MTQ

MTQ Corporation Limited

ANNUAL REPORT 2008/2009

CONTENTS

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

Strategising Growth

Moving forward in an ever-changing global economy requires sound judgment and keen foresight. Guided by a dynamic management team and supported by a strong network of staff, MTQ is committed to deliver greater excellence and enhance value for our customers and shareholders in the years ahead.

"We are pleased to report a healthy growth of 6.1% and 14.3% in our revenue and net profit attributable to you, our shareholders respectively. At a time of economic uncertainty, we have again illustrated the viability of our businesses."

NOTE TO SHAREHOLDERS

CHAIRMAN'S STATEMENT

For the financial year ended 31 March 2009 ("FY2009"), Group revenue grew by 6.1% to S$89.87 million. Excluding the one-off divestment gain of S$28.20 million in the previous financial year, full year net profit attributable to shareholders grew by 14.3% to S$10.98 million. We have every reason to be pleased with such a performance, bearing in mind that they were achieved on the back of the preceding few years of continuous upward improvement.

OILFIELD ENGINEERING DIVISION

On behalf of our Board of Directors, I would like to compliment the management team of our Oilfield Division for their continued success in further improving upon its sterling performance.

With the worldwide economic downturn and the drastic reduction in oil prices, the Division's strong results are likely to weaken moving ahead though we continue to expect healthy demand for our Division's services and products.

ENGINE SYSTEMS DIVISION

The numerous unfortunate natural disasters in Australia this and last year have had a negative impact on the overall Australian economic conditions. Consequently, our efforts to improve performance were met with marginal results. Since it is uncertain when market conditions will improve, we have no choice but to adopt various cost cutting measures, to ensure our operational results will not be unduly affected.

Many acquisition opportunities have surfaced during the present economic downturn, and we are judiciously reviewing several opportunities which may have a good fit with our existing businesses. Needless to say, we will exercise the highest level of diligence and prudence in assessing these opportunities.

OVERSEAS EXPANSION

Our years of effort in expanding our Oilfield Engineering business into the much larger Middle East market has finally concluded on a satisfactory note.

We have obtained the necessary regulatory approvals and secured a long term lease of a well-developed industrial site in the Kingdom of Bahrain to build a brand new facility offering similar services to those we provide in Singapore to the Gulf and neighbouring areas.

The Middle East market is a much larger market than the ones we are traditionally serving in South East Asia. As such, there are opportunities to seize as well as challenges to face as a new entrant in this market. One key challenge will be to replicate in Bahrain, the high standards of competency and workmanship that we have built up over the last three decades in Singapore, so that we can provide the same level of service our customers have come to expect.

The current worldwide economic downturn will hopefully lead to lower construction and equipment costs. Being a start-up, it is likely to take two to three years for the facility to be fully operational and to achieve profitability. However, once the facility is up and running smoothly, we expect it to be an additional major contributor to our future earnings.

SHARE BUYBACK

In view of the prevailing financial uncertainty and low interest rate environment we think it is in the interest of shareholders and the company to step up our share buyback exercise. To date, the company has acquired 7.48 million shares (representing approximately 7.8% of our total issued shares) which are being held as treasury shares.

PROSPECTS

In spite of all precautionary measures put in place, we must be realistic and expect the current worldwide economic crisis to weaken the Group's performance for the new financial year. Nevertheless, we expect to remain profitable.

DIVIDENDS

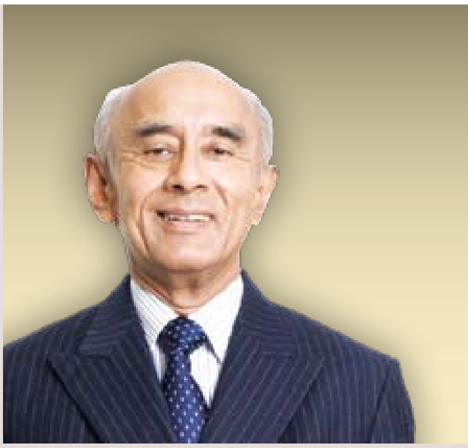
The Board is recommending a tax-exempt (one-tier) final dividend of 2.0 Singapore cents per share for FY2009, subject to shareholders' approval being obtained at the forthcoming Annual General Meeting, bringing the total full year tax-exempt (one-tier) dividend paid to 3.0 Singapore cents.

I would like to thank all our customers, business partners and shareholders for their support and cooperation. I also wish to express my heartfelt appreciation for the dedication and contribution of my fellow directors, management team and all staff members of the Group.

KUAH KOK KIM
Chairman & CEO
4 June 2009

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-elected as Director at MTQ's Annual General Meeting on 23 July 2008. 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.

HO HAN SIONG CHRISTOPHER / Director

Mr. Ho joined the Board as a Director on 30 October 2007 and was last re-elected as Director at MTQ's Annual General Meeting on 23 July 2008. 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 cofoundered 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.

