



MTQ Corporation Limited
Co. Reg. No. 196900057Z

 The **Right** Balance
Annual Report 2007/2008

Contents

Note to Shareholders	02
Board of Directors	04
Senior Management	06
Human Capital	08
Corporate Structure	09
Corporate Information	10
Financial & Corporate Calendar	12
Financial & Operations Review	13
Financial Report	25





Vision

To be the leader in the field that we operate

Mission Statement

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

Core Values "STAR"

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



“ We had a very good year ended 31 March 2008. Total Group Profit surged to a record high of S\$ 37.85 million after taxation, a 704% increase over the past Financial Year ended 31 March 2007. ”

KUAH KOK KIM Chairman & CEO

Note to Shareholders

This past financial year was a sterling year for our Group. Group profits surged to a record high of S\$37.85 million after taxation, a 704% increase over FY2007.

Excluding the non-recurrent gains from divestment of our shares in RCR Tomlinson Limited, turnover of our two core operating businesses increased by 25% to S\$84.70 million, with net profit increasing by 99% to S\$9.37 million. Considering these increases were achieved on top of the large increases achieved in FY2007, the result is indeed most satisfactory.

OILFIELD ENGINEERING DIVISION

The Oilfield Engineering Division continued to enjoy favourable trading conditions, underpinned by buoyant oil prices. Our upgrading and expansion efforts initiated a few years ago is bearing fruit. We are also benefitting from a streamlined workforce and improved performance in terms of value addition per employee.

We expect market conditions to remain favourable and foresee that the Division will achieve a moderate level of growth in the coming year, bearing in mind significant increases in major operating cost items such as wages and utilities.

The Group is also actively exploring the possibility of replicating our success in this business in other major oil and gas producing regions.

ENGINE SYSTEMS DIVISION

The Engine Systems Division continues to benefit from the rationalization efforts previously put in place to enhance its performance and we expect the division to record an improvement in the coming financial year.

With a comprehensive nationwide network in place, the Division has the capacity to absorb an increased flow of business volume and we are actively looking for acquisition opportunities to accelerate growth.

During the year we closed down our small experimental Engine Systems operation in Indonesia. Despite its huge market potential, we continue to be constrained by our inability to adapt to local business practices.

DIVIDENDS

From part of the gains of our divestment of shares previously held in RCR Tomlinson Ltd, the Group declared in addition to the gross interim dividend 1.0 cent per share, a special dividend of 24.0 cents per share, which was paid on 30 November 2007.

The Board is recommending a final dividend of 2.0 cents per share for the Financial Year ended 31 March 2008, subject to shareholders' approval being obtained at the forthcoming annual general meeting. If approved, it will increase the total dividend paid from 2.5 cents to 3.0 cents, an increase of 20%, excluding the one-off special dividend mentioned in the preceding paragraph.

Needless to say, the improvements achieved so far would not have been possible but for the dedicated services of the Directors and staff members. I would like to thank our customers, business partners and shareholders for their unwavering support.

KUAH KOK KIM
Chairman & CEO
4 June 2008



*From left to right :
Ian Wayne Spence, Huang Yuan Chiang, Ho Han Siong Christopher, Kuah Kok Kim, Ong Choo Eng, Kuah Boon Wee.*

Board of Directors

KUAH KOK KIM | Chairman and CEO

Mr. Kuah joined the Board of MTQ Corporation Limited ("MTQ") on 1 January 1997, was appointed as Executive Chairman on 9 September 1997, and redesignated as Chairman & CEO on 2 May 2002. He was last re-appointed as Director at MTQ's Annual General Meeting on 21 July 2006. He serves on the board of all subsidiaries of MTQ.

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. Mr. Kuah was also engaged in the machine distribution and repair business before joining MTQ.

HUANG YUAN CHIANG | Director

Mr. Huang was first appointed to the Board on 8 August 2001 and was last re-appointed at MTQ's Annual General Meeting on 23 July 2007. He is Chairman of the Remuneration Committee, and a member of the Audit Committee.

Mr. Huang is a lawyer by training and an investment banker by vocation. His career in investment banking spanned 12 years and he has held senior management positions with various international banks including Standard Chartered Bank, HSBC, Bankers Trust and Deutsche Bank. His last position at Bankers Trust was Managing Director, overseeing the Mergers & Acquisitions Division of Bankers Trust for Singapore, Malaysia, Thailand, Indonesia, Philippines and India.

Apart from the company, Mr. Huang sits on the boards of other listed companies in Singapore and Malaysia, including Mercator Lines (Singapore) Limited, Broadway International Group Limited, Kuchai Development Bhd, Sungei Bagan Rubber Company (Malaysia) Bhd and Kluang Rubber Company (Malaysia) Bhd. Mr. Huang was recently appointed to the board of Omega Navigation Enterprises Inc, a company listed on both NASDAQ and SGX.

Mr. Huang has degrees in Economics and Law.

KUAH BOON WEE | Director

Mr. Kuah joined the Board on 10 October 2006 and was re-elected as Director at MTQ's Annual General Meeting on 23 July 2007. A UK qualified chartered accountant by training and currently the Chief Executive Officer, Southeast Asia & Singapore Terminals of PSA International Pte Ltd, Mr. Kuah brings with him broad and varied experience relating to financial markets and MNCs. He has worked in senior management positions in Hong Kong, Singapore and Australia. Prior to joining PSA, Mr. Kuah was the CFO for Singapore Technologies Engineering, a major listed company on the Singapore Stock Exchange.

ONG CHOO ENG | Director

Mr. Ong joined the Board since 9 September 1997 and was last re-elected as Director at MTQ's Annual General Meeting on 21 July 2006. He is a member of the Audit and Remuneration Committees.

Mr. Ong is currently the Group Managing Director of Hwa Hong Corporation Limited. He also sits on the board of the Singapore Reinsurance Corporation Limited and is a member of the Executive, Investment, Audit, Nominating and Remuneration committees.

Mr. Ong graduated with a Bachelor of Science (Honours) degree in Civil Engineering and a Master of Science degree in Advance Structural Engineering from Queen Mary College, University of London in 1966. He was elected a Fellow of Queen Mary College, University of London in 1990. Mr. Ong is a member of the Institution of Civil Engineers (UK) and Institution of Engineers (Singapore).

IAN WAYNE SPENCE | Director

Mr. Spence joined the Board on 15 January 2002 and was last re-elected at MTQ's Annual General Meeting on 29 July 2005. He is Chairman of the Audit Committee, and a member of the Remuneration Committee.

Mr. Spence, a Singapore permanent resident, also sits on the boards of Eu Yan Sang International Ltd, ISS Group Ltd and several privately owned companies in South East Asia.

He graduated from Otago University in New Zealand with a Commerce degree and is qualified as a Chartered Accountant.

HO HAN SIONG CHRISTOPHER | Director

Mr. Ho joined the Board as a Director on 30 October 2007. Mr. Ho is currently the Vice-President for Investments in the Tai Tak Group, namely Providence Investments Pte Ltd and Tai Tak Securities Pte Ltd. He also sits on the board of several privately owned companies in Singapore and has also co-founded two IT companies, spin-offs from a Singapore Government R&D research institute.

Mr. Ho graduated from the University of Wisconsin at Madison, USA, in 1989, with a double degree in Computer Engineering and Computer Science.

Senior Management



From left to right : William Fong, Kuah Kok Kim, Les Healey, Peter Lock.

KUAH KOK KIM

Chairman & CEO

CORPORATE OFFICE

WILLIAM FONG CHOON SENG

CPA, Group Financial Controller

Mr. William Fong joined the Group in 1998 and has also been the Company Secretary since 1999. He is overall responsible for the financial and accounting controls, investor relations, management information systems and the corporate secretarial functions of the Group. Mr. Fong has about 19 years of financial control and audit experience. He is currently a member of the Institute of Certified Public Accountants of Singapore as well as a fellow member of The Association of Chartered Certified Accountants (ACCA).

TIFFANY YAP

Group Human Resource and Admin Manager

SHIRLEY ONG

MIS Manager

OILFIELD ENGINEERING DIVISION

PETER LOCK

Managing Director

Mr. Peter Lock joined the Group as a welding engineer in 1982. He was responsible for spearheading the Group's expansion into the oilfield engineering business. Over the

25 years in MTQ, he had built up the oilfield engineering business to its present size and performance, through the implementation of an aggressive marketing policy of pursuing strategic alliance with OEMs and stringent emphasis on work efficiency and quality. He was appointed as Managing Director of MTQ Engineering Pte Ltd in May 2003.

LAI CHEE KEONG

Senior Engineering Manager

TEO CHOON KIAN

Senior Sales Manager

ENGINE SYSTEMS DIVISION

LES HEALEY

Managing Director

Mr. Healey was appointed to MTQ Engine Systems (Aust) Pte Ltd in September 2004. Mr. Healey brought with him vast experience in the Caterpillar Dealer network and was General Manager of Komatsu Western Region at a time where significant gains in market share were achieved. More recently, Mr. Healey was General Manager of a Repco Group Company – Ashdown and was part of the senior Management team responsible for the listing of the Group on the Australian Stock Exchange. Mr. Healey has Bachelors degree from the University of Queensland in Arts and Economics.

The Right People, The Right Team

We pride ourselves on the quality of our people. From manufacturing facilities to our operations, and services, people are the key to executing our strategy and delivering for consumers and shareholders.



Human Capital

Recognising human capital as the Group's greatest asset that will help the Group achieve its corporate objectives and scale new heights, MTQ places great emphasis on equipping its people with the necessary knowledge, skill sets and competencies to meet the evolving requirements of the industries in which the Group operates.

As a People Developer certified company since October 2005, MTQ's people management approach is guided by four strategic thrusts:

MTQ's Mission & Vision

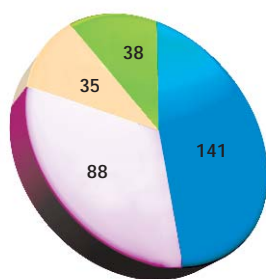
HR Strategic Thrusts

- **ENVISION** Anticipating and planning for the future
- **ENGAGE** Encouraging involvement and commitment of the Group's talents
- **ENABLE** Equipping the staff with the right knowledge and competencies
- **EMPOWER** Empowering the staff to enhance customer service, quality and safety in MTQ

Through the implementation of various talent management programmes, the Group was able to maintain a low staff turnover rate despite the tight labour market today. This has enabled the Group to focus its efforts on developing the right team of people to meet the evolving needs of the industries in which the Group operates.

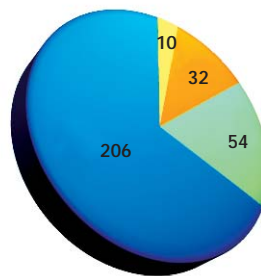


MTQ is proud to report that the Group has achieved the Occupational Health and Safety Assessment Series (OHSAS) 18001:1999 certification in September 2007. The attainment of the OHSAS 18001:1999 certification is an important milestone in the Group's safety journey and is a clear recognition of the Group's efforts to entrench a safety-first culture in MTQ. MTQ will continue to engage its employees and union in raising the Group's safety standards and values.



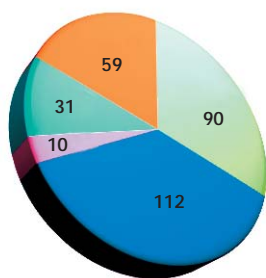
Length of Service

- Less than 3 Yrs - 47%
- 3 to 8+ Yrs - 29%
- 9 to 14+ Yrs - 11%
- More than 15 Yrs - 13%



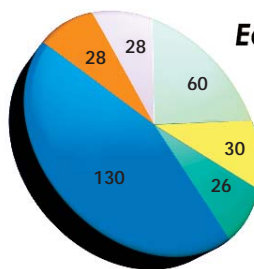
Job Group

- Sales & Marketing - 11%
- Senior Management - 3%
- Corporate Service - 18%
- Engineering & Production - 68%



Nationality

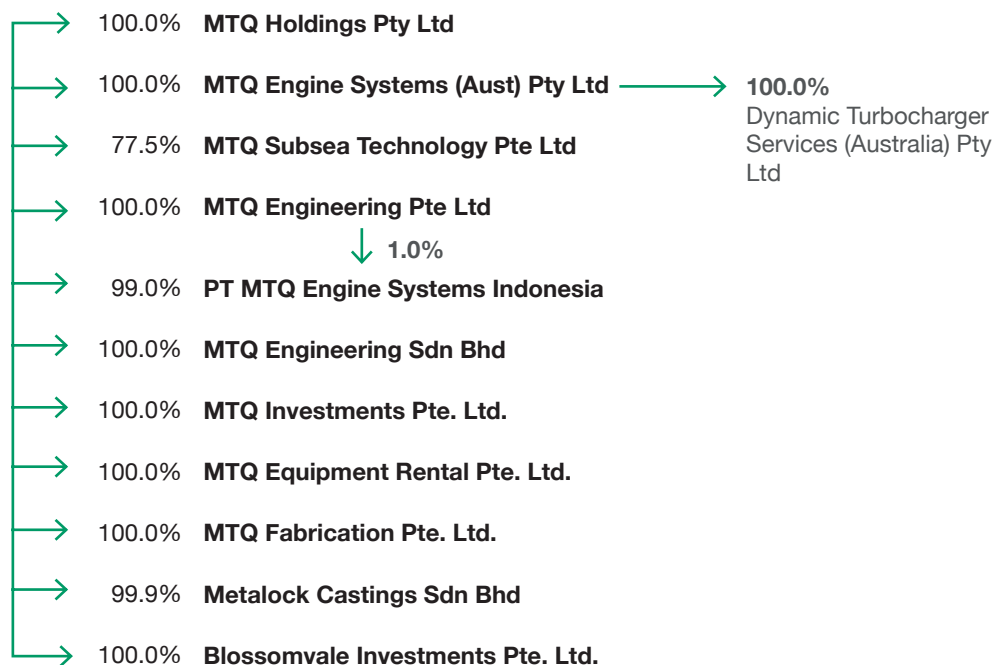
- Singapore - 30%
- Australia - 37%
- Malaysia - 3%
- PRC - 10%
- Others - 20%



Educational Qualification

- Below 'O' Levels - 20%
- 'O' Levels & Equivalent - 10%
- 'A' Levels & Equivalent - 9%
- Trade Certificate - 43%
- Diploma & Equivalent - 9%
- Degree & Equivalent - 9%

Corporate Structure



Directory of Principal Offices

MTQ CORPORATION LIMITED	MTQ ENGINEERING PTE LTD MTQ FABRICATION PTE. LTD. MTQ EQUIPMENT RENTAL PTE. LTD.	MTQ ENGINE SYSTEMS (AUST) PTY LTD
182 Pandan Loop Singapore 128373	182 Pandan Loop Singapore 128373	32 Raynham Street Salisbury, Qld 4107 Australia
Tel : (65) 6777 7651 Fax : (65) 6777 6433	Tel : (65) 6777 7651 / (65) 6774 9395 Fax : (65) 6779 4092	Tel : (61) 7 3246 2000 Fax : (61) 7 3423 8200
Website : www.mtq.com.sg	Website : www.mtq.com.sg	Website : www.mtqes.com.au
Contact : Kuah Kok Kim Chairman & CEO	Contact : Peter Lock Managing Director	Contact : Les Healey Managing Director
William Fong Group Financial Controller		
Email : kkkuah@mtq.com.sg williamfong@mtq.com.sg	Email : peterlock@mtq.com.sg	Email : les.healey@mtqes.com.au

A close-up photograph of a hand adjusting a silver ball of a Newton's cradle. The background is a blurred wooden surface and the cradle's frame.

MTQ Corporation Limited Corporate Information

BOARD OF DIRECTORS

Kuah Kok Kim
Chairman & CEO

Ho Han Siong Christopher
Director

Huang Yuan Chiang
Director

Kuah Boon Wee
Director

Ong Choo Eng
Director

Ian Wayne Spence
Director

AUDIT COMMITTEE

Ian Wayne Spence
Chairman

Huang Yuan Chiang
Ong Choo Eng

REMUNERATION COMMITTEE

Huang Yuan Chiang
Chairman

Ian Wayne Spence
Ong Choo Eng

JOINT COMPANY SECRETARIES

Fong Choon Seng
Tan San-Ju



REGISTERED OFFICE

182 Pandan Loop
Singapore 128373
Telephone : (65) 6777 7651
Facsimile : (65) 6777 6433
Website : www.mtq.com.sg

REGISTRAR

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758
Telephone : (65) 6323 6200
Facsimile : (65) 6323 6990
Email : bacs@pacific.net.sg

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

AUDITOR

Ernst & Young
Certified Public Accountants
Singapore

One Raffles Quay
North Tower Level 18
Singapore 048583

Partner-in-charge : **Soh Chung Hian, Daniel**
(Since financial year ended 31 March 2005)

Financial & Corporate Calendar

20 Jul 2007

Profit Guidance for half-year FY2008 results.

23 Jul 2007

38th Annual General Meeting and Extraordinary General Meeting.

08 Aug 2007

Appointment of Ms. Tan San-Ju as Joint-Secretary to Mr. Fong Choon Seng in place of Ms. Low Geok Eng Susie who has resigned.

15 Aug 2007

Our indirect subsidiary, MTQ Subsea Limited, a company incorporated in United Kingdom, has been struck off the Registrar with effect from 15 August 2007.

18 Sep 2007

Issue and allotment of New Shares pursuant to the MTQ Corporation Limited Scrip Dividend Scheme.

27 Sep 2007

Disposal of entire investment in RCR Tomlinson Limited.

30 Oct 2007

Appointment of Mr. Ho Han Siong Christopher as Non-Executive, Non-Independent Director of MTQ Corporation Limited.

01 Nov 2007

Announcement of half-year FY2008 results.

30 Nov 2007

Payment of 1.0 cents interim dividend less tax and a special dividend of 24.0 cents less tax in respect of FY2008.

10 Dec 2007

Settlement of legal proceedings - RCR Tomlinson Ltd.

24 Jan 2008

Voluntary liquidation of the subsidiary PT MTQ Engine Systems Indonesia.

13 Feb 2008

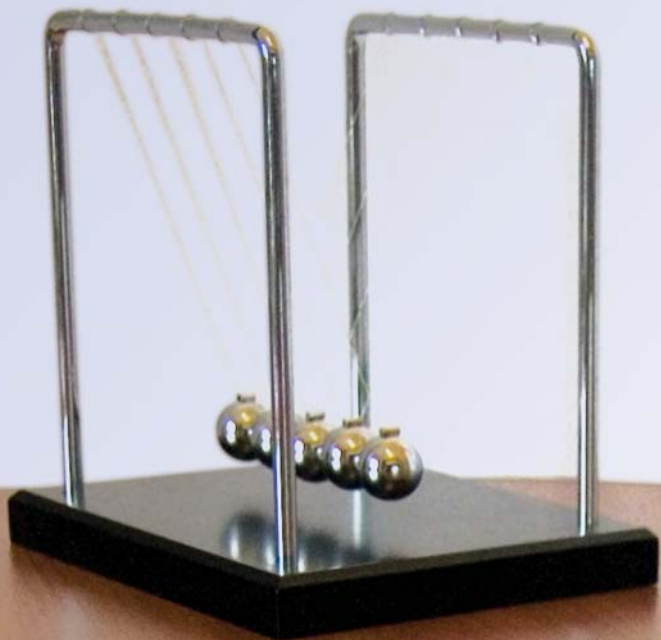
Acquisition of Blossomvale Investments Pte. Ltd. ("BIPL"). BIPL is a wholly-owned subsidiary of the Company.

30 Apr 2008

Announcement of full year FY2008 results.

03 Jul 2008

Release of Annual Report 2007/2008 to shareholders.



