ltd.

⁴ SG Investments Pte Ltd is a shareholder of Tai Tak Estates Sdn Bhd and is therefore deemed to be interested in the shares held by Tai Tak Securities Pte Ltd which is wholly owned by Tai Tak Estates Sdn Bhd.

⁵ Mr. Ho Han Leong Calvin is deemed to be interested in the shares held by Tai Tak Securities Pte Ltd, as he is a shareholder of SG Investments Pte Ltd and Tai Tak Estates Sdn Bhd.

⁶ Singapore Warehouse Company (Private) Limited is a wholly-owned subsidiary of Hwa Hong Corporation Limited.

Note:

The above percentage is calculated based on the Company's issued share capital of 154,121,452 shares excluding 400,000 treasury shares.

SHAREHOLDERS' INFORMATION

As at 15 June 2015

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	KUAH KOK KIM	37,319,582	24.15
2	BANK OF SINGAPORE NOMINEES PTE. LTD.	26,994,478	17.47
3	TAI TAK SECURITIES PTE LTD	13,240,406	8.57
4	SINGAPORE WAREHOUSE CO PTE LTD	8,250,000	5.34
5	CITIBANK NOMINEES SINGAPORE PTE LTD	6,400,395	4.14
6	DBS NOMINEES (PRIVATE) LIMITED	4,576,416	2.96
7	KUAH BOON WEE	4,522,322	2.93
8	UOB KAY HIAN PRIVATE LIMITED	2,272,165	1.47
9	TAN KIM SENG	1,521,739	0.98
10	KEPPEL INVESTMENT LTD	1,469,128	0.95
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,452,199	0.94
12	PETER LOCK HONG CHEONG	1,432,611	0.93
13	RAFFLES NOMINEES (PTE) LIMITED	1,177,950	0.76
14	TAN KAH BOH ROBERT@ TAN KAH BOO	1,101,482	0.71
15	PHILLIP SECURITIES PTE LTD	1,032,527	0.67
16	BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH	1,029,401	0.67
17	TAN BOON KHAI	1,000,718	0.65
18	BIANCA CHOY	969,005	0.63
19	SHIN YONG KEUK	919,422	0.60
20	CHAN WING TO	893,043	0.58
	TOTAL	117,574,989	76.10

PUBLIC FLOAT

As at 15 June 2015, 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

MTQ CORPORATION LIMITED

(Company Registration No. 196900057Z)
(Incorporated In The Republic of Singapore)

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 4, Level 2, 76 Bras Basah Road, Singapore 189558 on Friday, 31 July 2015 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Financial Statements of the Company for the financial year ended 31 March 2015 together with the Independent Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final dividend of S\$0.02 (one-tier, tax-exempt) per ordinary share for the financial year ended 31 March 2015. (2014: S\$0.02 per ordinary share one-tier, tax-exempt). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Company’s Articles of Association:

Mr Huang Yuan Chiang

(Resolution 3)

Mr Chew Soo Lin

(Resolution 4)

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 Chew Soo Lin will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee. Mr Chew Soo Lin will be considered as an Independent Director.

4. To re-appoint the following Directors of the Company retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company:

Mr Kuah Kok Kim

(Resolution 5)

Mr Ong Choo Eng

(Resolution 6)

[See Explanatory Note (i)]

Mr Kuah Kok Kim will, upon re-election as a Director of the Company, remain as the Chairman of the Board.

Mr Ong Choo Eng will, upon re-appointment as a Director of the Company, remain as a member of the Remuneration Committee and will be considered as an Independent Director.

5. To re-appoint Ernst & Young LLP as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

7. To approve the payment of Directors' fees of S\$320,000 (2015: S\$320,000) for the year ending 31 March 2016, to be paid quarterly in arrears. [See Explanatory Note (ii)] **(Resolution 8)**

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. Authority to issue shares

That pursuant to Section 161 of the Companies Act, Cap. 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,

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) 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) 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) shall be based on the total number of issued shares (excluding treasury shares) 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 Articles of Association of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

- (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 (iii)] **(Resolution 9)**

9. **Authority to issue shares under The MTQ Corporation Limited Scrip Dividend Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 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 (iv)] **(Resolution 10)**

10. **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) 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 (v)] **(Resolution 11)**

11. **Proposed renewal of the Share Buyback Mandate**

That:

- (1) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("**Shares**") in the capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
- (a) on-market purchase(s) ("**Market Purchase**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

NOTICE OF ANNUAL GENERAL MEETING

- (b) off-market purchase(s) (“**Off-Market Purchase**”) if effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) (as defined in Section 76C of the Companies Act) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