Financial & Operations Review

Five Years Financial Profile	14
Half Yearly Results & Financial Highlights	16
Financial Review	17
Group Value Added Statement	19
Operations Review - Oilfield Engineering Division	20
Operations Review - Engine Systems Division	22
Risk Management	24

Five Years Financial Profile

	2008	2007	2006	2005	2004
For the year (in S\$'000)					
Revenue	84,704	67,916	54,577	56,469	52,738
EBITDA	54,548	10,428	8,807	7,465	6,430
Profit/(loss) before tax	51,230	6,359	3,966	(2,819)	2,203
Profit/(loss) after tax	37,845	4,705	4,204	(3,383)	1,327
Profit/(loss) attributable to shareholders	37,809	4,719	4,112	(1,964)	1,705
At year end (in S\$'000)					
Net current assets	39,448	8,637	7,032	3,250	4,722
Total assets	93,054	90,111	79,223	64,816	66,405
Total liabilities	36,548	33,788	27,612	31,043	33,437
Net (cash)/debt ¹	(28,684)	14,739	8,923	13,489	14,024
Shareholders' funds	57,165	56,981	52,253	34,565	32,277
Net tangible assets ²	49,985	50,165	45,710	27,397	24,819
Financial Ratios					
Net profit/(loss) margin (%)	60.48	9.36	7.27	(4.99)	4.18
Return on shareholders' funds (%) ³	89.62	11.16	7.59	(8.16)	6.83
Interest cover (EBITDA / net interest expense ⁴)	599.43x	9.28x	8.38x	5.80x	5.90x
Net debt gearing ratio (%) ⁵	N.A.	20.74	14.74	28.54	29.84
Per Share Data					
Basic earnings (in cents) ⁶	40.96	5.06	4.31	(2.07)	2.15
Net tangible assets (in cents) ⁷	53.57	54.84	47.89	28.70	31.20
Gross dividend (in cents)	27.00	2.50	2.50	2.50	2.50
Gross dividend yield (%) ⁸	50.47	6.41	7.69	6.94	5.81
Price at year-end (in cents)	53.50	39.00	32.50	36.00	43.00

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

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

³ Return on shareholders' funds is defined as profit before taxation divided by shareholders' funds.

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

⁵ Net debt gearing is defined as the ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt and shareholders' funds less minority interests. This ratio is not applicable for 2008 given that the Group's cash exceeded its gross debt as at 31 March 2008.

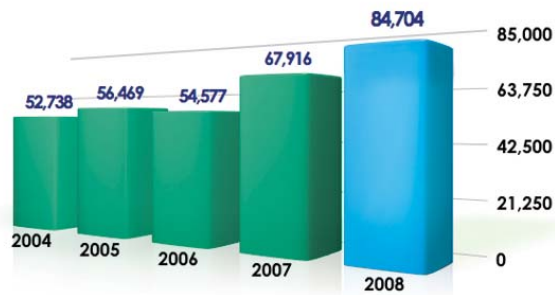
⁶ Basic earnings per share is defined as profit attributable to shareholders divided by weighted average number of issued shares.

⁷ Net tangible assets per share is defined as net tangible assets divided by total number of issued shares.

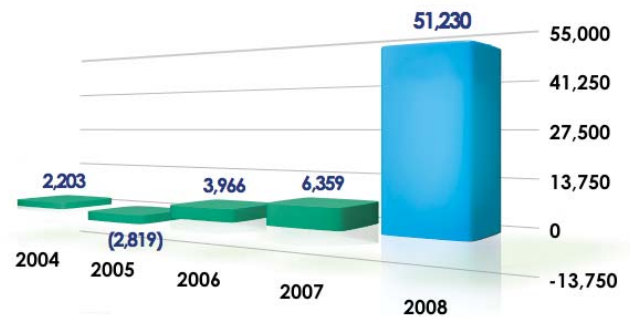
⁸ Gross dividend yield per share is defined as gross dividend divided by year-end market price.

Five Years Financial Profile

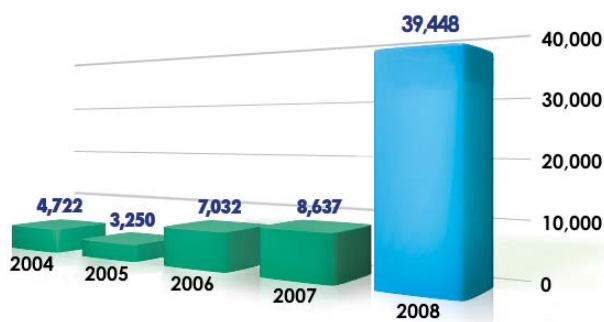
Revenue (S\$'000)



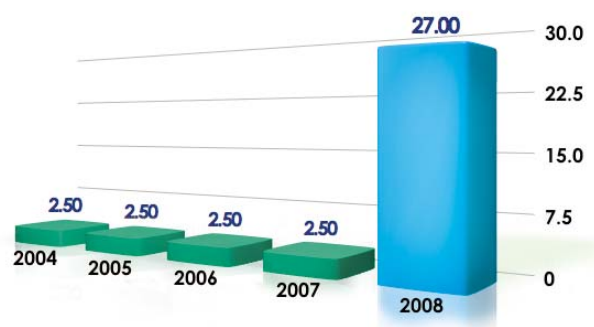
Profit / (Loss) Before Tax (S\$'000)



Net Current Assets (S\$'000)



Gross Dividend Per Share (Cents)



Half Yearly Results

		1H	2H	Total
		S\$'000	S\$'000	S\$'000
Revenue	2008	40,069	44,635	84,704
	2007	32,417	35,499	67,916
Profit before taxation	2008	43,941	7,289	51,230
	2007	3,424	2,935	6,359
Profit after taxation	2008	33,473	4,372	37,845
	2007	2,378	2,327	4,705
Profit attributable to shareholders	2008	33,428	4,381	37,809
	2007	2,373	2,346	4,719
Earnings per share (in cents)	2008	36.49	4.47	40.96
	2007	2.49	2.57	5.06

Financial Highlights

	2008	2007
For the year (in S\$'000)		
Revenue	84,704	67,916
EBITDA	54,548	10,428
Profit before tax	51,230	6,359
Profit after tax	37,845	4,705
Profit attributable to shareholders	37,809	4,719
At year end (in S\$'000)		
Net current assets	39,448	8,637
Total assets	93,054	90,111
Total liabilities	36,548	33,788
Net (cash)/debt ¹	(28,684)	14,739
Shareholders' funds	57,165	56,981
Net tangible assets ²	49,985	50,165
Financial Ratios		
Net profit margin(%)	60.48	9.36
Return on shareholders' funds (%) ³	89.62	11.16
Interest cover (EBITDA / net interest expense ⁴)	599.43x	9.28x
Net debt gearing ratio (%) ⁵	N.A.	20.74
Per share data		
Basic earnings (in cents) ⁶	40.96	5.06
Net tangible assets (in cents) ⁷	53.57	54.84
Gross dividend (in cents)	27.00	2.50
Gross dividend yield (%) ⁸	50.47	6.41
Price at year-end (in cents)	53.50	39.00

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

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

³ Return on shareholders' funds is defined as profit before taxation divided by shareholders' funds.

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

⁵ Net debt gearing is defined as the ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt and shareholders' funds less minority interests. This ratio is not applicable for 2008 given that the Group's cash exceeded its gross debt as at 31 March 2008.

⁶ Basic earnings per share is defined as profit attributable to shareholders divided by weighted average number of issued shares.

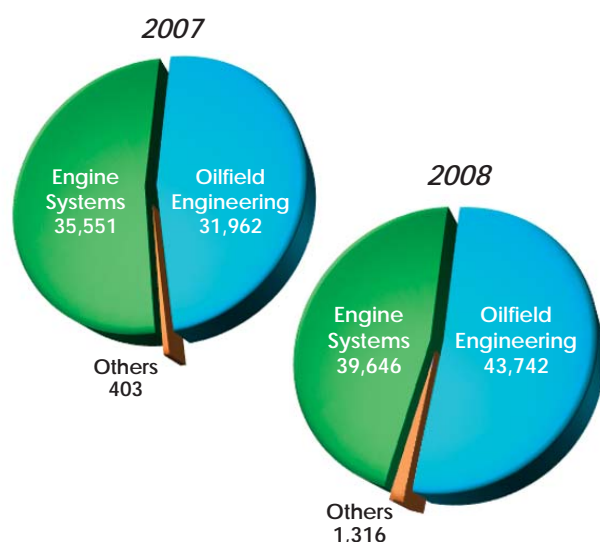
⁷ Net tangible assets per share is defined as net tangible assets divided by total number of issued shares.

⁸ Gross dividend yield per share is defined as gross dividend divided by year-end market price.

Financial Review

Revenue

For the current financial year FY2008, the Group posted a 24.7% growth in revenue from the S\$67.92 million generated in the previous financial year. The strong growth was driven chiefly by significant improvement in top line contributions from the Group's Oilfield Engineering Division on the back of increased demand for oil and gas engineering services. The Group's Engine Systems Division had also benefited from increased sales by its Turbocharger division, notably in the large frame turbochargers and turbo kits segments. However, the Division's fuel injection arm faced stiff competition and achieved only modest growth, which diluted the Division's overall performance in FY2008.



Profit

The Group achieved a stellar S\$51.23 million profit before tax for FY2008 – a seven-fold increase from the previous financial year. The surge in earnings was helped by an exceptional gain of S\$40.79 million arising from the divestment of the Group's entire stake of 18,910,806 shares in RCR Tomlinson Ltd ("RCR") on 27 September 2007. Excluding the exceptional gain, the Group achieved earnings of S\$10.44 million for FY2008, which is 64.2% higher than the FY2007's earnings.

The Group incurred higher taxation during the year in line with the higher profits recorded by its operating Divisions and the huge gain from the divestment of its entire stake in RCR.

Earnings Per Share

The improved profitability from its core operations and the exceptional gain propelled the Group's basic earnings per share from 5.06 cents in FY2007 to 40.96 cents in FY2008.

Balance Sheet

As at 31 March 2008, the Group's non-current assets had significantly decreased following its disposal of its investment in RCR in September 2007. The decrease was however moderated by the fresh capital expenditure on Oilfield Engineering Division's plant and workshop equipment, as well as the higher translation of the carrying amount of goodwill due to a stronger Australian Dollar.

Net current assets as at 31 March 2008 were S\$30.81 million higher than the previous financial year end. The increase is attributable primarily to the RCR divestment proceeds which substantially boosted the cash reserves by a hefty S\$31.11 million. Increase in trade receivables and inventories, in tandem with the Group's higher turnover, also contributed to the rise in the net current assets. The overall increase in net current assets was however offset by the higher provision for taxation.

Non-current liabilities fell by 33.5% as the Group made further repayments of bank loans, offset by fresh loans taken and higher deferred tax liabilities during the period.

Shareholders' funds stood at S\$57.17 million as at 31 March 2008, a slight increase over the S\$56.98 million as at 31 March 2007.

Dividends

The Board of Directors is recommending a tax-exempt (one-tier) final dividend of 2.0 cents to be paid for FY2008. Subject to shareholders' approval for the final dividend to be obtained at the forthcoming AGM, the total dividend for FY2008 (including both the interim dividend of 1.0 cents and the special dividend of 24.0 cents less tax of 18% paid on 30 November 2007) amounts to 27.0 cents per share - 9.8 times higher than the total dividend of 2.5 cents per share paid for FY2007.

Cash Flows

As of 31 March 2008, the Group's cash and cash equivalents stood at S\$34.05 million, 12.7 times the S\$2.68 million balance as of 31 March 2007.

Net cash generated from operating activities during FY2008 amounted to S\$7.65 million, an increase of approximately 283% from the net cash of S\$2.00 million in FY2007. The increase arose from the improved cash flow generated by both the Oilfield Engineering and Engine Systems Divisions coupled with favourable working capital movements in payables and inventories. Before reinvestment in working capital, improved operating performances by both the Oilfield Engineering and Engine Systems Divisions led to significantly higher cash inflows of S\$11.84 million in FY2008 compared to S\$9.11 million generated in FY2007.

Investment activities yielded net cash of S\$55.87 million for FY2008, a reversal from the net cash outflow of S\$4.00 million during FY2007. The positive net cash stemmed from proceeds received from the sale of the RCR shares and some workshop equipment as well as the higher dividend income received during FY2008, reduced marginally by cash purchases of plant and workshop equipment by the Oilfield Engineering Division.

During FY2008, the Group's financing activities resulted in a cash outflow of S\$32.19 million (as opposed to a cash inflow of S\$1.68 million in FY2007) due primarily to the payment of dividends and repayment of bank loans of S\$20.22 million and S\$14.83 million respectively. The cash outflow was partially eased by proceeds obtained from fresh loans and shares issued pursuant to the exercise of options.

Financial Resources and Capital Structure

The Group maintains a healthy capital structure with appropriate leverage sufficient (but not excessive) for its business needs. Its investments and operations are funded through a combination of shareholders' fund and bank borrowings.

As at 31 March 2008, the Group was in a net cash position of S\$28.68 million given that its S\$34.05 million cash and deposits balances had exceeded its S\$5.36 million total bank borrowings and finance leases payable. For the previous year end, the Group had a net debt of S\$14.74 million.

Interest cover was 599.4 times in FY2008 (FY2007: 9.28 times). The improvement came about from the higher profit achieved in the current year coupled with the significantly reduced interest expenses (upon full settlement of certain bank borrowings using the cash proceeds reaped from the RCR divestment).

As part of its capital management efforts, MTQ had allotted and issued 96,117 new ordinary shares in September 2007 to its eligible shareholders who had elected to participate in the MTQ Corporation Limited Scrip Dividend Scheme. In addition, 1,734,000 treasury shares were transferred to eligible employees upon the exercise of their share options at the exercise price of S\$0.30 and S\$0.43 per share pursuant to the MTQ Corporation Executives' Share Option Scheme 2003. MTQ did not purchase any shares under the share buyback mandate granted by its shareholders on 23 July 2007 during FY2008.

Summarised Cash Flow

	2008	2007
	S\$'000	S\$'000
Net change in cash and cash equivalents arising from :		
Operating activities	7,650	2,001
Investing activities	55,868	(3,999)
Financing activities	(32,185)	1,681
	31,333	(317)
Cash and cash equivalents :		
At beginning	2,683	2,950
Effects of exchange thereon	34	50
At ending	34,050	2,683

Group Value Added Statement

	2008	2007	2006	2005	2004
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Value Added					
Revenue	84,704	67,916	54,577	56,469	52,738
Bought-in materials and services	(48,082)	(40,309)	(33,309)	(35,069)	(33,554)
Gross value added	36,622	27,607	21,268	21,400	19,184
Other income	836	179	2,835	503	450
Investment Income**	42,719	1,275	-	-	-
Gain/(Loss) on exchange, net	246	130	(1,400)	223	1,600
Share of results of associated company	-	-	3,150	3,514	1,473
Total value added	80,423	29,191	25,853	25,640	22,707
Distribution					
To employees					
Wages, provident fund contributions & other benefits	25,070	18,709	16,878	15,964	15,425
	25,070	18,709	16,878	15,964	15,425
To providers of capital					
Interest on bank borrowings	771	1,197	1,138	1,369	1,149
Dividends to shareholders	20,224	1,877	1,909	1,909	1,549
	20,995	3,074	3,047	3,278	2,698
To government					
Income taxes and levies*	14,123	2,252	489	1,111	1,035
	14,123	2,252	489	1,111	1,035
Retained in the business					
Depreciation of property, plant and equipment	3,227	2,945	3,790	4,866	3,824
Provision for impairment of property, plant and equipment	-	-	-	5,164	-
Amortisation of goodwill on business acquisition	-	-	-	365	243
Interest on make good lease provision	8	7	-	-	-
Staff costs capitalised	(766)	(719)	(440)	(241)	(514)
Minority interests	36	(14)	92	(1,419)	(378)
Retained profit/(loss) for the year*	17,585	2,842	2,203	(3,873)	156
	20,090	5,061	5,645	4,862	3,331
Non-productive costs and income					
Bad debts and doubtful debts	356	143	457	326	131
Goodwill written off	-	-	-	5	81
Loss on dilution of shareholding in associated company	-	-	-	54	-
(Gain)/Loss on sale of property, plant and equipment	(211)	(48)	(103)	40	6
Gain on disposition of assets	-	-	(560)	-	-
	145	95	(206)	425	218
	80,423	29,191	25,853	25,640	22,707
Productivity Analysis					
Value added per employee (S\$'000)	122	97	80	85	81
Value added per dollar of employment costs (S\$)	1.46	1.48	1.26	1.34	1.24
Value added per dollar of investment in fixed assets (S\$)	0.98	0.84	0.69	0.45	0.37
Value added per dollar sales (S\$)	0.43	0.41	0.39	0.38	0.36

* Includes those attributable to associated company

** Includes dividend income, gain on sale of investment of quoted shares and gain on disposal of quoted investments.



Oilfield Engineering Division

Oilfield Engineering Division chalked up another excellent year for the year ended 31 March 2008 (“FY2008”) with a rise of 37% in revenue over FY2007. The Division’s profit before tax of S\$11.72 million was S\$4.46 million or 61% higher than the S\$7.26 million achieved in FY2007. The main contributor to the Division’s record profits was the oilfield repair segment of its business, which continued to perform above expectations.

The outstanding achievement by the Oilfield Engineering Division for FY2008 was underpinned by record oil prices. The resultant robust exploration and production spending in the industry has translated into strong demand for oilfield-related engineering products and services.

The Oilfield Engineering Division was able to effectively capitalise on the favourable market condition due to its timely investments in capital equipment and facilities to upgrade and expand operational capabilities. Commitment to human capital and quality in its products and services also enabled the Division to lower the level of reworks despite a spike in work volume and garner a good record of customer satisfaction.

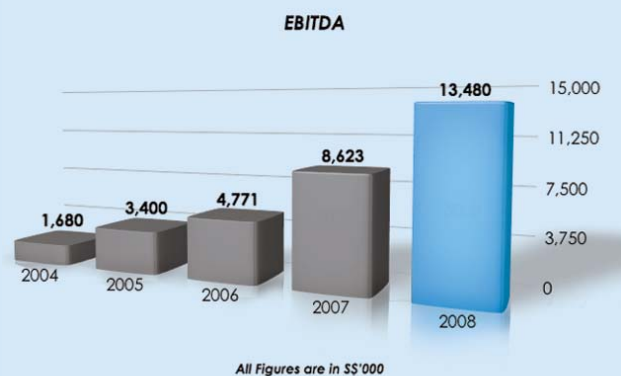
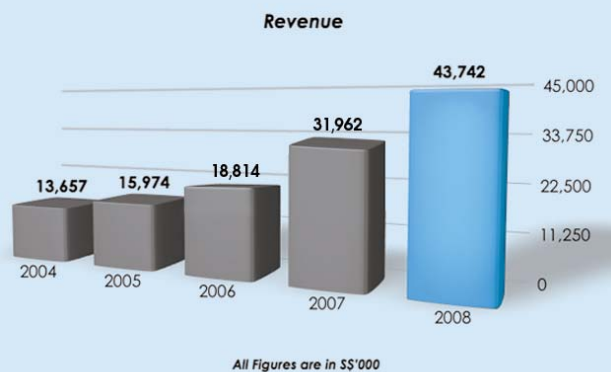
In addition, the Division’s efforts to increase the depth of its services by branching into component manufacturing and equipment rental businesses have gathered pace during the year, contributing to over 10% of the Division’s turnover for the year.



Oilfield Engineering Division

Besides broadening the Division's range of products and services, the diversification into complementary businesses also allows it to leverage on existing capabilities to package more customised and value-added solutions at low incremental costs, as well as provide new areas for future growth.

Notwithstanding the success achieved, the Division will continue to strengthen its core business and focus on value creation for its customers. In the coming financial year, it intends to intensify the search for suitable opportunities, new areas of collaboration and the expansion of its operations to more effectively deploy its resources and achieve its goal of sustainable future growth.





Engine Systems Division

The Australian Engine Systems division produced yet another encouraging performance in FY2008 with a continued increase in its sales growth.

Since the consolidation of the turbocharger and fuel injection operations in FY2007, the turbo division has recorded stronger numbers, attributing to the gain in market share. Strong emphasis on MTQ-owned brands, “Sonic” and “DTS”, has led to the solid growth in sales as MTQ continues towards building further brand equity.

With the introduction of common rail diesel vehicles into the Australian market and rapid growth in diesel powered vehicle sales due to their environmentally friendliness and economical sense, the diesel vehicle population has now become the fastest growing market segment in Australia.

As opportunities are expected to grow, investment in ‘clean rooms’ was made in Dandenong and Adelaide to ensure that MTQ maintains the latest up to date technology available.

Further investment in a vehicle dynamometer for the Dandenong operation was made to establish as a centre of excellence with the ability to provide a complete service package. And also to take advantage of the looming opportunities associated with the government legislation requiring transport operators to meet stringent emission standards as Kyoto protocols and other environmental issues become increasing pressing.

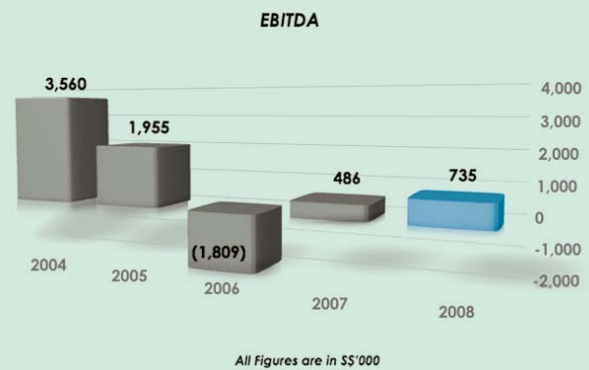
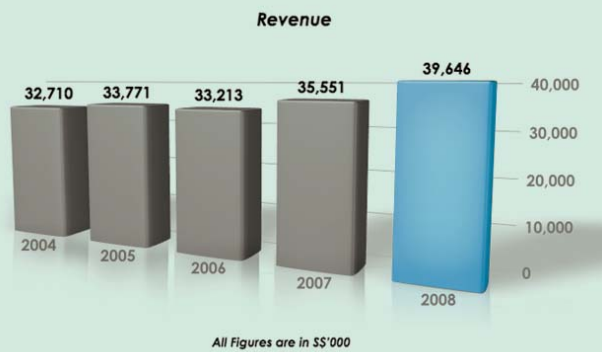
As the investment in technology continues to make demands on operators within the industry, MTQ anticipates that it will grow in line with the increase in market opportunities, thus enhancing the returns on investments made as MTQ maintains pace with technology.



Engine Systems Division

In order to meet demands and improve gross margins, the sourcing of additional products to cater to market conditions as well as initiatives to improve purchase prices are underway. Direct expense controls have seen actual expenditure below both budget and prior years all of which is contributing to the improving financial performances.

Looking ahead, economic conditions in Australia and New Zealand remain uncertain due to the international financial markets turmoil. However, MTQ remains optimistic on its outlook for the Division and believes that it is well placed to improve its business growth.



Risk Management

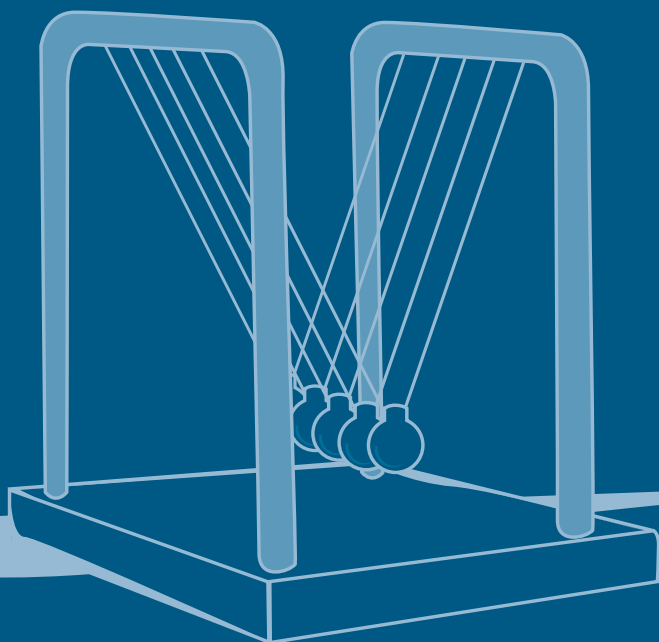
In Financial Year 2007, the MTQ Group embarked on the implementation of a risk management framework. The initiative was undertaken to meet the increasingly dynamic nature of the business environment which the Group believes requires a more structured way for the Group to assess and deal with potential risks that can impede the realisation of its corporate goals. The framework also aims to provide the Audit Committee and Board with the assurance that management has put into place adequate controls to safeguard the interests of the shareholders and the Group's assets.

In Financial Year 2008, the Oilfield Engineering Division completed its risk assessment exercise, which provided management with a comprehensive risk roadmap of its operations and served as a good platform to rigorously analyse the relevant risks. Where existing controls were inadequate or lacking, rectification actions will be undertaken to strengthen the controls to minimise the potential impact of such risks.

The result of the risk assessment exercise and responses will also serve as a basis for the Group to design and establish its internal audit and test the effectiveness and compliance with internal controls. Any non-compliance and failure in internal controls, together with recommendations for improvement and fine tuning be promptly reported to the Audit Committee.

The Group views risk management as an on-going process and a fundamental and integral part of proper governance. It intends to pursue a Group-wide implementation within a reasonably practicable timeframe and will continue to assess and follow up on issues that may affect the Group.

The Group's financial risk management objectives and policies are further discussed in Note 35 to the financial statements.



Financial Report

Corporate Governance	26
Directors' Report	34
Statement by Directors	41
Independent Auditors' Report	42
Income Statements	44
Balance Sheets	46
Statements of Changes in Equity	47
Consolidated Statement of Cash Flows	50
Notes to the Financial Statements	51
Shareholding Statistics	120
Notice of Annual General Meeting	122
Proxy Form	
Survey Form	

Corporate Governance

MTQ Corporation Limited recognises the importance of good governance and believes that adherence to a high standard of governance is crucial to promote long-term shareholder interest and enhance corporate performance.

The Board and Management of the Company are committed to maintaining a standard of corporate governance in compliance with the spirit and principles of the Code of Corporate Governance 2005 (the “Code”). The Group subscribes fully to the principles and recommendations in the Code where they are applicable, relevant and practical to the Group.

This Report describes our corporate governance policies and practices with specific reference to the Code. 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 risk to be assessed and managed, sets the Group’s values and standards, and ensure 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.

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 divestments proposals, the annual budget, major funding proposals and expenditures exceeding a prescribed amount.

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

The Company’s Articles of Association (the “Articles”) allow 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, are disclosed in this Report.

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.

Corporate Governance

Changes to regulatory and accounting standards having 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.

All Directors must act with objectivity in all their dealings with internal and external parties.

Principle 2 : Board Composition and Guidance

The current Board comprises 6 Directors, of which 5 are non-executive Directors. Of the 5 non-executive Directors, 2 are independent Directors. The Board adopts the Code's definition of what constitute an independent director and reviews the independence of each Director on an annual basis.

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

While the non-executive Directors exercise no 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 welcome 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.

Principle 3 : Chairman and Chief Executive Officer

Mr. Kuah Kok Kim is both the Chairman and Chief Executive Officer ("CEO") of the Company. The Board believes the current scale of the Group's business does not warrant a division between the two roles. The Chairman and CEO is responsible to the Board for the overall management and functioning of the Group.

Among his other duties, the Chairman's 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.

In carrying out his executive duties as CEO, Mr. Kuah 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 Company's Articles has made provisions for the Chairman and CEO to be subject to the one-third rotation rule as well. This is to separate his role as CEO 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 Chairman and CEO.

Corporate Governance

Principle 4 : Board Membership

Principle 5 : Board Performance

The Company does not have a Nominating Committee and the appointment of new directors is via nominations received, assessed and approved by the Board. In lieu of a Nominating Committee, the Board will appraise the nominees to ensure that such candidates are of sufficient calibre and experience and who are able to contribute to the Group and its businesses. 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 should he has multiple board representations.

Article 91 of the Articles 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.

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*	Executive Director	01.01.1997	21.07.2006
Huang Yuan Chiang	Independent Director	08.08.2001	23.07.2007
Ong Choo Eng	Non-executive Director	09.09.1997	21.07.2006
Ian Wayne Spence*	Independent Director	15.01.2002	29.07.2005
Kuah Boon Wee	Non-executive Director	10.10.2006	23.07.2007
Ho Han Siong Christopher*	Non-executive Director	30.10.2007	-

* Mr. Kuah Kok Kim, Mr. Ian Wayne Spence and Mr. Ho Han Siong Christopher are due for re-election at the forthcoming Annual General Meeting.

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. The Company believes that the contribution of each Director can be measured beyond attendance at formal meetings. 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.

Corporate Governance

Remuneration Matters

Principle 7 : Procedures for Developing Remuneration Policies

Principle 8 : Level and Mix of Remuneration

Principle 9 : Disclosure on Remuneration

Remuneration Committee

The Remuneration Committee comprises :

Huang Yuan Chiang (Chairman)
Ilan Wayne Spence
Ong Choo Eng

The Remuneration Committee consists of 3 non-executive Directors, 2 of whom are independent Directors and free from any business or other relationships with the Group.

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.

To promote an ownership culture within the Group and to align the interests of the stewards and employees of the Group with the interests of shareholders, the Group has in place a share option scheme for Directors and employees, the MTQ Corporation Executives' Share Option Scheme 2003 (the "Scheme"). Directors who are controlling shareholders of the Company are not allowed to participate in the Scheme unless their participation and actual number of ordinary shares and terms of any option to be granted to each of them have been approved by the independent shareholders in general meetings in separate resolution. The Remuneration Committee is responsible for the administration of the Scheme. Details of the Scheme have been set out in the Directors' Report.

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 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 has a fixed period and is not excessively long or with onerous removal clauses. The terms of service contract, including any early termination compensations clauses, are subject to review and specific approval of 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

The remunerations of Directors are set out below :

	Fee	Salary/ Allowance	Bonus	Benefits
I. Above \$500,000				
Kuah Kok Kim ¹	-	10%	88%	2%
II. \$250,000 and below				
Huang Yuan Chiang	100%			
Kuah Boon Wee ¹	100%			
Ong Choo Eng	100%			
Ian Wayne Spence	100%			
Ho Han Siong Christopher	100%			

¹Mr. Kuah Kok Kim, Chairman & CEO of the Company, is the father of Mr. Kuah Boon Wee.

For competitive reasons, we are not disclosing the remuneration of our key executives.

Other than Mr. Kuah Kok Kim, no employees of the Company and its subsidiaries was an immediate family member of a Director or the Chief Executive Officer and whose remuneration exceeded S\$150,000 during the financial year ended 31 March 2008.

Accountability and Audit

Principle 6 : Access to Information

Principle 10: Accountability

Principle 14: Communication with Shareholders

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. All Directors are also invited to participate in monthly division meetings with the management to discuss the operational and financial performance of the respective businesses. The Group believes that these meetings offer a complete overview of the operations and provide an effective platform for direct communication between the Board and the various line managers.

Board reports, including financial information, annual budget and quarterly forecasts, 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 and forecasts, any material variances between the projections and actual results are also disclosed and explained. In addition, the Directors can, in furtherance of their duties, take 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 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 the Company, the rules of Singapore Exchange Securities Trading Limited ("SGX-ST") and other relevant legislation. 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 the Company Secretaries have to be approved by the Directors.

Corporate Governance

The Board strives for timeliness and transparency in its disclosures to shareholders and the public. The Group will continue to disseminate any price-sensitive information via SGX-ST and such information will be simultaneously posted on our corporate website at www.mtq.com.sg and investor portal, www.shareinvestor.com.

Principle 11 : Audit Committee

Principle 12 : Internal Controls

Principle 13 : Internal Audit

Audit Committee

The Audit Committee comprises 3 non-executive Director members, 2 of whom are independent Directors :

Mr. Ian Wayne Spence (Chairman)
Mr. Huang Yuan Chiang
Mr. Ong Choo Eng

The Audit Committee has been set up to perform the functions required pursuant to Section 201 B(5) of the Act, and the guidelines set out by SGX-ST. 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 meets regularly 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.

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.

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.

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 half yearly financial statements of the Group before submitting them to the Board for its approval and the announcement of the financial results.

Since Financial Year 2007, the Group has embarked on an on-going exercise to implement a risk management framework that seeks to provide a structured and common methodology to identify and manage potential risks affecting the Group, and to ensure sufficient controls are in place to monitor and mitigate these risks. Details of the Group's risk management policies and processes are provided under the "Risk Management" section of the Annual Report.

The Group outsources 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.

Corporate Governance

The Audit Committee has reviewed and is satisfied :

- with the adequacy and effectiveness of the Group's internal controls, including financial, operational and compliance 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.

The Company has adopted 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 actions, 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 recommended to the Board the re-appointment of Ernst & Young as the external auditors of the Company for the financial year ending 31 March 2009.

Principle 15 : Greater Shareholders Participation

Shareholders are informed of shareholders' meetings through notices published in the Business Times, and reports or circulars sent to all shareholders. The information is also made available on the SGX-ST's website. If any shareholder is unable to attend, the Articles 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.

Shareholders are also given the opportunity to enquire from Directors, Chairpersons of the Board Committees, management and external auditors on any matters concerning the Company and Group during the Company's Annual General Meeting.

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

Dealing In Securities

The Company has adopted an internal code to provide guidance to its officers in regards trading in the Company's securities by Directors and officers. Directors and officers of the Company are advised against dealing in securities of the Company a month before the release of the half-year or full-year results, and if they are in possession of unpublished price sensitive information.

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.

Corporate Governance

Meeting Attendance Report

Name of Directors	Board of Directors		Audit Committee		Remuneration Committee	
	No. of meetings held	attended	No. of meetings held	attended	No. of meetings held	attended
<u>Executive</u>						
Kuah Kok Kim	3	3	2	2*	-	-
<u>Non-executive</u>						
Huang Yuan Chiang (Independent)	3	3	2	2	2	2
Ian Wayne Spence (Independent)	3	3	2	2	2	2
Ong Choo Eng (Non-Independent)	3	3	2	2	2	2
Kuah Boon Wee (Non-Independent)	3	3	2	2*	-	-
Ho Han Siong, Christopher (Non-Independent)	2	2	2	2*	-	-

*Attendance by invitation

Material Contracts

(SGX-ST Listing Rule 1207(8))

Except as disclosed in the financial statements, there are no material contracts of the Company and of the Group involving the interests of the Chief Executive Officer, 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 Party Transactions

(SGX-ST Listing Rule 907)

The Group 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.

Excluding transactions less than \$100,000, there are no interested person transactions entered during the financial year under review or conducted under shareholders' mandate pursuant to Rule 920.

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of MTQ Corporation Limited (the "Company") and its subsidiary companies (the "Group") for the financial year ended 31 March 2008.

Directors

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

Kuah Kok Kim (Chairman & CEO)
 Ho Han Siong Christopher (appointed on 30.10.2007)
 Huang Yuan Chiang
 Kuah Boon Wee
 Ong Choo Eng
 Ian Wayne Spence

Arrangements to enable Directors to acquire shares and debentures

Except as described in the subsequent paragraphs, neither at the end of the financial year nor at any time during the financial year was the Company a party to any arrangement whose object 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, Cap. 50, 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 1.4.2007	At 31.3.2008	At 21.4.2008	At 1.4.2007	At 31.3.2008	At 21.4.2008
The Company						
(Ordinary shares)						
Kuah Kok Kim	1,059,000	1,806,000	1,806,000	19,164,000	20,223,000	20,223,000
Kuah Boon Wee	404,000	1,404,000	1,404,000	–	–	–
Huang Yuan Chiang	–	120,000	120,000	–	–	–
Ho Han Siong Christopher	–	–	–	–	7,900,000	7,900,000
(Options to subscribe for ordinary shares)						
Huang Yuan Chiang	120,000	–	–	–	–	–
Ong Choo Eng	100,000	–	–	–	–	–
Ian Wayne Spence	120,000	–	–	–	–	–

Mr. Kuah Kok Kim is deemed to have an interest in shares of the Company's subsidiary companies 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.

Mr. Ho Han Siong Christopher is deemed to have an interest in shares of the Company held by a substantial shareholder by virtue of Section 7 of the Singapore Companies Act, Cap. 50.

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 its related corporations, either at the beginning of the financial year, or date of appointment if later or at the end of the financial year.

Directors' Report

Options to acquire shares in the Company

- (a) The Group has in place the MTQ Corporation Executives' Share Option Scheme 2003 (the "Scheme") for granting of options that are settled by physical delivery of the ordinary shares of the Company, to eligible Directors and executives of the Company and its subsidiary companies. The Scheme, upon approval granted by shareholders of the Company at an Extraordinary General Meeting held on 14 April 2003, replaced the Metalock Executives' Share Option Scheme (the "Previous Scheme").

Unlike the Previous Scheme, the Scheme, inter alia, allows for the participation of executives who meet the eligibility criteria but who are also controlling shareholders. Although the Previous Scheme is replaced by the Scheme, any subsisting and outstanding share options granted under the Previous Scheme continues to be exercisable in accordance with the terms of the Previous Scheme.

The Previous Scheme and the Scheme are administered by the Remuneration Committee appointed by the Directors of the Company. The Remuneration Committee comprises the following members :

Huang Yuan Chiang (Chairman)
Ong Choo Eng
Ian Wayne Spence

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

- (b) The principal terms of the Scheme are :

(i) Scheme Size and Duration

The aggregate number of ordinary shares over which the Remuneration Committee may grant options pursuant to the Scheme, when added to the number of ordinary shares issued and issuable in respect of all options granted under the Scheme and the Previous Scheme, shall not exceed fifteen per cent (15%) ("Maximum Limit") of the total number of issued shares of the Company on the day preceding the date of grant.

The Scheme shall continue in existence at the discretion of the Remuneration Committee subject to a maximum period of ten years commencing from the date the Scheme is adopted by the Company in general meeting, provided always that the Scheme may be extended beyond the ten year period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities as may be required. The Company, in general meeting, may by ordinary resolution terminate the Scheme at any time.

Termination of the Scheme shall not affect options which have been granted, whether such options have been exercised (whether fully or partially) or not.

Directors' Report

(ii) Eligibility to participate in the Scheme

In respect of the Scheme, the following categories of individuals shall be eligible to participate :

- Directors and employees of the Company;
- Directors and employees of subsidiary companies of the Company;
- Directors and employees of associated companies (a company as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and over which the Company has control); and
- subject to the conditions in the following paragraphs, Directors and employees of the Company and its subsidiary companies who are controlling shareholders of the Company (as defined in the Listing Manual of the SGX-ST).

Employees refer to only confirmed non-bargainable employees who are at least twenty-one years of age.

In respect of any person who is a Director or employee of the Company or its subsidiary companies, and who is also a controlling shareholder of the Company,

- associates (as defined in the Listing Manual of the SGX-ST) of the controlling shareholders shall not be eligible to participate in the Scheme;
- the total number of ordinary shares in respect of which options may be granted to such controlling shareholders shall not exceed twenty-five per cent (25%) of the Maximum Limit; and
- the total number of ordinary shares in respect of which options may be granted to each of such controlling shareholders shall not exceed ten per cent (10%) of the Maximum Limit.

Controlling shareholders shall not participate in the Scheme unless their participation and the actual number of ordinary shares and terms of any options to be granted to each of them have been approved by the independent shareholders in general meeting in separate resolutions.

(iii) Grant of Options

Options under the Scheme may be granted at any time during the period when the Scheme is in force, except that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, options may be granted only on or after the second Market Day (as defined in the Listing Manual of SGX-ST) after the day on which such announcement is released. In addition, no options may be granted during any other period specified by the Directors to be a period in which officers of the Company must not deal in securities of the Company.

Directors' Report

(iv) Exercise Period

Subject to the other rules of the Scheme, an option granted can be exercised by the option holder at any time during a period commencing on the first anniversary from the date of grant or such later date at the discretion of the Remuneration Committee, and expiring on the day immediately preceding :

- the tenth anniversary of the date of grant in the case of executive directors and employees of the Company or its subsidiary companies; or
- the fifth anniversary of the date of grant in the case of all other participants.

An option granted with subscription price fixed at a discount to the Market Price (as defined below) can only be exercised after the second anniversary of the date of grant.