- (2) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (a) the date on which the next Annual General Meeting of the Company is held or required by law to be held;
- (b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
- (c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by Shareholders in a general meeting;

- (3) in this Resolution:

“**Maximum Price**”, in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price;

“**Prescribed Limit**” means that number of issued Shares representing 10% of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held by the Company as treasury shares as at that date);

“**Average Closing Price**” means (i) the average of the closing market prices of the Shares over the last five (5) market days on the SGX-ST, on which transactions in the Shares were recorded, preceding the day of the Market Purchase; and (ii) deemed to be adjusted for any corporate action which occurs after the relevant 5-day period;

“**Highest Last Dealt Price**” means the highest price transacted for a Share as recorded on the SGX-ST on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

“**market day**” means a day on which the SGX-ST is open for trading in securities; and

NOTICE OF ANNUAL GENERAL MEETING

- (4) 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. [See Explanatory Note (vi)] **(Resolution 12)**

By Order of the Board

Dominic Siu Man Kit
Company Secretary
Singapore, 30 June 2015

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

- (i) The effect of the Ordinary Resolutions 5 and 6 proposed in item 4 above, are to re-appoint directors of the Company who are over 70 years of age and if passed, they will hold office until the next Annual General Meeting. Such re-appointment of directors will no longer be subject to shareholders' approval under Section 153(6) of the Companies Act, Cap. 50 as repealed when the Companies (Amendment) Act 2014 comes into force. The director will then be subject to retirement by rotation under the Company's Articles of Association.
- (ii) The Ordinary Resolution 8 proposed in item 7, if passed, will authorise the Directors of the Company to pay Directors' fees for the year ending 31 March 2016 to Directors quarterly in arrears.
- (iii) The Ordinary Resolution 9 in item 8 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) 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) will be calculated based on the total number of issued shares (excluding treasury shares) 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.

- (iv) The Ordinary Resolution 10 proposed in item 9 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.
- (v) The Ordinary Resolution 11 proposed in item 10 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) of the Company from time to time.
- (vi) Ordinary Resolution 12 proposed in item 11 above is to authorise the Directors from the date of the above meeting until the earliest of (i) the date on which the next AGM of the Company is held or required by law to be held, (ii) the date on which the purchases or acquisitions by the Company pursuant to this mandate are carried out to the full extent mandated; or (iii) the date on which the authority conferred by this mandate is varied or revoked by Shareholders in general meeting, to purchase or otherwise acquire issued ordinary shares in the capital of the Company by way of on-market purchases or off-market purchases of up to 10% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company. For more information on this Resolution, please refer to the Appendix dated 30 June 2015, attached to this Annual Report.

NOTES:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") 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.
2. A Member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
3. 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.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy MTQ Corporation Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. 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.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

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 the 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 at Carlton Hotel, Empress Ballroom 4, Level 2, 76 Bras Basah Road, Singapore 189558 on Friday, 31 July 2015 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 or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	No. of Votes For**	No. of Votes Against**
1	Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 March 2015		
2	Payment of proposed final dividend		
3	Re-election of Mr Huang Yuan Chiang as a Director		
4	Re-election of Mr Chew Soo Lin as a Director		
5	Re-appointment of Mr Kuah Kok Kim as a Director		
6	Re-appointment of Mr Ong Choo Eng as a Director		
7	Re-appointment of Ernst & Young LLP as Auditors		
8	Approval of Directors' fees for FY2016 amounting to S\$320,000		
9	Authority to issue shares		
10	Authority to issue shares under The MTQ Corporation Limited Scrip Dividend Scheme		
11	Authority to issue shares under The MTQ Share Plan		
12	Proposed Renewal of the Share Buyback Mandate		

**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 _____ 2015

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	



-----*Fold along this line and glue overleaf*-----

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 130A of the Companies Act, Chapter 50 of Singapore), 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 shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number 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. Completion and return of this instrument appointing a proxy or proxies 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.
5. 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 fixed for the Meeting.
6. 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.
7. 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.

GENERAL :

The Company shall be entitled to reject this 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 this instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such member is not shown to have Shares entered against his/her name in the Depository Register as at 48 hours before the time fixed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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 30 June 2015.

-----*Fold along this line and glue overleaf*-----

Affix postage stamp

The Company Secretary
MTQ Corporation Limited
182 Pandan Loop
Singapore 128373

Website: www.mtq.com.sg



MTQ Corporation Limited

Co. Reg. No. 196900057Z

182 Pandan Loop Singapore 128373

Tel : (65) 6777 7651

Fax: (65) 6777 6433