(v) Subscription Price

The subscription price for each share comprised in an option that is exercisable, shall be equal to the average of the last dealt prices (rounded up to the nearest cent) of the shares of the Company on the SGX-ST for the three consecutive Market Days immediately preceding the date of grant ("Market Price") of such option, provided that at the absolute discretion of the Remuneration Committee, the subscription price may be fixed at the time of grant of options at no less than eighty per cent (80%) of the Market Price.

- (c) Only one of the controlling shareholders, namely, Mr. Kuah Kok Kim, has been approved to participate in the Scheme.
- (d) Under the Previous Scheme and the Scheme, share options granted, exercised and cancelled during the financial year and outstanding as at 31 March 2008 were as follows :

Date of grant	At 1.4.2007	Granted	No. of options			At 31.3.2008	Exercise price	Expiry date
			Exercised	Lapsed/ Cancelled				
16.10.2000	509,000	–	509,000	–	–	\$0.30	15.10.2010	
31.07.2003	340,000	–	340,000	–	–	\$0.43	30.07.2008	
31.07.2003	930,000	–	885,000	15,000	30,000	\$0.43	30.07.2013	
	<u>1,779,000</u>	<u>–</u>	<u>1,734,000</u>	<u>15,000</u>	<u>30,000</u>			

1,734,000 treasury shares were reissued at exercise price of \$0.30 and \$0.43 per share upon the exercise of share options granted pursuant to the Previous Scheme and the Scheme.

Directors' Report

- (e) The participants of the Previous Scheme and the Scheme who are Directors of the Company as at 31 March 2008 are disclosed in the following table :

Name of participant	Options granted during financial year	Aggregate options granted since commencement of Previous Scheme and the Scheme to end of financial year	Aggregate options exercised/ cancelled/ lapsed since commencement of Previous Scheme and the Scheme to end of financial year	Aggregate options outstanding as at end of financial year
Kuah Kok Kim	–	–	–	–
Huang Yuan Chiang	–	120,000	(120,000)	–
Ong Choo Eng	–	100,000	(100,000)	–
Ian Wayne Spence	–	120,000	(120,000)	–

Note : The terms of the options granted under the Previous Scheme and the Scheme to these participants (who are Directors of the Company) are the same as those granted to the employees of the Group as disclosed in (b) above.

- (f) No options have been granted to any controlling shareholder, and no eligible participant has received 5% or more of the total options available under the Previous Scheme and the Scheme.
- (g) No options were granted during the financial year.
- (h) The holders of the options under the Previous Scheme and the Scheme have no right to participate by virtue of these options in any share issue of any other company in the Group.
- (i) No options have been granted at a discount.

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.

Audit Committee

The Audit Committee comprises 3 members, all of whom are non-executive Directors. 2 of them are Independent Directors :

Ian Wayne Spence	(Chairman, Independent Director)
Huang Yuan Chiang	(Independent Director)
Ong Choo Eng	

Directors' Report

Audit Committee (cont'd)

The Audit Committee performs the functions required pursuant to Section 201B(5) of the Act, and the Code of Corporate Governance 2005 including the following :

- Reviews the audit plans of the internal and external auditors of the Company and review the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the external and internal auditors;
- Reviews the half-year and annual financial statements of the Company and the auditors' report thereon before their submission to the Board of Directors;
- Reviews the effectiveness of material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the 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;
- Reviews 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;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the Board of Directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual.

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 two 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, be nominated for re-appointment as external auditors at the forthcoming Annual General Meeting of the Company.

Directors' Report

Auditors

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

On behalf of the Board of Directors,

Kuah Kok Kim
Director

Ian Wayne Spence
Director

Singapore
4 June 2008

Statement by Directors

We, Kuah Kok Kim and Ian Wayne Spence, 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 income statements, 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 2008 and the results of the business, changes in equity of the Group and of the Company and cash flows of the Group for the financial year then ended, 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 Kok Kim
Director

Ian Wayne Spence
Director

Singapore
4 June 2008

Independent Auditors' Report To the Members of MTQ Corporation Limited

We have audited the accompanying financial statements of MTQ Corporation Limited (the "Company") and its subsidiary companies (the "Group") set out on pages 44 to 119, which comprise the balance sheets of the Company and the Group as at 31 March 2008, the income statements and statements of changes in equity of the Company and the Group, and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes 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 account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 judgement, 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 and fair presentation of the financial statements 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 Auditors' Report To the Members of MTQ Corporation Limited

Opinion

In our opinion,

- (i) the consolidated financial statements of the Group, and the income statement, balance sheet and statement 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 Company and the Group as at 31 March 2008 and the results, changes in equity of the Company and the Group and the cash flows of the Group for the year ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Company and by the subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young
Public Accountants and Certified Public Accountants

Singapore
4 June 2008

Income Statements for the financial year ended 31 March 2008

(In Singapore dollars)

GROUP	Note	Continuing Operations		Discontinued Operations		Total Consolidated	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue	3	84,704	67,513	–	403	84,704	67,916
Other income	4	2,766	1,454	–	–	2,766	1,454
		87,470	68,967	–	403	87,470	69,370
Cost of sales		(51,041)	(41,933)	–	(399)	(51,041)	(42,332)
		36,429	27,034	–	4	36,429	27,038
Staff costs		(15,531)	(10,704)	–	–	(15,531)	(10,704)
Other operating expenses		(9,839)	(8,729)	161	(42)	(9,678)	(8,771)
Profit/(loss) from operating activities	5	11,059	7,601	161	(38)	11,220	7,563
Finance costs	6	(779)	(1,204)	–	–	(779)	(1,204)
Gain on disposal of quoted investments	7	40,789	–	–	–	40,789	–
Profit/(loss) from operations before taxation		51,069	6,397	161	(38)	51,230	6,359
Taxation	8	(13,422)	(1,612)	37	(42)	(13,385)	(1,654)
Net profit/(loss) for the financial year		37,647	4,785	198	(80)	37,845	4,705
Attributable to :							
Shareholders of the Company		37,647	4,785	162	(66)	37,809	4,719
Minority interests		–	–	36	(14)	36	(14)
		37,647	4,785	198	(80)	37,845	4,705
Earnings per share	9						
- Basic		40.78 cts	5.13 cts	0.18 cts	(0.07) cts	40.96 cts	5.06 cts
- Diluted		40.62 cts	5.12 cts	0.17 cts	(0.07) cts	40.79 cts	5.05 cts

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

Income Statements for the financial year ended 31 March 2008

(In Singapore dollars)

COMPANY	Note	2008 \$'000	2007 \$'000
Revenue	3	30,129	11,647
Other income	4	3,585	5
		<hr/>	<hr/>
		33,714	11,652
Staff costs		(5,969)	(2,057)
Other operating expenses		(2,900)	(2,885)
		<hr/>	<hr/>
Profit from operating activities	5	24,845	6,710
Finance costs	6	(72)	(104)
		<hr/>	<hr/>
Profit from operations before taxation		24,773	6,606
Taxation	8	(840)	(364)
		<hr/>	<hr/>
Net profit for the financial year		<u>23,933</u>	<u>6,242</u>

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

Balance Sheets as at 31 March 2008

(In Singapore dollars)

	Note	Group		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Non-current assets					
Goodwill	10	7,180	6,816	–	–
Investment properties, net	11	–	–	1,296	771
Property, plant and equipment, net	12	15,022	13,133	334	526
Subsidiary companies	13	–	–	16,421	16,383
Long term investment	14	–	36,037	–	–
Receivables	15	338	419	83	50
Prepayments	15	42	42	13	4
Deferred tax assets	24	1,067	1,146	–	–
		23,649	57,593	18,147	17,734
Current assets					
Inventories	16	16,056	13,992	–	–
Trade and other receivables	17	18,458	14,993	19,687	23,249
Prepayments		557	502	52	57
Investment securities	18	269	–	–	–
Tax recoverable		15	94	–	76
Fixed deposits	19	26,445	–	3,509	–
Cash at bank and in hand	19	7,605	2,937	1,257	–
		69,405	32,518	24,505	23,382
Current liabilities					
Trade and other payables	20	(15,180)	(12,491)	(2,040)	(2,310)
Finance lease payable, current portion	21	(5)	–	–	–
Short term bank borrowings	22	–	(7,915)	–	(3,254)
Long term bank borrowings, current portion	22	(1,761)	(1,948)	–	–
Provisions, current portion	25	(586)	(585)	–	–
Provision for taxation		(12,425)	(942)	(557)	–
		(29,957)	(23,881)	(2,597)	(5,564)
Net current assets		39,448	8,637	21,908	17,818
Non-current liabilities					
Other payables	20	–	–	(2,219)	(2,442)
Finance lease payable	21	(22)	–	–	–
Loans from a minority shareholder of a subsidiary company	23	(1,039)	(1,039)	–	–
Long term bank borrowings	22	(3,578)	(7,813)	–	–
Deferred tax liabilities	24	(1,185)	(576)	(236)	–
Provisions	25	(767)	(479)	(164)	(62)
		(6,591)	(9,907)	(2,619)	(2,504)
Net assets		56,506	56,323	37,436	33,048
EQUITY					
Share capital	26	28,159	28,126	28,159	28,126
Treasury shares	26	(891)	(1,585)	(891)	(1,585)
Reserves	27	29,897	30,440	10,168	6,507
Shareholders' funds		57,165	56,981	37,436	33,048
Minority interests	28	(659)	(658)	–	–
		56,506	56,323	37,436	33,048

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 2008

(In Singapore dollars)

GROUP	Attributable to shareholders of the Company							Minority interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Fair value adjustment reserve \$'000	Other reserve \$'000	Total shareholders' funds \$'000		
Balance as at 1 April 2006	28,126	–	662	8,044	15,421	–	52,253	(642)	51,611
Net gain on fair value changes	–	–	–	–	2,105	–	2,105	–	2,105
Exchange difference on translation of overseas subsidiary companies	–	–	1,369	–	–	–	1,369	(2)	1,367
Net income/(loss) recognised directly in equity	–	–	1,369	–	2,105	–	3,474	(2)	3,472
Net profit/(loss) for the financial year	–	–	–	4,719	–	–	4,719	(14)	4,705
Total recognised income/(loss) for the financial year	–	–	1,369	4,719	2,105	–	8,193	(16)	8,177
Dividends paid in respect of previous financial year, less tax (Note 29)	–	–	–	(1,145)	–	–	(1,145)	–	(1,145)
Dividends paid in respect of current financial year, less tax (Note 29)	–	–	–	(732)	–	–	(732)	–	(732)
Share buyback - held as treasury shares	–	(1,599)	–	–	–	–	(1,599)	–	(1,599)
Issuance of ordinary shares pursuant to exercise of options	–	14	–	–	–	(3)	11	–	11
Balance as at 31 March 2007	28,126	(1,585)	2,031	10,886	17,526	(3)	56,981	(658)	56,323

Statements of Changes in Equity for the financial year ended 31 March 2008 (cont'd)

(In Singapore dollars)

GROUP	Attributable to shareholders of the Company						Total share-holders' funds \$'000	Minority interests \$'000	Total equity \$'000
	Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Fair value adjustment reserve \$'000	Other reserve \$'000			
Balance as at 1 April 2007	28,126	(1,585)	2,031	10,886	17,526	(3)	56,981	(658)	56,323
Net gain on fair value changes	-	-	-	-	12,262	-	12,262	-	12,262
Exchange difference on translation of overseas subsidiary companies	-	-	788	-	-	-	788	(37)	751
Transfer to income statement on disposal of available-for-sale investment	-	-	(1,342)	-	(29,788)	-	(31,130)	-	(31,130)
Net loss recognised directly in equity	-	-	(554)	-	(17,526)	-	(18,080)	(37)	(18,117)
Net profit for the financial year	-	-	-	37,809	-	-	37,809	36	37,845
Total recognised (loss)/income for the financial year	-	-	(554)	37,809	(17,526)	-	19,729	(1)	19,728
Dividends paid in respect of previous financial year, less tax (Note 29)	-	-	-	(1,128)	-	-	(1,128)	-	(1,128)
Dividends paid in respect of current financial year, less tax (Note 29)	-	-	-	(19,129)	-	-	(19,129)	-	(19,129)
Issuance of ordinary shares pursuant to scrip dividend scheme	33	-	-	-	-	-	33	-	33
Issuance of ordinary shares pursuant to exercise of options	-	694	-	-	-	(15)	679	-	679
Balance as at 31 March 2008	28,159	(891)	1,477	28,438	-	(18)	57,165	(659)	56,506

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 2008

(In Singapore dollars)

COMPANY	Share capital	Treasury shares	Retained earnings	Other reserve	Total share-holders' funds
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 April 2006	28,126	–	2,145	–	30,271
Net profit for the financial year	–	–	6,242	–	6,242
Total recognised income for the financial year	–	–	6,242	–	6,242
Dividends paid in respect of previous financial year, less tax (Note 29)	–	–	(1,145)	–	(1,145)
Dividends paid in respect of current financial year, less tax (Note 29)	–	–	(732)	–	(732)
Share buyback - held in treasury	–	(1,599)	–	–	(1,599)
Issuance of ordinary shares pursuant to exercise of options	–	14	–	(3)	11
Balance as at 31 March 2007	28,126	(1,585)	6,510	(3)	33,048
Balance as at 1 April 2007	28,126	(1,585)	6,510	(3)	33,048
Net profit for the financial year	–	–	23,933	–	23,933
Total recognised income for the financial year	–	–	23,933	–	23,933
Dividends paid in respect of previous financial year, less tax (Note 29)	–	–	(1,128)	–	(1,128)
Dividends paid in respect of current financial year, less tax (Note 29)	–	–	(19,129)	–	(19,129)
Issuance of ordinary shares pursuant to scrip dividend scheme	33	–	–	–	33
Issuance of ordinary shares pursuant to exercise of options	–	694	–	(15)	679
Balance as at 31 March 2008	28,159	(891)	10,186	(18)	37,436

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 2008

(In Singapore dollars)

	2008 \$'000	2007 \$'000
Cash flows from operating activities :		
Profit from operations before taxation	51,230	6,359
Add/(less) :		
Depreciation of property, plant and equipment	3,227	2,945
Gain on sale of property, plant and equipment	(211)	(48)
Interest income	(688)	(80)
Interest expense	779	1,204
Dividend income	(1,709)	(1,275)
Gain on disposal of quoted investments	(40,789)	-
Operating profit before reinvestment in working capital	11,839	9,105
Increase in receivables and prepayments	(3,484)	(2,976)
Increase in inventories	(2,064)	(3,439)
Increase in investment securities	(269)	-
Increase in payables	2,916	139
Currency realignment	(857)	(134)
Cash generated from operations	8,081	2,695
Interest income received	688	80
Interest expense paid	(771)	(1,197)
Income taxes (paid)/refunded	(348)	423
Net cash provided by operating activities	7,650	2,001
Cash flows from investing activities :		
Dividends received	1,195	892
Purchase of property, plant and equipment	(5,634)	(5,122)
Proceeds from sale of property, plant and equipment	876	331
Proceeds from sale of investment in quoted shares, net of brokerage	59,386	-
Loans granted to staff	(276)	(288)
Loans repaid by staff	321	188
Net cash provided by/(used in) investing activities	55,868	(3,999)
Cash flows from financing activities :		
Dividends paid	(20,224)	(1,877)
Proceeds from bank borrowings	2,160	7,289
Repayment of bank borrowings	(14,827)	(2,098)
Proceeds from finance lease	27	-
Share buyback	-	(1,599)
Proceeds from issuance of shares pursuant to exercise of options	679	11
Repayment of loans from a minority shareholder of a subsidiary company	-	(45)
Net cash (used in)/provided by financing activities	(32,185)	1,681
Net change in cash and cash equivalents	31,333	(317)
Cash and cash equivalents at beginning of financial year (Note 19)	2,683	2,950
Effect of exchange rate changes on cash and cash equivalents	34	50
Cash and cash equivalents at end of financial year (Note 19)	34,050	2,683

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

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

1. Corporate information

MTQ Corporation Limited is a limited liability company which is domiciled and incorporated in Singapore. The Company is listed on the mainboard of the Singapore Exchange Securities Trading Limited.

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 are those of an investment holding and management company.

The principal activities of the subsidiaries are those relating to oilfield engineering; rental of oilfield equipment and spare parts; provision of oilfield equipment manufacturing and fabrication services; sales and servicing of turbochargers and fuel injection parts; investment holding and securities trading.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

The financial statements are presented in Singapore Dollars (\$) and all values are rounded to the nearest thousand (\$'000) except where otherwise indicated.

2.2 Changes in accounting policies

The accounting policies have been consistently applied by the Company and the Group and are consistent with those used in the previous financial year, except for new and revised FRS and INT FRS which became effective in the current financial year. These include FRS 1 Presentation of Financial Statement (Capital Disclosures), FRS 40 Investment Property, and FRS 107 Financial Instrument - Disclosures.

The adoption of these new and revised FRS and INT FRS did not result in any significant impact to the Company and the Group.

FRS 40

The new FRS 40 Investment property that came into effect in the current financial year requires the properties (land or building, or part of building, or both) held to earn rentals to be classified as "investment property". The adoption of FRS 40 is applicable only to the Company and has no implication on the Group given that all properties held by companies within the Group are either owner-occupied or leased to other companies within the Group. In adopting FRS 40, investment property of the Company is measured at cost less accumulated depreciation and impairment losses. Under the provision of FRS 40, the change in accounting policy has resulted in the following accounts in the financial statements as at 31 March 2007 being reclassified with no impact to the income statement.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.2 Changes in accounting policies (cont'd)

	Company	
	Restated \$'000	Previously reported \$'000
Balance sheet as at 31 March 2007 :		
Property, plant and equipment, net	526	1,297
Investment properties, net	771	-

FRS and Interpretation of Financial Reporting Standard ("INT FRS") not yet effective

The Company and the Group have not applied the following FRS and INT FRS that have been issued but not yet effective :

Reference	Description	Effective date (annual periods beginning on or after)
FRS 1	Presentation of Financial Statements - Revised presentation	1 January 2009
FRS 23	Borrowing Costs	1 January 2009
FRS 108	Operating Segments	1 January 2009
INT FRS 112	Service Concession Arrangements	1 January 2008
INT FRS 113	Customer Loyalty Programmes	1 July 2008
INT FRS 114	FRS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction	1 January 2008

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 23 and FRS 108 as indicated below.

- Revised FRS 23 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised FRS 23 will become mandatory for the Group's 2010 financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions, the Group will apply the revised FRS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date.
- FRS 108 Operating Segments introduces the "management approach" to segment reporting. FRS 108, which becomes mandatory for the Group's 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. It is not expected to have any impact on the consolidated financial statements.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.3 Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. 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.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

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 also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 31 March 2008 was \$7,180,000 (2007 : \$6,816,000). More details are given in Note 10.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 30 years. The carrying amount of the Group's property, plant and equipment as at 31 March 2008 was \$15,022,000 (2007 : \$13,133,000). Changes in the expected level of usage and technological developments could impact the economic useful lives, and therefore, future depreciation charges could be revised.

(b) Judgements made in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements :

Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgement is involved in determining the group-wide 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. As at 31 March 2008, the Group's provision for taxation stood at \$12,425,000 (2007 : \$942,000), with a tax recoverable of \$15,000 (2007 : \$94,000) and the carrying amounts of deferred tax assets and liabilities was \$1,067,000 (2007 : \$1,146,000) and \$1,185,000 (2007 : \$576,000) respectively.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.3 Significant accounting estimates and judgements (cont'd)

Impairment of investments and financial assets

The Group and the Company follow the guidance of FRS 36 Impairment of Assets and FRS 39 Financial Instruments : Recognition and Measurement in determining when an investment or financial asset is impaired and this requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financial cash flows.

2.4 Functional and foreign currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Singapore dollars, which is the Company's functional and presentation currency.

(a) Functional currency

The management has determined the currency of the primary economic environment in which the Company operates, i.e. functional currency, to be Singapore dollars. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in Singapore dollars.

(b) Foreign currency transactions/translation

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies 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 balance sheet date. 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 determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the foreign subsidiary company. In the Company's separate financial statements, such exchange differences are recognised in the income statement.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as foreign currency translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.5 Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full. Subsidiary companies are fully 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.

Acquisitions of subsidiary companies are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The accounting policy for goodwill is set out in Note 2.12.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the income statement on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the Company shareholders' funds, and are separately disclosed in the consolidated income statement.

2.6 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. Revenue is measured at the fair value of the consideration received or receivable, taking into account the amount of any trade discounts and volume rebates allowed.

Revenue from repair services is recognised upon completion of the services.

Revenue from trading sales is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, which generally coincides with 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 rental services is recognised as and when the services are provided.

Management fees are recognised when corporate services are rendered.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.6 Revenue recognition (cont'd)

Interest income is recognised using the effective interest method.

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

Revenue from sale of held-for-sale investment securities is recognised at the point where the contractual rights to the cash flows from securities expire.

2.7 Employee benefits

Defined contribution plans

As required by law, the Company and its subsidiary companies in Singapore make contributions to the national pension scheme, the Central Provident Fund ("CPF"). The Company's subsidiary companies outside Singapore make contributions to their respective countries' pension schemes, as defined by the laws of the countries in which they have operations. Such contributions are recognised as compensation expenses charged against the income statement in the same period in which the related service is performed.

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

Equity compensation plan

The Group has in place the MTQ Corporation Executives' Share Option Scheme 2003 (the "Scheme") which replaces the Metalock Executives' Share Option Scheme ("Previous Scheme") for granting of share options to Directors and executives.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options are granted. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in the income statement and a corresponding adjustment to equity.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the employee share option reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions 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 number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

The Group has applied the transitional provisions of FRS 102 in respect of equity-settled awards which were either granted before 22 November 2002 or have vested before 1 April 2005.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.8 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 the income statement. 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 the income statement 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.

2.9 Borrowing costs

Borrowings are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying 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 being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2.10 Income taxes

(a) *Current tax*

Current 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 by the balance sheet date.

Current taxes are recognised in the income statement except that tax relating to items recognised directly in equity is recognised directly in equity.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.10 *Income taxes (cont'd)*

(b) *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- Where the deferred tax 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;
- In respect of temporary differences associated with investments in subsidiary companies, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and 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 each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance sheet date.

Deferred taxes are recognised in the income statement except that deferred tax relating to items recognised directly in equity is recognised 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 :

- 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
- Receivables and payables are stated with the amount of sales tax included.

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

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.11 *Discontinued operation*

A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single co-ordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in the income statement.

Prior period comparatives are re-presented so that the disclosures relate to all operations that have been discontinued by the balance sheet date of the current financial year.

2.12 *Intangible assets*

Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 March 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 2.4.

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

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.13 *Investment properties*

Investment properties, principally comprising workshop and office buildings, are held by the Company for long term rental yields and are occupied by the Group.

Investment properties are recorded using the cost model which measures the investment properties at cost less accumulated depreciation and accumulated impairment losses. Depreciation of an investment property begins when it is available for use and is computed on a straight-line basis over the estimated useful life of up to 30 years.

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 gains or losses on the retirement or disposal of an investment property are recognised in the income statement 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, the deemed cost for subsequent accounting is the fair value at the date of change in use. 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 2.14 up to the date of change in use.

2.14 *Property, plant and equipment*

All items of property, plant and equipment are initially recognised at cost. 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, they are stated at cost less accumulated depreciation and any accumulated impairment losses. Expenditure for additions, improvements and renewals is capitalised and expenditure for maintenance and repairs is charged to the income statement.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is calculated on a straight-line method to write off the cost of the property, plant and equipment over their estimated useful lives. No depreciation is provided on freehold land and assets under construction. The estimated useful lives of property, plant and equipment are as follows :

Freehold building	–	20 years
Leasehold buildings	–	30 years or the remaining term of the lease
Plant, workshop and rental equipment	–	3 to 10 years
Furniture and fixtures	–	3 to 10 years
Motor vehicles	–	3 to 10 years
Office equipment	–	1 to 5 years

Assets under construction are stated at cost. Expenditure relating to assets under construction are capitalised when incurred. Depreciation will commence when the development is completed.

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

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.14 Property, plant and equipment (cont'd)

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property, plant and equipment is included in the income statement in the year the asset is derecognised.

2.15 Subsidiary company

A subsidiary company is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the Board of Directors.

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

2.16 Long term investments

The Group's long term investments are classified as available-for-sale financial assets.

The accounting policy for such financial assets is stated in Note 2.18.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less anticipated cost of completion and the estimated cost of disposal after making allowance for damaged, obsolete and slow-moving items.

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

Work-in-progress includes the cost of raw materials, direct labour and attributable production overheads. An expected loss on a contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

2.18 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.18 *Financial assets (cont'd)*

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets classified as held for trading. Financial assets classified as held for trading are derivatives (including separated embedded derivatives) or are acquired principally for the purpose of selling or repurchasing it in the near term.

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 in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(b) *Loans and receivables*

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 carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group classifies the following financial assets as loans and receivables :

- cash at bank and in hand;
- fixed deposits; and
- trade and other receivables, including amounts due from subsidiary companies.

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary items and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.19 Impairment of financial assets

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

Assets carried at amortised cost

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. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets 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 value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss on a financial asset 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.

Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and the amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversal of impairment losses in respect of equity instruments are not recognised in the income statement. Reversal of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.20 Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired. On derecognition 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 has been recognised directly in equity is recognised in the income statement.

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.

2.21 Trade and other receivables

Trade receivables, which generally have 0 to 90 day terms, are recognised and carried at original invoice amounts less an allowance for any uncollectible amounts. An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off as incurred.

Receivables from subsidiary companies are recognised and carried at cost less an allowance for any uncollectible amounts.

Further details on the accounting policy for this category of financial assets are stated in Note 2.18.

2.22 Cash and cash equivalents

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

2.23 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 such indication exists, or when 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 to sell 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 groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the income statement as 'other operating expenses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.23 Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that impairment losses recognised previously for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. 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 increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the income statement is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.24 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

(a) Loans and borrowings

Loans and borrowings are initially recognised at fair value of the consideration received, net of transaction costs incurred and, are subsequently carried at amortised cost using the effective interest method.

(b) Trade and other payables

Trade and other payables which includes payables to subsidiary companies are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables to non-related parties are normally settled on 30 to 60 day terms.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

2.25 Provisions

Provisions are recognised when the Group has a present obligation 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 a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits 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. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.26 Dividend

Final dividends proposed by the Directors are classified as a separate allocation of retained earnings within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.27 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.

2.28 Treasury shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of treasury shares.

2.29 Contingencies

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

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

2.30 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segments), or in products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments and the Group's internal reporting structure. The primary format, business segments, is based on the Group's principal activities.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Unallocated items comprise mainly income tax, deferred tax assets and liabilities, as well as bank borrowings.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

2.31 Derivative financial instruments

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to the income statement for the year.

3. Revenue

Revenue for the Group represents services and trading sales after allowance for goods returned and trade discounts. It excludes dividend income, interest income and intra-group transactions.

Revenue for the Company represents dividend income, rental, as well as consultancy and management fees invoiced for the use of its premises and corporate services rendered to its subsidiary companies.

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Sales and servicing	84,685	67,916	-	-
Net fair value gain on financial assets held for trading	19	-	-	-
Dividends	-	-	22,020	7,955
Consultancy and management fees	-	-	6,361	2,358
Rental (Note 11)	-	-	1,748	1,334
	<u>84,704</u>	<u>67,916</u>	<u>30,129</u>	<u>11,647</u>

4. Other income

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Dividends	1,709	1,275	-	-
Interest income				
- bank deposits	671	57	9	-
- staff loans	17	23	6	5
- intercompany loan	-	-	3,342	-
Net gain on disposal of long term investment	221	-	221	-
Other income, net	148	99	7	-
	<u>2,766</u>	<u>1,454</u>	<u>3,585</u>	<u>5</u>

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

5. Profit/(loss) from operating activities

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

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Manpower costs				
Directors' remuneration :				
- Directors of the Company				
• Salaries, wages and bonuses	3,802	776	3,802	776
• Contributions to CPF and other defined contribution plans	8	2	8	2
• Others	3	4	3	4
- Directors of subsidiary companies				
• Salaries, wages and bonuses	780	606	-	-
• Contributions to CPF and other defined contribution plans	21	27	-	-
• Others	63	73	-	-
Other employees' remuneration :				
• Salaries, wages and bonuses	17,420	14,164	1,934	1,100
• Contributions to CPF and other defined contribution plans	1,619	1,494	108	87
• Others	2,040	2,170	114	88
	<u>25,756</u>	<u>19,316</u>	<u>5,969</u>	<u>2,057</u>
Less : Manpower costs capitalised under work-in-progress	(766)	(719)	-	-
	<u>24,990</u>	<u>18,597</u>	<u>5,969</u>	<u>2,057</u>

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

5. Profit/(loss) from operating activities (cont'd)

Manpower costs of the Company and the Group amounting to \$nil and \$9,459,000 (2007 : \$nil and \$7,893,000) respectively have been included in cost of sales.

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(b) Other operating expenses				
Allowance for impairment of trade receivables, net	380	65	-	-
Bad debts (written back)/ written off, net	(24)	78	-	-
Depreciation of property, plant and equipment (Note 12)	1,383	1,423	127	123
Depreciation of investment property (Note 11)	-	-	311	285
Directors' fees				
- Directors of the Company	165	112	165	112
- Directors of subsidiary companies	4	4	-	-
Gain on sale of property, plant and equipment, net	(211)	(48)	(92)	6
Allowance for inventory obsolescence, net (Note 16)	239	366	-	-
(Gain)/loss on exchange, net	(246)	(130)	17	44
Non-audit fees paid to				
- Auditors of the Company	123	54	50	16
- Auditors of subsidiary companies	303	46	-	-
Operating lease expenses	1,643	1,414	219	220
Allowance for impairment of receivables due from subsidiary companies (Note 17 and Note 13)	-	-	837	530
(Write-back of impairment)/ impairment in value of investments in subsidiary companies, net (Note 13)	-	-	(37)	174

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

5. Profit/(loss) from operating activities (cont'd)

Operating lease expenses of the Group amounting to \$40,000 (2007 : \$42,000) have been included in cost of sales.

Depreciation of property, plant and equipment of the Group amounting to \$1,844,000 (2007 : \$1,522,000) has been included in cost of sales.

Directors' remuneration of the Company pursuant to the SGX-ST Listing Rules is as follows :

Number of Directors in remuneration bands

	Company	
	2008	2007
\$500,000 and above	1	1
\$250,000 to \$499,999	–	–
Below \$250,000	5	5
Total	<u>6</u>	<u>6</u>

6. Finance costs

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Interest on :				
- bank loans and overdrafts	770	1,195	70	103
- finance lease payables	1	–	–	–
- others	8	9	2	1
	<u>779</u>	<u>1,204</u>	<u>72</u>	<u>104</u>

7. Gain on disposal of quoted investments

On 27 September 2007, the Group sold its entire stake of its quoted investment in RCR Tomlinson Ltd ("RCR") for \$59,386,000. The transaction realised an exceptional capital gain of \$40,789,000 for the Group after deducting brokerage fees.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

8. Taxation

(a) Major components of income tax expense

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(i) Income statement				
<i>Taxation attributable to continuing operations :</i>				
<i>Current taxation</i>				
Current income taxation	12,274	1,301	139	242
(Over)/underprovision in respect of prior years	(29)	37	131	187
Withholding tax	334	-	334	-
	<u>12,579</u>	<u>1,338</u>	<u>604</u>	<u>429</u>
<i>Deferred taxation</i>				
Movements in temporary differences	804	403	236	-
Under/(over) provision in respect of prior years	39	(129)	-	(65)
	<u>843</u>	<u>274</u>	<u>236</u>	<u>(65)</u>
Taxation attributable to continuing operations	13,422	1,612	840	364
<i>Taxation attributable to discontinued operations :</i>				
<i>Current taxation</i>				
- current income taxation	59	(25)	-	-
- overprovision in respect of prior years	-	(29)	-	-
<i>Deferred taxation</i>				
- movements in temporary differences	(96)	6	-	-
- underprovision in respect of prior years	-	90	-	-
Taxation attributable to discontinued operations	(37)	42	-	-
Taxation expense recognised in income statement	13,385	1,654	840	364

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

8. Taxation (cont'd)

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(ii) Statements of changes in equity				
Deferred taxation arising from net change in fair value adjustment charged directly to equity	-	4,179	-	-

(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 financial years ended 31 March 2008 and 31 March 2007 is as follows :

Profit from operations before taxation	51,230	6,359	24,773	6,606
Tax at Singapore statutory tax rate of 18% (2007 : 18%)	9,221	1,145	4,459	1,189
Tax effect of expenses not deductible for tax	53	463	261	247
Tax effect of income not subject to tax	(1,403)	(395)	(3,991)	(1,101)
Effect of change in Singapore statutory tax rate	-	(8)	-	13
Deferred tax assets not recognised	234	541	-	-
Utilisation of deferred tax assets previously not recognised	(1,297)	(106)	(20)	(106)
Effect of difference in effective tax rates of other countries	3,181	(31)	-	-
Under/(over)provision in respect of prior years	10	(31)	131	122
Others	3,386	76	-	-
	<u>13,385</u>	<u>1,654</u>	<u>840</u>	<u>364</u>

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

8. Taxation (cont'd)

As at 31 March 2008, certain subsidiary companies had unutilised tax losses of approximately \$3,575,000 (2007 : \$7,962,000) and unabsorbed capital allowances of approximately \$1,710,000 (2007 : \$1,401,000), net of amounts transferred under the group relief transfer system, available for setoff against future taxable income, subject to agreement with the tax authority.

The potential tax benefit of approximately \$1,414,000 (2007 : \$2,472,000) from unutilised tax losses, unabsorbed capital allowances and other temporary differences has not been recognised in the financial statements due to the uncertainty of its recoverability.

There are no income tax consequences attaching to the payment of dividends by the Company to the shareholders of the Company.

9. Earnings per share

(a) Continuing operations

Basic earnings per share amounts are calculated by dividing the profit from continuing operations attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per share amounts are calculated by dividing the profit from continuing operations attributable to shareholders of the Company by the weighted average number of ordinary shares in issue 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 income statement and share data used in the computation of basic and diluted earnings per share from continuing operations for the financial years ended 31 March :

	Group	
	2008 \$'000	2007 \$'000
Net profit from continuing operations attributable to shareholders of the Company used in computation of earnings per share	37,647	4,785
	Number of shares	
	2008 '000	2007 '000
Weighted average number of ordinary shares in issue applicable to basic earnings per share computation	92,319	93,320
Effect of dilution :		
Share options	360	122
Weighted average number of ordinary shares adjusted for the effect of dilution	92,679	93,442

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

9. Earnings per share (cont'd)

Outstanding share options that were not included in the calculation of diluted earnings per share because the share options are anti-dilutive amounted to nil (2007 : 1,270,000).

2,229,000 (2007 : 3,963,000) treasury shares held as at year end have been excluded from the above computation.

(b) Discontinued operations

The basic and diluted earnings/(loss) per share from discontinued operations are calculated by dividing the profit/(loss) from discontinued operations attributable to shareholders of the Company by the weighted average number of ordinary shares in issue applicable to basic earnings/(loss) per share and adjusted weighted average number of ordinary shares applicable to diluted earnings/(loss) per share respectively. The share data is as presented in caption (a) of this Note.

10. Goodwill

	Group \$'000
At 1 April 2006	6,543
Currency realignment	273
	<hr/>
At 31 March 2007 and 1 April 2007	6,816
Currency realignment	364
	<hr/>
At 31 March 2008	<u>7,180</u>

Impairment testing of goodwill

For the purpose of annual impairment testing, goodwill is allocated to the Group's single cash-generating unit ("CGU") within the "Engine Systems" segment in Australia which comprises the integrated operations of distributing and servicing turbocharges and fuel injection parts.

The recoverable amount of the CGU is determined based on value in use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the one-year period are extrapolated using the estimated growth rate of 8% (2007 : 10%) and terminal value of A\$22,705,000 (approximately \$29,153,000). Management has estimated the terminal value of A\$22,705,000 (approximately \$29,153,000) based on 5 times EBITDA of the 5th year, which is the same multiple used for assessing the business when it was acquired.

Management believes that the annual growth rate of 8% is reasonable given past performance and expectations for market development although the actual growth rate may differ from management's estimate as operating environment changes. A pre-tax discount rate of 9.13% (2007 : 10%) was applied to the cash flow projections, which in management's opinion, reflects the specific risk relating to the business.

At the balance sheet date, based on the key assumptions, management believes that the recoverable amount of goodwill exceeds its carrying amount.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

11. Investment properties, net

	Company \$'000
Cost	
At 1 April 2006	
- as previously reported	-
- adoption of FRS 40 (Note 2.2)	6,004
At 1 April 2006 as restated	6,004
Additions	61
At 31 March 2007 and 1 April 2007	6,065
Additions	448
Transfer from assets under construction	388
At 31 March 2008	6,901
Accumulated depreciation	
At 1 April 2006	
- as previously reported	-
- adoption of FRS 40 (Note 2.2)	5,009
At 1 April 2006 as restated	5,009
Depreciation	285
At 31 March 2007 and 1 April 2007	5,294
Depreciation (Note 5)	311
At 31 March 2008	5,605
Net carrying amount	
At 31 March 2008	1,296
At 31 March 2007	771

The fair value of the investment properties held by the Company as at 31 March 2008 amounted to \$4,900,000. Valuations are performed by an accredited independent valuer with recent experience in the location and categories of properties being valued.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

11. Investment properties, net (cont'd)

The investment properties held by the Company as at 31 March 2008 are as follows :

Location	Description	Tenure
182 Pandan Loop Singapore 128373	Office building and workshop	30 years lease from 16.9.2006

Income statement

Rental income from investment properties charged to subsidiary companies (Note 3)

Direct operating expenses (including repairs and maintenance) :
 - rental generating properties
 - non-rental generating properties

Company	
2008 \$'000	2007 \$'000
1,748	1,334
1,194	1,186
-	-
<u>1,194</u>	<u>1,186</u>

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

12. Property, plant and equipment, net

GROUP	Freehold	Freehold	Leasehold	Plant,	Furniture	Assets under	Total
	Land	building	buildings	workshop	and fixtures,	construction	
	\$'000	\$'000	\$'000	and rental	office	\$'000	\$'000
				equipment	equipment		
				\$'000	and motor		
					vehicles		
Cost							
At 1 April 2006	291	376	6,004	16,133	7,618	193	30,615
Currency realignment	12	16	–	118	219	–	365
Additions	–	–	61	4,252	482	388	5,183
Disposals/written off	–	–	–	(2,398)	(579)	(193)	(3,170)
At 31 March 2007 and 1 April 2007	303	392	6,065	18,105	7,740	388	32,993
Currency realignment	16	21	–	138	281	–	456
Additions	–	–	448	3,854	1,019	313	5,634
Disposals/written off	–	–	–	(929)	(735)	–	(1,664)
Transfer	–	–	388	–	–	(388)	–
At 31 March 2008	319	413	6,901	21,168	8,305	313	37,419
Accumulated depreciation							
At 1 April 2006	–	118	5,009	9,277	4,980	193	19,577
Currency realignment	–	5	–	70	150	–	225
Depreciation	–	19	285	1,501	1,140	–	2,945
Disposals/written off	–	–	–	(2,246)	(448)	(193)	(2,887)
At 31 March 2007 and 1 April 2007	–	142	5,294	8,602	5,822	–	19,860
Currency realignment	–	8	–	85	216	–	309
Depreciation	–	20	311	1,827	1,069	–	3,227
Disposals/written off	–	–	–	(369)	(630)	–	(999)
At 31 March 2008	–	170	5,605	10,145	6,477	–	22,397
Net carrying amount							
At 31 March 2008	319	243	1,296	11,023	1,828	313	15,022
At 31 March 2007	303	250	771	9,503	1,918	388	13,133

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

12. Property, plant and equipment, net (cont'd)

COMPANY	Leasehold buildings	Workshop equipment	Furniture and fixtures, office equipment and motor vehicles	Asset under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cost					
At 1 April 2006					
- as previously reported	6,004	1,059	1,236	-	8,299
- adoption of FRS 40 ¹	(6,004)	-	-	-	(6,004)
At 1 April 2006 (restated)	-	1,059	1,236	-	2,295
Additions	-	-	104	388	492
Disposals/written off	-	(850)	-	-	(850)
At 31 March 2007 and 1 April 2007	-	209	1,340	388	1,937
Transfer to investment properties	-	-	-	(388)	(388)
Additions	-	-	340	-	340
Disposals/written off	-	-	(314)	-	(314)
At 31 March 2008	-	209	1,366	-	1,575
Accumulated depreciation					
At 1 April 2006					
- as previously reported	5,009	1,052	1,080	-	7,141
- adoption of FRS 40 ¹	(5,009)	-	-	-	(5,009)
At 1 April 2006 (restated)	-	1,052	1,080	-	2,132
Depreciation	-	-	123	-	123
Disposals/written off	-	(844)	-	-	(844)
At 31 March 2007 and 1 April 2007	-	208	1,203	-	1,411
Depreciation	-	-	127	-	127
Disposals/written off	-	-	(297)	-	(297)
At 31 March 2008	-	208	1,033	-	1,241
Net carrying amount					
At 31 March 2008	-	1	333	-	334
At 31 March 2007	-	1	137	388	526

¹ At the Company level, the leasehold buildings which comprise office building and workshop located at 182 Pandan Loop, Singapore 128373, are leased to a few subsidiaries of the Group. Accordingly, they are reclassified as investment property in the Company's balance sheet.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

12. Property, plant and equipment, net (cont'd)

(a) *The Group's freehold and leasehold land and buildings are located at :*

Location	Description	Area sq. m.	Tenure	Net book value	
				2008 \$'000	2007 \$'000
Freehold land and buildings					
32 Raynham Street Salisbury Queensland 4107 Australia	Office building and workshop	2,200	Freehold	562	553
Leasehold building					
182 Pandan Loop Singapore 128373*	Office building and workshop	14,271	30 years lease from 16.9.2006	1,296	771

* This leasehold building has been classified as investment property at Company level as the property is leased to subsidiary companies.

(b) *Assets pledged as securities*

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

	Net book value	
	2008 \$'000	2007 \$'000
Freehold land	319	303
Freehold building	243	250
Plant and workshop equipment	7,183	5,438
Furniture and fixtures, office equipment and motor vehicles	1,003	1,411

(c) *Assets held under finance lease*

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$27,804.

The carrying amount of property, plant and equipment held under finance lease as at 31 March 2008 was \$25,000 (Note 21).

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

13. Subsidiary companies

	Company	
	2008 \$'000	2007 \$'000
Unquoted shares, at cost :		
At beginning of financial year	27,131	27,565
Dividends received from a subsidiary company paid out of pre-acquisition reserve	–	(434)
Acquisition	– *	–
At end of financial year (Note 32)	27,131	27,131
Impairment in value of investments	(10,711)	(10,748)
	16,420	16,383
Inter-company indebtedness :		
Amounts owing by subsidiary companies		
- Non-trade	414	899
- Interest-free loans	2,483	2,463
Allowance for amounts owing by subsidiary companies	(2,896)	(3,362)
	1	–
	16,421	16,383

* The cost of investment in the subsidiary company is less than \$1,000.

Further details regarding the cost of investment in subsidiary companies are set out in Note 32.

	Company	
	2008 \$'000	2007 \$'000
Movement in impairment in value of investments		
At beginning of financial year	10,748	10,574
Charge for the year	–	174
Written back	(37)	–
At end of financial year	10,711	10,748

Intercompany indebtedness

The amounts and loans owing by subsidiary companies included as part of the Company's net investment in subsidiary companies are unsecured, interest-free, have no repayment terms and are repayable only when the cash flows of the subsidiary companies 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 or payment of these loans and receivables cannot be estimated reliably.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

13. Subsidiary companies (cont'd)

The non-current amounts due by subsidiary companies that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows :

	Company	
	2008 \$'000	2007 \$'000
Amounts due by subsidiary companies - nominal value	2,896	3,362
Less : Allowance for impairment	(2,896)	(3,362)
	-	-
Allowance for impairment of intercompany indebtedness :		
At beginning of financial year	3,362	2,832
Charge for the year	-	530
Written off	(10)	-
Transfer to allowance for current amounts due by subsidiary companies (Note 17)	(456)	-
At end of financial year	2,896	3,362

14. Long term investment

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Quoted securities, at fair value	-	36,037	-	-

During the financial year, the Group sold its entire stake in quoted investment (Note 7).

The fair value of the above investment is based on its quoted closing market price on the last market day of the financial year. The Group's available-for-sale investments are denominated in Australian dollars.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

15. Receivables and prepayments

Receivables and prepayments relate to interest-free staff loans extended to executive directors and management staff of the Company and its subsidiary companies to purchase cars. These loans are repayable by monthly instalments over seven years with the last repayment due in Year 2015. The executive directors and management staff concerned had entered into agreements with the Company or the respective subsidiary companies to assign all rights of ownership of the cars to the Company or the subsidiary companies until full settlement of the loans. The staff loans are carried at amortised cost. The difference between the amortised cost and absolute loan amount is recognised as prepaid staff benefits. The current portion of these loans is disclosed in Note 17.

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Non-current				
Staff loans, at amortised cost	338	419	83	50
Prepaid staff benefits	42	42	13	4
	<u>380</u>	<u>461</u>	<u>96</u>	<u>54</u>
Current				
Staff loans, at amortised cost (Note 17)	137	98	21	23
Prepaid staff benefits *	18	18	5	3
	<u>155</u>	<u>116</u>	<u>26</u>	<u>26</u>

* This is included in prepayments presented as current assets in the balance sheet.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

16. Inventories

	Group	
	2008 \$'000	2007 \$'000
<i>First-in-first-out basis</i>		
- Raw materials	845	1,006
- Work-in-progress	5,198	3,725
- Engines and spares	232	259
	<u>6,275</u>	<u>4,990</u>
<i>Weighted average basis</i>		
- Finished goods	9,444	8,894
- Work-in-progress	28	29
- Goods-in-transit	309	79
	<u>9,781</u>	<u>9,002</u>
Total inventories at lower of cost and net realisable value	<u>16,056</u>	<u>13,992</u>
Inventories are stated after deducting allowance for inventory obsolescence of :		
- first-in-first-out basis	257	137
- weighted average basis	613	547
	<u>870</u>	<u>684</u>

During the financial year, the Group wrote down \$239,000 (2007 : \$366,000) of inventories. This allowance for inventory obsolescence has been included in the income statement as part of other operating expenses (Note 5(b)).

The Group had pledged a floating charge over the inventories of a subsidiary company amounting to \$9,781,000 (2007 : \$8,785,000) for the financial year ended 31 March 2008 as securities over the bank borrowings of the subsidiary company (Note 22(a)).

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

17. Trade and other receivables

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade receivables	17,872	14,527	-	-
Advances to suppliers	236	79	-	-
Staff loans, current (Note 15)	137	98	21	23
Sundry deposits	4	14	2	2
Sundry receivables	209	275	48	50
Interest receivable	-	-	3,342	-
Amounts owing by subsidiary companies				
- <i>Interest bearing</i>				
Trade	-	-	1,930	4,215
Non-trade	-	-	1,541	857
Loan	-	-	1,005	7,586
- <i>Non-interest bearing</i>				
Trade	-	-	10,430	1,409
Non-trade	-	-	-	6,896
Loan	-	-	1,368	2,211
	<u>18,458</u>	<u>14,993</u>	<u>19,687</u>	<u>23,249</u>
Trade and other receivables are stated after deducting an allowance for doubtful receivables of :				
- trade receivables	1,483	1,202	113	113
- sundry receivables	12	12	-	-
- amounts owing by subsidiary companies	-	-	1,293	-
	<u>1,495</u>	<u>1,214</u>	<u>1,406</u>	<u>113</u>

Trade and other receivables are denominated in the following currencies at the balance sheet date :

	Group	
	2008 \$'000	2007 \$'000
Singapore dollars	3,874	4,385
Australian dollars	5,694	5,194
United States dollars	8,890	5,369
Others	-	45
	<u>18,458</u>	<u>14,993</u>

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.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

17. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$14,026,000 (2007 : \$11,528,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows :

	Group	
	2008 \$'000	2007 \$'000
Trade receivables past due :		
Lesser than 30 days	6,002	7,947
30 to 60 days	5,699	1,578
61 to 90 days	1,467	1,143
More than 90 days	858	860
	14,026	11,528

Receivables that are impaired

Trade receivables that are determined to be impaired at the balance sheet date relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group's trade and other receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment of trade receivables are as follows :

	Group			
	Individually impaired		Collectively impaired	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade receivables - nominal value	1,080	994	660	431
Less : Allowance for impairment	(1,080)	(994)	(403)	(208)
	-	-	257	223
Allowance for impairment :				
At beginning of financial year	994	957	208	372
Exchange differences	43	36	-	-
Charge for the year (Note 5)	185	229	195	-
Written back (Note 5)	-	-	-	(164)
Provisions no longer required	(142)	(228)	-	-
At end of financial year	1,080	994	403	208
Other receivables - nominal value	12	12	-	-
Less : Allowance for impairment	(12)	(12)	-	-
	-	-	-	-

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

17. Trade and other receivables (cont'd)

Amounts owing by subsidiary companies

The non-interest bearing amounts due from subsidiary companies are unsecured and repayable in cash on demand. The interest bearing amounts due from subsidiary companies are unsecured, bear interests at rates ranging from 7.75% to 10.40% (2007 : 6.71% to 7.70%) per annum and are repayable in cash on demand. Interest rates are re-priced at intervals of three months.

The amounts due by subsidiary companies that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows :

	Company	
	2008 \$'000	2007 \$'000
Amounts due by subsidiary companies - nominal value	1,293	-
Less : Allowance for impairment	(1,293)	-
	<u>-</u>	<u>-</u>
Allowance for impairment :		
At beginning of financial year	-	-
Charge for the year (Note 5)	837	-
Transfer from allowance for non-current amounts due by subsidiary companies (Note 13)	456	-
At end of financial year	<u>1,293</u>	<u>-</u>

18. Investment securities

Investment securities are investment in equity instruments that are quoted on the SGX-ST in Singapore. They are classified as held for trading financial assets and are carried at fair value.

19. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise fixed deposits, cash at banks and in hand less unsecured bank overdrafts, which form an integral part of the Group's cash management.

	Group	
	2008 \$'000	2007 \$'000
Fixed deposits	26,445	-
Cash at banks and in hand	7,605	2,937
Bank overdrafts, unsecured (Note 22)	-	(254)
Cash and cash equivalents	<u>34,050</u>	<u>2,683</u>

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

19. Cash and cash equivalents (cont'd)

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.01% to 4.70% (2007 : 0.01% to 4.35%) per annum. Fixed deposits are made for varying periods of between one week and three months depending on the immediate cash requirements of the Group, and earn interests at the respective fixed deposit rates ranging from 1.00% to 7.70% (2007 : nil).

Cash and cash equivalents were denominated in the following currencies at the balance sheet date :

	Group	
	2008 \$'000	2007 \$'000
Singapore dollars	15,433	512
Australian dollars	17,279	739
United States dollars	1,322	1,421
Others	16	11
	<u>34,050</u>	<u>2,683</u>

20. Trade and other payables

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<u>Current</u>				
Trade payables	7,103	7,172	-	-
Sundry payables	499	249	204	167
Accruals for staff-related costs	5,923	3,306	1,640	676
Sundry accruals	1,679	1,766	196	404
Amounts owing to subsidiary companies				
- Non-trade	-	-	-	25
- Interest-free loans	-	-	-	1,038
Derivative financial instruments	(24)	(2)	-	-
	<u>15,180</u>	<u>12,491</u>	<u>2,040</u>	<u>2,310</u>
<u>Non-current</u>				
Amounts owing to subsidiary companies				
- Interest-free loans	-	-	2,219	2,442

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

20. Trade and other payables (cont'd)

Trade and other payables are denominated in the following currencies at the balance sheet date :

	Group	
	2008 \$'000	2007 \$'000
Singapore dollars	7,207	5,868
Australian dollars	6,362	5,365
United States dollars	1,167	694
Others	444	564
	15,180	12,491

Trade payables

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

Other payables

Other payables are non-interest bearing and have an average term of 30 to 60 days.

Amounts owing to subsidiary companies

The amounts and loans owing to subsidiary companies included under current payables are unsecured, non-interest bearing and are repayable in cash on demand.

The loans owing to subsidiary companies included under non-current payables 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.

Derivative financial instruments

	Group			
	2008		2007	
	Contract notional amount \$'000	Fair value \$'000	Contract notional amount \$'000	Fair value \$'000
Foreign currency contracts	7,254	(24)	380	(2)

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

20. Trade and other payables (cont'd)

At 31 March 2008, the settlement dates on open foreign currency contracts ranged between 0 to 6 months (2007 : 1 to 2 months) for the following notional amounts :

	Group	
	2008 \$'000	2007 \$'000
Contracts to deliver United States dollars and receive Singapore dollars	7,254	380

21. Finance lease payable

At 31 March 2008, the Group has obligations for certain workshop equipment under finance lease (Note 12 (c)).

The lease has an option to purchase for a nominal sum. Future minimum lease payments under finance lease with the present value of net minimum lease payments are payable as follows :

	Group			
	2008		2007	
	Minimum lease payments \$'000	Present value of payments \$'000	Minimum lease payments \$'000	Present value of payments \$'000
Within 1 year	7	5	-	-
After 1 year but within 5 years	25	22	-	-
Total minimum lease payments	32	27	-	-
Less : Amount representing finance charges	(5)	-	-	-
Present value of minimum lease payments	27	27	-	-

	Group	
	2008 \$'000	2007 \$'000
Current	5	-
Non-current	22	-
	27	-

The finance lease for the Group bears effective interest rates of 9.47% (2007 : nil%) per annum respectively.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

22. Bank borrowings

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Short term bank borrowings				
<u>Bank overdrafts</u>				
Unsecured (Note 19)	-	254	-	254
Secured				
- Facility 1	-	2,047	-	-
<u>Short term bank loans</u>				
Unsecured	-	3,610	-	3,000
Secured				
- Facility 1	-	1,404	-	-
- Facility 2	-	600	-	-
	-	7,915	-	3,254
Long term bank borrowings, current portion				
<u>Long term bank loans</u>				
Unsecured	340	85	-	-
Secured				
- Facility 1	-	878	-	-
- Facility 2	1,421	985	-	-
	1,761	1,948	-	-
Long term bank borrowings, non-current portion				
<u>Long term bank loans</u>				
Unsecured	475	475	-	-
Secured				
- Facility 1	-	4,498	-	-
- Facility 2	3,103	2,840	-	-
	3,578	7,813	-	-
Total bank borrowings	5,339	17,676	-	3,254

Unsecured bank borrowings :

The unsecured bank overdraft is repayable on demand and bears interest at 1.00% (2007 : 1.00%) per annum above the bank's prime rate.

The unsecured short term bank loans relate to 30 day revolving loans. Interest is payable at 2.50% (2007 : 2.50%) per annum above the bank's cost of funds.

The unsecured long term bank loan is repayable over quarterly instalments of \$85,000 commencing from 2 January 2008 with last instalment on 2 July 2010. Interest is payable at the rate of 1.75% (2007 : 1.75%) per annum above the bank's cost of funds.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

22. Bank borrowings (cont'd)

Secured bank borrowings :

The secured bank borrowings of the Group relate to bank overdrafts, short term and long term bank loans, of the subsidiary companies.

(a) Facility 1

During the financial year, all outstanding bank borrowings in respect of Facility 1 were fully repaid.

Prior to the repayment :

- The bank overdraft was repayable on demand and bears interest at 2.00% (2007 : 2.00%) per annum above the bank's reference lending rate.
- The short term bank loans were 30 day to 90 day revolving loans and interest is payable at 2.00% (2007 : 2.00%) per annum above the bank's bill rate or cost of funds, whichever is higher.
- The long term bank loans were repayable in monthly instalments of A\$60,000. Interest was payable at 2.00% (2007 : 2.00%) per annum above the bank's bill rate.

The facility was secured by the following :

- first legal mortgage over the subsidiary company's freehold property at 32 Raynham St., Salisbury, Queensland, Australia, with a net book value of \$553,000 as at 31 March 2007;
- legal assignment of the sales proceeds of the aforementioned property;
- legal charge of the equity interest held by the subsidiary company in another body corporate;
- corporate guarantee from the Company;
- fixed and floating charge over the assets of the subsidiary company; and
- deed of subordination from a fellow subsidiary company.

The above securities have yet to be fully discharged as at 31 March 2008.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

22. Bank borrowings (cont'd)

(b) Facility 2

The short term bank loans are short term revolving loans with tenure of 3 or 6 months. Interest is payable at 1.75% (2007 : 1.75%) per annum above the bank's cost of funds.

The long term bank loans are repayable over quarterly instalments of between \$24,000 and \$55,000 with the last instalment on 30 June 2012. Interest is payable at the rate of between 1.50% and 2.00% (2007 : between 1.80% and 2.00%) per annum above the bank's cost of funds.

The facility is secured by the following :

- fixed charge on certain workshop equipment with a net book value of \$5,619,000 as at 31 March 2008 (2007 : \$4,103,000) purchased with the bank borrowings (Note 12 (b)); and
- corporate guarantee from the Company.

23. Loans from a minority shareholder of a subsidiary company

The loans from a minority shareholder of a subsidiary company relate to loans from Mr. Samuel Bernard Sassoon to MTQ Subsea Technology Pte Ltd, a 77.51% owned subsidiary company of the Company. Mr. Sassoon is also a Director of MTQ Subsea Technology Pte Ltd.

The loans are unsecured and interest-free.

The minority shareholder has provided a letter of financial support undertaking not to demand repayment of such sums until such time that the subsidiary company is in a net asset position, or is subject to liquidation or similar proceedings, or if such amounts recalled will not jeopardise the ability of the subsidiary company to meet its obligations as and when they fall due. Accordingly, the fair value of the loans is not determinable as the timing of the future cash flows arising from the payment of the loans cannot be estimated reliably.

24. Deferred tax (liabilities)/assets

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
At beginning of financial year	570	894	-	(65)
Currency realignment	59	46	-	-
(Written back)/provided during the financial year	(747)	(370)	(236)	65
At end of financial year	(118)	570	(236)	-

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

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

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Deferred tax assets				
Unabsorbed capital allowances and tax losses	-	286	-	-
Employee benefits	582	403	28	-
Unrealised foreign exchange loss	-	157	-	-
Other provisions	815	488	-	-
Others	-	30	-	-
	<u>1,397</u>	<u>1,364</u>	<u>28</u>	<u>-</u>
Deferred tax liabilities				
Excess of net book value over tax written down value of property, plant and equipment	(989)	(530)	(7)	-
Unrealised foreign exchange gain	(258)	(242)	-	-
Unremitted foreign income	(257)	-	(257)	-
Others	(11)	(22)	-	-
	<u>(1,515)</u>	<u>(794)</u>	<u>(264)</u>	<u>-</u>
	<u>(118)</u>	<u>570</u>	<u>(236)</u>	<u>-</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 :

Deferred tax assets	1,067	1,146	-	-
Deferred tax liabilities	(1,185)	(576)	(236)	-
Deferred tax (liabilities)/assets, net	<u>(118)</u>	<u>570</u>	<u>(236)</u>	<u>-</u>

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

25. Provisions

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current	586	585	–	–
Non-current	767	479	164	62
	<u>1,353</u>	<u>1,064</u>	<u>164</u>	<u>62</u>

Represented by : -

	Group				
	Make good provision \$'000	Maintenance warranty \$'000	Long service leave \$'000	Others \$'000	Total \$'000
At 1 April 2007	196	85	770	13	1,064
Currency realignment	7	5	41	–	53
Provisions during the year	87	67	75	–	229
Accretion of interest	7	–	–	–	7
At 31 March 2008	<u>297</u>	<u>157</u>	<u>886</u>	<u>13</u>	<u>1,353</u>

	Company				
	Make good provision \$'000	Maintenance warranty \$'000	Long service leave \$'000	Others \$'000	Total \$'000
At 1 April 2007	62	–	–	–	62
Provisions during the year	–	–	–	100	100
Accretion of interest	2	–	–	–	2
At 31 March 2008	<u>64</u>	<u>–</u>	<u>–</u>	<u>100</u>	<u>164</u>

Make good provision

In accordance with a number of 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 - 31 March 2008

(In Singapore dollars)

25. Provisions (cont'd)

Provision for maintenance warranty

In determining the level of provision required for maintenance warranties the Company has made judgements in respect of the expected performance of the product, number of customers who will actually use the maintenance warranty and how often and the costs of fulfilling the performance of the maintenance warranty. 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 estimated future cash flows to be made in respect of all employees at balance sheet date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

26. Share capital and treasury shares

	Group and Company			
	Ordinary shares issued and fully paid		Treasury shares	
	No. of shares '000	\$'000	No. of shares '000	\$'000
At 1 April 2006	95,445	28,126	–	–
Share buyback - held as treasury shares	–	–	(4,000)	(1,599)
Reissued pursuant to share option scheme :				
- For cash on exercise of share options (Note 33)	–	–	37	11
- Loss recognised in other reserve upon reissuance of treasury shares (Note 27)	–	–	–	3
	–	–	37	14
At 31 March 2007 and 1 April 2007	95,445	28,126	(3,963)	(1,585)
Issuance on declaration of scrip dividend (Note 29)	96	33	–	–
Reissued pursuant to share option scheme :				
- For cash on exercise of share options (Note 33)	–	–	1,734	679
- Loss recognised in other reserve upon reissuance of treasury shares (Note 27)	–	–	–	15
	–	–	1,734	694
At 31 March 2008	95,541	28,159	(2,229)	(891)

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

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

On 18 September 2007, the Company allotted and issued 96,117 new ordinary shares to eligible members of the Company who have elected to participate in the MTQ Corporation Limited Scrip Dividend Scheme.

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

During the financial year, 1,734,000 ordinary shares were transferred out of treasury shares held by the Company upon the exercise of share options at the exercise price of \$0.30 and \$0.43 per share pursuant to the MTQ Corporation Executives' Share Option Scheme 2005.

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 restriction, except for treasury shares which have no voting rights.

There are outstanding options granted to subscribe for ordinary shares of the Company granted under the employee share option plans as disclosed in Note 33.

27. Reserves

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Distributable reserves				
- Retained earnings	28,438	10,886	10,186	6,510
- Foreign currency translation reserve	1,477	2,031	-	-
Fair value adjustment reserve	-	17,526	-	-
Other reserve	(18)	(3)	(18)	(3)
	<u>29,897</u>	<u>30,440</u>	<u>10,168</u>	<u>6,507</u>

Foreign currency translation reserve

The foreign currency translation reserve comprises translation differences arising from the translation of assets and liabilities in foreign operations for inclusion in the consolidated financial statements.

Fair value adjustment reserve

Fair value adjustment reserve relates to the cumulative fair value changes of available-for-sale financial assets marked to fair value until the investment is derecognised.

Other reserve

Other reserve relates to the loss on the transfer of treasury shares, upon the exercise of share options by employees.

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

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

28. Minority interests

Minority interests relates to the share by a minority shareholder of a subsidiary company of the negative net worth of the subsidiary company amounting to \$659,000 (2007 : \$658,000). The minority shareholder's deemed obligations to share in such deficit are detailed in Note 23.

29. Dividends

	Group and Company	
	2008 \$'000	2007 \$'000
Declared and paid during the financial year :		
Paid in respect of the previous financial year :		
- Final dividend of 1.5 cents per ordinary share, less tax at 18% (2007 : 1.5 cents per ordinary share, less tax at 18%)	1,128	1,145
Paid in respect of the current financial year :		
- Interim dividend of 1.0 cent per ordinary share, less tax at 18% (2007 : 1.0 cent per ordinary share, less tax at 18%)	765	732
- Special dividend of 24.0 cents per ordinary share, less tax at 18% (2007 : nil)	18,364	-
	<u>20,257</u>	<u>1,877</u>

The Company's Scrip Dividend Scheme (Note 26) under which shareholders might elect to receive dividends in the form of new shares in lieu of cash applied to the final dividend paid in respect of the previous financial year. The value of scrip dividends allotted and issued was \$33,000.

Proposed but not recognised as a liability as at 31 March :

After the balance sheet date, the Directors proposed the following dividends :

Final dividend of 2.0 cents per ordinary share, tax exempt (one-tier) (2007 : 1.5 cents per ordinary share, less tax at 18%)	<u>1,849</u>	<u>1,125</u>
---	--------------	--------------

Proposed dividend is calculated based on total ordinary shares issued as at 4 June 2008.

The proposed dividends 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 of the shareholders at the next Annual General Meeting of the Company.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

30. Commitments and contingencies

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 2036 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	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Within one year	1,044	1,334	221	191
After one year but not more than five years	2,041	2,320	977	789
More than five years	11,212	7,465	11,212	7,465
	<u>14,297</u>	<u>11,119</u>	<u>12,410</u>	<u>8,445</u>

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 :

Authorised but not committed	1,522	4,691	79	298
Authorised and committed	1,300	1,878	–	664
	<u>2,822</u>	<u>6,569</u>	<u>79</u>	<u>962</u>

Contingent liabilities

(i) Corporate guarantees

Corporate guarantees issued by the Company for bank facilities granted to subsidiary companies	<u>–</u>	<u>–</u>	<u>13,915</u>	<u>23,425</u>
Bank facilities utilised by subsidiary companies at balance sheet date	<u>–</u>	<u>–</u>	<u>8,302</u>	<u>15,374</u>

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

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

30. Commitments and contingencies (cont'd)

- (ii) MTQ Engine Systems (Aust) Pty Ltd ("MTQES"), a wholly-owned subsidiary company of the Company, had previously supplied a turbocharger to CSR Limited ("CSR") in 2002 ("2002 Turbocharger"). The turbocharger was destroyed in an incident in early February 2003 and CSR contracted with MTQES to provide a replacement turbocharger ("2003 Turbocharger"). MTQES separately invoiced CSR for each of the turbochargers, but only received payment for the 2002 Turbocharger. MTQES commenced proceedings against CSR in the Supreme Court of Queensland in Brisbane in September 2003 to recover the 2003 Turbocharger invoice sum being A\$516,714 (approximately \$663,461) plus interests and costs.

CSR has defended the proceedings and CSR and Cement Australia (Goliath) Pty Ltd ("Cement Australia") have filed an amended counterclaim against MTQES for loss and damage of approximately A\$871,544 (approximately \$1,119,062) suffered by CSR and Cement Australia, alleging that the turbochargers were not in conformity with the relevant contracts. CSR and Cement Australia are also claiming costs and interest. CSR and Cement Australia claimed that the turbochargers supplied by MTQES were not authentic and were not new and as a result the turbochargers have either failed or have to be removed from the relevant vessel. MTQES' supplier has denied the allegations in relation to the non-conformance and authenticity of the relevant turbocharger components. Each of the parties has delivered experts' reports and an experts' joint report has also been prepared by the experts and delivered to the Court. The Australian Transport Safety Bureau ("ATSB") prepared an independent report that supports the opinion of MTQES' expert testimony. ATSB is a government agency and the report will be called into evidence during the trial. It is believed this will add weight to MTQES' case.

A Court hearing date has been scheduled on 6th August 2008 in respect of the litigation. Preparations are underway for the hearing and no provision has been made in the financial statement at this stage for the counterclaim made by CSR.

Other commitments

- (i) *Consultancy agreement*

MTQES entered into a consultancy agreement during the financial year ended 31 March 2004 with Mr. Don Wilkey for the provision of consultancy services in respect of the development of its fuel injection business. Mr. Wilkey was the owner of the Adelaide Fuel Injection group of companies, the business of which was acquired by MTQES on 24 October 2003. Under the agreement, MTQES has to pay a fee of A\$100,000 (approximately \$128,400) per annum for the consultancy services, six monthly in arrears over 5 years, commencing 23 October 2003 and ending 22 October 2008.

- (ii) *Financial support*

The Company has provided letters of financial support to certain subsidiary companies that it will not demand repayment of the amounts owing by such subsidiary companies unless such repayment will not jeopardise the ability of these subsidiary companies to meet their obligations as and when they fall due. The total amount owing from these subsidiary companies is \$4,190,000 (2007 : \$13,578,000).

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

31. Information by segment on the Group's operations

(a) Business segments

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 subsidiary companies. It also derives dividend and rental income from its subsidiary companies 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 oilfield equipment and spare parts. This segment operates primarily out of Singapore.

(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. This segment operates mainly in Australia and Indonesia.

(iv) Securities trading

Principally engaged in trading of quoted shares in an organised market.

(v) Subsea robotics

Engages in designing, manufacturing and leasing of remotely operated vehicles ("ROVs") for subsea operations. This segment operates mainly in the Asian region. The Group had sold its ROV assets and had wound down its ROV operations.

Inter-segment sales are based on terms determined on a commercial basis. These are eliminated on consolidation.

(b) Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

(c) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax and deferred tax assets and liabilities, loans and borrowings and related expenses.

Transfer pricing between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

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

(a) By business segments

2008

	Continuing operations						Discontinued operations	Total operations	
	Investment holding	Oilfield engineering	Engine systems	Securities trading	Others	Eliminations	Subsea robotics		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Revenue and expenses									
External sales	-	43,742	39,646	1,316	-	-	84,704	-	84,704
Inter-segment sales	8,109	2,095	52	-	-	(10,256)	-	-	-
Total sales	8,109	45,837	39,698	1,316	-	(10,256)	84,704	-	84,704
Segment results	40,595	11,878	(2,393)	41	(20)	1,059	51,160	161	51,321
Interest income							688	-	688
Finance costs							(779)	-	(779)
Taxation							(13,422)	37	(13,385)
Net profit for the financial year							<u>37,647</u>	<u>198</u>	<u>37,845</u>
Assets and Liabilities									
Segment assets	9,643	37,950	43,793	574	2	-	91,962	10	91,972
Deferred tax assets							1,067	-	1,067
Tax recoverable							15	-	15
Total assets							<u>93,044</u>	<u>10</u>	<u>93,054</u>
Segment liabilities	(2,210)	(6,034)	(8,242)	(9)	(10)	-	(16,505)	(28)	(16,533)
Provision for taxation							(12,366)	(59)	(12,425)
Deferred tax liabilities							(1,185)	-	(1,185)
Bank borrowings and finance lease liabilities							(5,366)	-	(5,366)
Loan from a minority shareholder of a subsidiary company							-	(1,039)	(1,039)
Total liabilities							<u>(35,422)</u>	<u>(1,126)</u>	<u>(36,548)</u>

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

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

(a) By business segments (cont'd)

2008

Continuing operations							Discontinued operations	Total operations \$'000
Investment holding \$'000	Oilfield engineering \$'000	Engine systems \$'000	Securities trading \$'000	Others \$'000	Eliminations \$'000	Total \$'000	Subsea robotics \$'000	

Other segmental information

Capital expenditure	788	3,631	1,215	-	-	-	5,634	-	5,634
Depreciation	438	1,602	1,187	-	-	-	3,227	-	3,227
Allowance for impairment of receivables, net	-	195	185	-	-	-	380	-	380
Allowance for inventory obsolescence, net	-	120	119	-	-	-	239	-	239
Other non-cash expenses/(income)	(92)	(186)	80	-	-	(13)	(211)	-	(211)

(b) By geographical segments

2008

	Singapore \$'000	Australia \$'000	Indonesia \$'000	Malaysia \$'000	Total \$'000
External sales	45,058	39,077	569	-	84,704
Segment assets	48,137	43,595	238	2	91,972
Capital expenditure	4,419	1,191	24	-	5,634

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

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

(a) By business segments (cont'd)

2007

	Continuing operations						Discontinued operations	Total operations	
	Investment holding	Oilfield engineering	Engine systems	Securities trading	Others	Eliminations	Total		Subsea robotics
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue and expenses									
External sales	–	31,962	35,551	–	–	–	67,513	403	67,916
Inter-segment sales	3,692	1,661	91	–	–	(5,444)	–	–	–
Total sales	3,692	33,623	35,642	–	–	(5,444)	67,513	403	67,916
Segment results	265	7,418	(847)	–	(22)	707	7,521	(38)	7,483
Interest income							80	–	80
Finance costs							(1,204)	–	(1,204)
Taxation							(1,612)	(42)	(1,654)
Net profit/(loss) for the financial year							4,785	(80)	4,705
Assets and Liabilities									
Segment assets	37,572	25,438	25,788	–	3	(13)	88,788	83	88,871
Deferred tax assets							1,146	–	1,146
Tax recoverable							94	–	94
Total assets							90,028	83	90,111
Segment liabilities	(1,331)	(4,887)	(7,278)	–	(9)	–	(13,505)	(50)	(13,555)
Provision for taxation							(942)	–	(942)
Deferred tax liabilities							(480)	(96)	(576)
Bank borrowings							(17,676)	–	(17,676)
Loan from a minority shareholder of a subsidiary company							–	(1,039)	(1,039)
Total liabilities							(32,603)	(1,185)	(33,788)

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

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

(a) By business segments (cont'd)

2007

Continuing operations							Discontinued operations	Total operations \$'000
Investment holding \$'000	Oilfield engineering \$'000	Engine systems \$'000	Securities trading \$'000	Others \$'000	Eliminations \$'000	Total \$'000	Subsea robotics \$'000	

Other segmental information

Capital expenditure	492	4,310	320	-	-	-	5,122	-	5,122
Depreciation	408	1,205	1,333	-	-	(1)	2,945	-	2,945
Allowance for doubtful receivables, net	-	(164)	229	-	-	-	65	-	65
Allowance for inventory obsolescence, net	-	-	366	-	-	-	366	-	366
Other non-cash expenses/(income)	6	(16)	(36)	-	-	(2)	(48)	-	(48)

(b) By geographical segments

2007

	Singapore \$'000	Australia \$'000	Indonesia \$'000	Malaysia \$'000	Total \$'000
External sales	32,365	35,151	400	-	67,916
Segment assets	43,684	44,570	614	3	88,871
Capital expenditure	4,802	302	18	-	5,122

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

32. Subsidiary companies

The subsidiary companies as at 31 March are :

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Percentage of equity held by the Group	
		2008 \$'000	2007 \$'000	2008 %	2007 %
Unquoted equity shares held by the Company :					
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
MTQ Equipment Rental Pte. Ltd. (Republic of Singapore)	Providing oilfield equipment rental services (Republic of Singapore)	5,678	5,678	100	100
MTQ Fabrication Pte. Ltd. (Republic of Singapore)	Providing oilfield fabrication services (Republic of Singapore)	37	37	100	100
MTQ Investments Pte. Ltd. (Republic of Singapore)	Investment holding (Republic of Singapore)	542	542	100	100
Blossomvale Investments Pte. Ltd. (Republic of Singapore)	Securities trading (Republic of Singapore)	– ♦	–	100	–
MTQ Subsea Technology Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	4,679	4,679	77.5	77.5
i MTQ Engine Systems (Aust) Pty Ltd (Australia)	Sales and servicing of turbochargers and fuel injection parts (Australia)	5,295	5,295	100	100
i MTQ Holdings Pty Ltd (Australia)	Investment holding (Australia)	3,556	3,556	100	100
ii PT MTQ Engine Systems Indonesia (Indonesia)	Sales and servicing of turbochargers and fuel injection parts (under liquidation with effect from 24 January 2008) (Indonesia)	174	174	100	100

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

32. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Percentage of equity held by the Group	
		2008 \$'000	2007 \$'000	2008 %	2007 %
Unquoted equity shares held by the Company :					
iii Metalock Castings Sdn Bhd (Malaysia)	Inactive (Malaysia)	5,858	5,858	99.9	99.9
iii MTQ Engineering Sdn Bhd (Malaysia)	Inactive (Malaysia)	– ♦	– ♦	100	100
		<u>27,131</u>	<u>27,131</u>		

Unquoted equity shares held by subsidiary companies :

iv MTQ Subsea Limited (United Kingdom)	Liquidated (United Kingdom)	–	1,734	77.5	77.5
iv Dynamic Turbocharger Services (Australia) Pty Ltd (Australia)	Inactive (Australia)	– ♦	– ♦	100	100
ii PT MTQ Engine Systems Indonesia (Indonesia)	Sales and servicing of turbochargers and fuel injection parts (under liquidation with effect from 24 January 2008) (Indonesia)	2	2	100	100
		<u>2</u>	<u>1,736</u>		

i Audited by Ernst & Young, Australia

ii Audited by Purwantono, Sarwoko & Sandjaja, Indonesia, a member firm of Ernst & Young Global

iii Audited by Ernst & Young, Malaysia

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

♦ The cost of investments in each of these subsidiary companies is less than \$1,000

Except otherwise indicated, the above subsidiary companies are audited by Ernst & Young, Singapore.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

33. Employee benefits

Employee share option plans

The Group has in place the MTQ Corporation Executives' Share Option Scheme 2003 (the "Scheme") which replaces the Metalock Executives' Share Option Scheme (the "Previous Scheme"), and the MTQ Subsea Technology Pte Ltd Share Option Scheme (the "Subsea Scheme") for granting of share options to Directors and executives. The Subsea Scheme had been cancelled with effect from 1 June 2007.

MTQ Corporation Executives' Share Option Scheme 2003

The Scheme was approved by shareholders of the Company at an Extraordinary General Meeting held on 14 April 2003.

Unlike the Previous Scheme, the Scheme, inter alia, allows for the participation of executives who meet the eligibility criteria but who are also controlling shareholders. Although the Previous Scheme is replaced by the Scheme, any subsisting and outstanding share options granted under the Previous Scheme continues to be exercisable in accordance with the terms of the Previous Scheme.

The Previous Scheme and the Scheme are administered by the Remuneration Committee appointed by the Directors of the Company. The Remuneration Committee comprises the following members :

Huang Yuan Chiang (Chairman)
Ong Choo Eng
Ian Wayne Spence

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

The principal terms of the Scheme are :

(i) Scheme Size and Duration

The aggregate number of ordinary shares over which the Remuneration Committee may grant options pursuant to the Scheme, when added to the number of ordinary shares issued and issuable in respect of all options granted under the Scheme and the Previous Scheme, shall not exceed fifteen per cent (15%) ("Maximum Limit") of the total number of issued shares of the Company on the day preceding the date of grant.

The Scheme shall continue in existence at the discretion of the Remuneration Committee subject to a maximum period of ten years commencing from the date the Scheme is adopted by the Company in general meeting, provided always that the Scheme may be extended beyond the ten year period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities as may be required. The Company, in general meeting, may by ordinary resolution terminate the Scheme at any time.

Termination of the Scheme shall not affect options which have been granted, whether such options have been exercised (whether fully or partially) or not.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

33. Employee benefits (cont'd)

(ii) Eligibility to participate in the Scheme

In respect of the Scheme, the following categories of individuals shall be eligible to participate :

- Directors and employees of the Company;
- Directors and employees of subsidiary companies of the Company;
- Directors and employees of associated companies (a company as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and over which the Company has control); and
- subject to the conditions in the following paragraphs, directors and employees of the Company and its subsidiary companies who are controlling shareholders of the Company (as defined in the Listing Manual of the SGX-ST).

Employees refer to only confirmed non-bargainable employees who are at least twenty-one years of age.

In respect of any person who is a Director or employee of the Company or its subsidiary companies, and who is also a controlling shareholder of the Company,

- associates (as defined in the Listing Manual of the SGX-ST) of the controlling shareholders shall not be eligible to participate in the Scheme;
- the total number of ordinary shares in respect of which options may be granted to such controlling shareholders shall not exceed twenty-five per cent (25%) of the Maximum Limit; and
- the total number of ordinary shares in respect of which options may be granted to each of such controlling shareholders shall not exceed ten per cent (10%) of the Maximum Limit.

Controlling shareholders shall not participate in the Scheme unless their participation and the actual number of ordinary shares and terms of any options to be granted to each of them have been approved by the independent shareholders in general meeting in separate resolutions.

(iii) Grant of Options

Options under the Scheme may be granted at any time during the period when the Scheme is in force, except that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, options may be granted only on or after the second Market Day (as defined in the Listing Manual of SGX-ST) after the day on which such announcement is released. In addition, no options may be granted during any other period specified by the Directors to be a period in which officers of the Company must not deal in securities of the Company.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

33. Employee benefits (cont'd)

(iv) Exercise Period

Subject to the other rules of the Scheme, an option granted can be exercised by the option holder at any time during a period commencing on the first anniversary from the date of grant or such later date at the discretion of the Remuneration Committee, and expiring on the day immediately preceding :

- the tenth anniversary of the date of grant in the case of executive directors and employees of the Company or its subsidiary companies; or
- the fifth anniversary of the date of grant in the case of all other participants.

An option granted with subscription price fixed at a discount to Market Price (as defined below) can only be exercised after the second anniversary of the date of grant.

(v) Subscription Price

The subscription price for each share comprised in an option that is exercisable, shall be equal to the average of the last dealt prices (rounded up to the nearest cent) of the shares of the Company on the SGX-ST for the three consecutive Market Days immediately preceding the date of grant ("Market Price") of such option, provided that at the absolute discretion of the Remuneration Committee, the subscription price may be fixed at the time of grant of options at no less than eighty per cent (80%) of the Market Price.

Movements in the number of share options held under the Previous Scheme and the Scheme are as follows :

Date of grant	No. of options					Expiry date	Exercise price per share
	31.3.2007 '000	Granted '000	Exercised '000	Cancelled '000	31.3.2008 '000		
16.10.2000	509	–	(509)	–	–	15.10.2010	\$0.30
31.07.2003	340	–	(340)	–	–	30.07.2008	\$0.43
31.07.2003	930	–	(885)	(15)	30	30.07.2013	\$0.43
	1,779	–	(1,734)	(15)	30		

Under the transitional provisions of FRS 102, these options have not been recognised as they were either granted before 22 November 2002 or have vested before 1 April 2005.

The share price at the date of exercise for the options exercised during the financial year was between \$0.615 to \$1.110.

The holders of the options under the Previous Scheme and the Scheme have no right to participate by virtue of these options in any share issue of any other company in the Group.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

34. Related party disclosure

An entity or individual is considered a related party of the Group for the purposes of the financial statements if : i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

(a) Sale and purchase of goods and services

Apart from those related party transactions disclosed elsewhere in the financial statements, there were no other significant transactions between the Group and related parties during the financial year.

(b) Compensation of key management personnel

Only directors of the Company and its subsidiary companies are deemed to be key management personnel as they have authority and responsibility for planning, directing and controlling the activities of the Group.

Details of their remuneration have been disclosed in Note 5.

No options have been granted to the Directors of the Company and its subsidiary companies during the financial year.

35. 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 loans, finance leases, hire purchase contracts and cash and short-term deposits. 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 include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group Financial Controller. 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 and the Company do not apply hedge accounting.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

35. Financial risk management objectives and policies (cont'd)

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 securities, cash and cash equivalents and derivatives), 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. The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet. The Group has no significant concentration of credit risk.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by :

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- a nominal amount of \$13,915,000 (2007 : \$23,425,000) relating to corporate guarantees provided by the Company for bank facilities granted to subsidiary companies, of which, the amounts utilised by subsidiary companies as at the balance sheet date is \$8,302,000 (2007 : \$15,374,000) (Note 30).

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

35. Financial risk management objectives and policies (cont'd)

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 balance sheet date is as follows :

	Group			
	2008		2007	
	\$'000	% of total	\$'000	% of total
By country				
Singapore	4,805	27	7,455	51
Australia	5,869	33	5,137	35
United States of America	4,388	25	72	–
Indonesia	1,587	9	1,258	9
Thailand	442	2	28	–
Malaysia	305	2	238	2
India	30	–	245	2
Others	446	2	94	1
	17,872	100	14,527	100
By industry sectors				
Oil and gas	11,891	67	9,474	65
Automotive	3,268	18	2,775	19
Marine and shipping	426	2	375	3
Agriculture	1,406	8	1,270	9
Mining	670	4	605	4
Others	211	1	28	–
	17,872	100	14,527	100

As at the balance sheet date, approximately 41% (2007 : 42%) of the Group's trade receivables were due from five major customers who are leading providers of products and services to the global upstream oil and gas industry.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment securities and derivatives 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).

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

35. Financial risk management objectives and policies (cont'd)

(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 US dollars (USD). Approximately 32% (2007 : 29%) of the Group's sales are denominated in foreign currencies whilst almost 74% (2007 : 70%) of the costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

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 equivalent of the Group and Company as at the balance sheet date are set out in Note 19.

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 treasury policy prescribe only "plain vanilla" treasury hedging instruments, namely foreign exchange spot and forward contracts ("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 engage in foreign exchange and/or derivatives speculation or trading nor are 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 in its net investment in foreign subsidiaries. The Group does not have any formal policy with respect to such foreign currency exposure as its investments are long term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD and AUD exchange rates (against SGD), with all other variables held constant, of the Group's profit net of tax and equity.

	Group			
	2008		2007	
	Effect on profit net of tax \$'000	Effect on equity \$'000	Effect on profit net of tax \$'000	Effect on equity \$'000
USD				
- strengthened 3% (2007 : 3%)	39	37	133	119
- weakened 3% (2007 : 3%)	(39)	(37)	(133)	(119)
AUD				
- strengthened 3% (2007 : 3%)	173	408	159	884
- weakened 3% (2007 : 3%)	(173)	(408)	(159)	(884)

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

35. Financial risk management objectives and policies (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Group monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are contractual undiscounted cash flows (including interest payments computed using contractual rates) and earliest date the Group can be required to pay :

	2008				2007			
	Total \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000
Group								
Trade and other payables	15,180	15,180	-	-	12,491	12,491	-	-
Short term bank borrowings	-	-	-	-	7,955	7,955	-	-
Long term bank borrowings	5,657	2,029	3,628	-	10,124	1,138	8,986	-
Finance lease payable	32	7	25	-	-	-	-	-
Loans from a minority shareholder of a subsidiary company	1,039	-	-	1,039	1,039	-	-	1,039
	<u>21,908</u>	<u>17,216</u>	<u>3,653</u>	<u>1,039</u>	<u>31,609</u>	<u>21,584</u>	<u>8,986</u>	<u>1,039</u>

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

35. 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 deposit balances placed with reputable banks as well as bank loans. Bank loans 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 to a reasonably possible change in the interest rates, with all other variables held constant, of the Group's profit net of tax.

	Effect on Group's profit net of tax	
	2008 \$'000	2007 \$'000
SGD		
- 50 basis points increase	41	(31)
- 50 basis points decrease	(41)	31
AUD		
- 50 basis points increase	71	(33)
- 50 basis points decrease	(71)	33
USD		
- 50 basis points increase	5	3
- 50 basis points decrease	(5)	(3)

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's cash and cash equivalents and trade and other receivables and payables, bank borrowings and finance lease payable where applicable.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

35. Financial risk management objectives and policies (cont'd)

(e) Market price risk

Market price 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 prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its trading and investment in quoted marketable securities. For securities trading operations, the securities are quoted on the SGX-ST in Singapore and are classified as held for trading financial assets. For investment in securities, the securities are quoted in reputable overseas securities exchange and are classified as available-for-sale financial assets. As at the balance sheet date, the Group and the Company has quoted securities held for trading at fair value of \$269,000 (2007 : \$nil) and \$nil (2007 : \$nil) respectively. The Group and the Company did not hold any quoted securities available-for-sale as at the current financial year end, following the Group's divestment of its entire equity interest in a company listed on the Australian Stock Exchange (Note 7).

The Group does not have exposure to commodity price risk.

Sensitivity analysis for equity price risk

At the balance sheet date, if the price of the investment securities had been 10% higher/lower with all other variables held constant, the Group's profit net of tax would have been \$22,088 higher/lower, arising as a result of higher/lower fair value gains on held for trading investment in equity instrument

36. Financial instruments

Classification of financial instruments

The table below is an analysis of the carrying amounts of financial instruments by categories as defined in FRS39 as at 31 March :

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Derivative financial instruments				
Foreign currency contracts	24	2	-	-
Loans and receivables				
Trade receivables and other receivables	18,796	15,412	19,770	23,299
Fixed deposits	26,445	-	3,509	-
Cash at bank and in hand	7,605	2,937	1,257	-
	<u>52,846</u>	<u>18,349</u>	<u>24,536</u>	<u>23,299</u>
Held for trading financial assets				
Investment securities	269	-	-	-

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

36. Financial instruments (cont'd)

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Available-for-sale financial assets				
Long term investments	–	36,037	–	–
Financial liabilities measured at amortised cost				
Trade and other payables	(15,204)	(12,493)	(2,040)	(2,310)
Finance lease payable	(27)	–	–	–
Short term bank borrowings	–	(7,915)	–	(3,254)
Long term bank borrowings	(5,339)	(9,761)	–	–
Loan from a minority shareholder of a subsidiary company	(1,039)	(1,039)	–	–
	<u>(21,609)</u>	<u>(31,208)</u>	<u>(2,040)</u>	<u>(5,564)</u>

Fair values of financial assets and liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

The Group has carried all investment securities that are classified as available-for-sale financial assets, and all derivative financial instruments, at their fair values as required by FRS 39.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Fair value is determined directly by reference to their published market bid price at the balance sheet date.

Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amount of cash and fixed deposits, current trade and other receivables, current trade and other payables, finance lease payable, and all floating-rate bank borrowings based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Long term receivables are carried at amortised costs and this carrying amount approximates fair value.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

36. Financial instruments (cont'd)

Financial instruments whose fair values are not determinable

The fair value of non-current amounts due from/(to) subsidiary companies, and loans from a minority shareholder of a subsidiary company, are not determinable as the timing of the future cash flows arising from the repayment cannot be determined reliably.

37. 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 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 or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2008 and 31 March 2007.

The Group monitors capital using a gearing ratio, which is net debt divided by shareholders' funds. The Group includes within its net debt, bank borrowings and finance lease payable, less cash and cash equivalents. Shareholders' fund relates to interest of shareholders of the Company. The Group's strategy, which was unchanged from 2007, is to maintain gearing ratios on net debt-to-equity ratio of not exceeding 2.0 times.

	Group	
	2008 \$'000	2007 \$'000
Bank borrowings (Note 22)	5,339	17,676
Finance lease payable (Note 21)	27	-
Less : Cash and fixed deposits * (Note 19)	(34,050)	(2,937)
Net (cash)/debt	(28,684)	14,739
Shareholders' fund	57,165	56,981
Net debt gearing ratio	- #	0.3

(* Excluding unsecured bank overdrafts)

As at 31 March 2008, the Group had no net debt as its cash and cash equivalents exceeded its bank borrowings and finance lease payable.

Notes to the Financial Statements - 31 March 2008

(In Singapore dollars)

38. Comparative figures

Following a reassessment of the nature and classification of the comparative figures, certain comparative figures have been reclassified to reflect more appropriately the nature of these items.

	Group		Company	
	Restated		Restated	
	2007	2007	2007	2007
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Investment properties, net	–	–	771	–
Property, plant and equipment, net	13,133	13,133	526	1,297
Receivables	419	461	50	54
Prepayments	42	–	4	–
Current liabilities				
Trade and other payables	(12,491)	(13,359)	–	–
Provisions	(585)	–	–	–
Non-current liabilities				
Provisions	(479)	(196)	–	–

39. Authorisation for issue of financial statements

The financial statements of MTQ Corporation Limited and its subsidiary companies for the financial year ended 31 March 2008 were authorised for issue in accordance with a resolution of the Directors on 4 June 2008.

Shareholding Statistics as at 16 June 2008

Issued and Fully Paid-Up Capital (including Treasury Shares)	: 28,159,000
Number of Issued Shares (excluding Treasury Shares)	: 92,353,117
Number/Percentage of Treasury Shares	: 3,188,000 (3.45%)
Class Of Shares	: Ordinary Share
Voting Rights (excluding Treasury Shares)	: One Vote Per Share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of shares	% of Shares
1 - 999	15	1.21	5,517	0.01
1,000 - 10,000	848	68.55	4,401,719	4.77
10,001 - 1,000,000	364	29.43	24,562,214	26.59
1,000,001 & above	10	0.81	63,383,667	68.63
Total	1,237	100.00	92,353,117	100.00

Top Twenty Shareholders	No. of Shares	% of Shares
HSBC (Singapore) Nominees Pte Ltd	21,436,000	23.21
Kurt R M Lindblad	17,887,652	19.37
Tai Tak Securities Pte Ltd	7,900,000	8.55
Singapore Warehouse Company (Private) Limited	5,500,000	5.96
Citibank Nominees Singapore Pte Ltd	2,532,647	2.74
Kuah Kok Kim	1,806,000	1.96
Mayban Nominees (S) Pte Ltd	1,800,000	1.95
United Overseas Bank Nominees Pte Ltd	1,565,893	1.70
DBS Nominees Pte Ltd	1,551,475	1.68
Kuah Boon Wee	1,404,000	1.52
Tan Kim Seng	1,000,000	1.08
Keppel Investment Ltd	850,000	0.92
UOB Kay Hian Pte Ltd	811,213	0.88
Lock Hong Cheong	802,492	0.87
OCBC Securities Private Ltd	715,877	0.77
OCBC Nominees Singapore Pte Ltd	700,849	0.76
Tan Kah Boh Robert	700,000	0.76
DMG & Partners Securities Pte Ltd	637,000	0.69
John Henry Thibodeaux	527,000	0.57
Wong Peng Onn	481,000	0.52
Total	70,609,098	76.46

Shareholding Statistics as at 16 June 2008

Substantial Shareholders As At 16 June 2008

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Kuah Kok Kim	1,806,000	1.96	20,223,000 ¹	21.90
Kurt R M Lindblad	17,887,652	19.37	-	-
Tai Tak Securities Pte Ltd	7,900,000	8.55	-	-
Ho Han Siong Christopher	-	-	7,900,000 ²	8.55
Singapore Warehouse Company (Private) Limited	5,500,000	5.96	-	-
Hwa Hong Corporation Limited	-	-	5,500,000 ³	5.96
Ong Holdings (Private) Limited	-	-	5,500,000 ⁴	5.96

1. Held in the name of HSBC (Singapore) Nominees Pte Ltd
2. Mr. Ho Han Siong Christopher is deemed to be interested in the shares held by Tai Tak Securities Pte Ltd by virtue of Section 7 of the Companies Act, Cap.50.
3. Singapore Warehouse Company (Private) Limited is a wholly-owned subsidiary of Hwa Hong Corporation Limited.
4. By virtue of Ong Holdings (Private) Limited holds not less than 20% voting shares in Hwa Hong Corporation Limited.

Note

The above percentage is calculated based on the Company's issued share capital of 92,353,117 shares excluding 3,188,000 treasury shares.

Shareholdings Held In Public's Hands

As at 16 June 2008, approximately 39.61% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

MTQ CORPORATION LIMITED
(Company Registration No. 196900057Z)
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 39th Annual General Meeting of MTQ Corporation Limited (“the Company”) will be held at Carlton Hotel, Esplanade Room 1, Level 4, 76 Bras Basah Road, Singapore 189558, on Wednesday, 23 July 2008 at 10.00 a.m. for the following purposes :

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Accounts of the Company for the year ended 31 March 2008 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 2008. (2007 : \$0.015 per ordinary share less tax).

(Resolution 2)

3. To re-elect the following Directors retiring pursuant to Articles 91 and 97 of the Company’s Articles of Association :

Mr. Kuah Kok Kim	[Retiring under Article 91]	(Resolution 3)
Mr. Ian Wayne Spence	[Retiring under Article 91]	(Resolution 4)
Mr. Ho Han Siong Christopher	[Retiring under Article 97]	(Resolution 5)

Mr. Ian Wayne Spence will, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Ian Wayne Spence will be considered as an Independent Director.

4. To re-appoint Ernst & Young as the Company’s Auditors and to authorise the Directors to fix their remuneration.

(Resolution 6)

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

6. To approve the payment of Directors’ fees of S\$180,000 (2008 : S\$165,000) for the financial year ending 31 March 2009, to be paid quarterly in arrears. [See Explanatory Note (i)]

(Resolution 7)

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

7. Authority to issue shares up to 50 per centum (50%) of issued shares in the capital of the Company

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 Instrument 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) and Instruments 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 and Instruments to be issued other than on a pro rata basis to existing 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 and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments 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 the Instruments or any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards outstanding and 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
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) 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 or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments. [See Explanatory Note (ii)]

(Resolution 8)

8. Authority to issue shares under The MTQ Corporation Executives' Share Option Scheme 2003

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant options under The MTQ Corporation Executives' Share Option Scheme 2003 ("the Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme 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 that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (iii)]

(Resolution 9)

By Order of the Board

Fong Choon Seng
Tan San-Ju
Joint Company Secretaries

Singapore
3 July 2008

Explanatory Notes :

- (i) The Ordinary Resolution 7 proposed in item 6, if passed, will authorise the Directors of the Company to pay Directors' fees for the year ending 31 March 2009 to Directors quarterly in arrears.
- (ii) The Ordinary Resolution 8 in item 7 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date 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 existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

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 appointed for holding the Meeting.

MTQ CORPORATION LIMITED
[Company Registration No. 196900057Z]
(Incorporated in the Republic of Singapore)

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.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We,
of
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, Esplanade Room 1, Level 4, 76 Bras Basah Road, Singapore 189558 on Wednesday, 23 July 2008 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. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to :	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 March 2008		
2	Payment of proposed final dividend		
3	Re-election of Mr. Kuah Kok Kim as a Director		
4	Re-election of Mr. Ian Wayne Spence as a Director		
5	Re-election of Mr. Ho Han Siong Christopher as a Director		
6	Re-appointment of Messrs Ernst & Young as Auditors		
7	Approval of Directors' fees for FY2009 amounting to S\$180,000		
8	Authority to issue new shares		
9	Authority to issue shares under The MTQ Corporation Executives' Share Option Scheme 2003		

Dated this day of 2008

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

.....
Signature of Shareholder(s)

or, Common Seal of Corporate Shareholder



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, the appointments shall be invalid unless he/she specifies 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 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 appointed 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 the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line and glue overleaf

Affix
Postage
Stamp

The Company Secretary
MTQ CORPORATION LIMITED
182 Pandan Loop
Singapore 128373

Fold along this line and glue overleaf

MTQ CORPORATION LIMITED

[Company Registration No. 196900057Z]
(Incorporated in the Republic of Singapore)

SURVEY FORM

We hope you have enjoyed reading our Annual Report 2007/2008. We will strive to continuously improve our future annual reports in terms of disclosure and presentation. We would appreciate it if you could take a few minutes to give us your views, via fax (65 6777 6433) or mail, on this annual report by completing this survey.

Mailing address :

MTQ Corporation Limited
182 Pandan Loop, Singapore 128373

Ranking : 1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree

Contents	1	2	3	4	5
1 The contents of annual report are useful and meet my information needs.					
2 The financial information provided is sufficient for me to have a reasonable understanding of MTQ's financial performance.					
3 The operations review and other information provide a good insight into MTQ's core businesses.					
4 The Corporate Governance Report (CG) provides significant disclosure on MTQ's CG policies and practices.					

Presentation	1	2	3	4	5
5 The design of the annual report is creative and attractive.					
6 The contents are laid out in a logical and easy-to-refer order.					
7 The size of the annual report is user-friendly.					
8 The typeface (size of letters) is easy to read.					

Overall Impression	1	2	3	4	5
9 The annual report reflects the stature of a regional Group.					

Other Information

10 What other information (financial or non-financial) would you like to be included in our next annual report?

11 Do you have any suggestions for our next annual report?

Content :

Presentation :

Overall :

12 (Please circle)

I am Shareholder / Financial Analyst / Accountant / Journalist / Staff/ Customer / Others :

Fold along this line and glue overleaf

Affix
Postage
Stamp

The Company Secretary
MTQ CORPORATION LIMITED
182 Pandan Loop
Singapore 128373

Fold along this line and glue overleaf

Fold along this line and glue overleaf



MTQ Corporation Limited

182 Pandan Loop Singapore 128373

Tel. : (65) 6777 7651

Fax : (65) 6777 6433

Website : www.mtq.com.sg