HUANG YUAN CHIANG / Director

Mr. Huang was first appointed to the Board on 8 August 2001 and was last reappointed 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 was 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 of 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 Omega Navigation Enterprises Inc, 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 has degrees in Economics and Law.

ONG CHOO ENG / Director

Mr. Ong has joined the Board since 9 September 1997 and was last re-appointed 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).

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.

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 23 July 2008. 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 in Australia 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.

SENIOR MANAGEMENT

KUAH KOK KIM
Chairman & CEO

CORPORATE OFFICE

WILLIAM FONG CHOON SENG
Group Financial Controller

Mr. 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 corporate secretarial functions of the Group. He has about 20 years of financial control and audit experience. He is a member of the Institute of Certified Public Accountants of Singapore as well as a fellow of The Association of Chartered Certified Accountants (ACCA).

TIFFANY YAP BEAN HOOI
Group Human Resource and Admin Manager

SHIRLEY ONG KIM GEOK
MIS Manager

OILFIELD ENGINEERING DIVISION

PETER LOCK
Managing Director

Mr. 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 has built up the oilfield engineering business to its present size and position, 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) Pty Ltd in September 2004. He 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, he 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. He has a Bachelors degree from the University of Queensland in Arts and Economics.

MARK MACKERRAS
Financial Controller

PAUL WILKEY
National Sales Manager

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

HUMAN CAPITAL

Arched by MTQ's vision, mission and values, the Human Resources (HR) team establishes its strategic objectives of building a high performance workforce which is multi-talented and highly motivated. This strategy is supported by our management's commitment in utilizing the HR Framework to hire, develop, motivate and retain its people.

In order for MTQ to scale to a new horizon, we need to develop a team of talented people to weather the challenges and conquer new voyages ahead. Hence, we have identified and set the HR long term goal to become the Employer of Choice. To achieve this, road maps have been drawn up to guide us towards reaching our goal in talent attraction and retention. Under this spirit, we encourage our employees to contribute innovative ideas on how to differentiate and distinguish MTQ as the Employer of Choice.

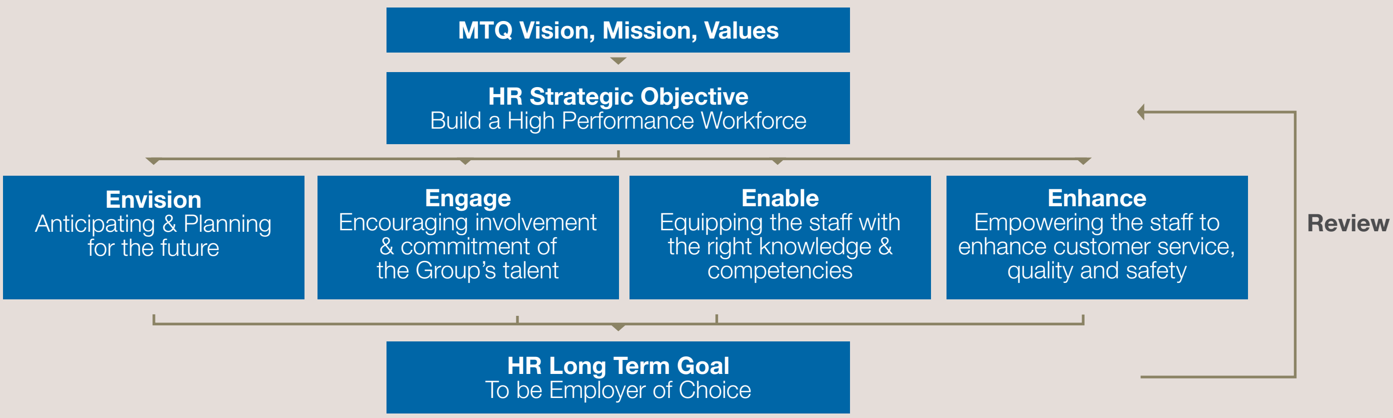
To meet our goals, both the HR team and hiring managers/supervisors work closely to identify the workforce criteria, hiring plan, on-board learning plan and career development plan. Selected employees act as ambassadors in employment referrals and career sharing at the pre-employment process.

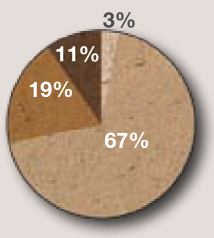
In our staff development efforts, we not only address the workforce aspiration to gain experience and knowledge, we also encourage them to take ownership in both work and life. Our people are empowered in areas such as customer service, safety and workplace health initiatives so that they can develop innovative work practices to overcome challenges.

We strongly believe in the importance of recognition and reward for performance in helping the Group towards building a high performance workforce. As such, we provide a Total Compensation and Benefits program that is both market competitive and equitable to motivate and retain talent.

The HR goals, plans and programmes are periodically reviewed and measured by HR metrics such as recruitment and retention indicators to ensure the effectiveness in supporting HR and business objectives. Reinforcement or value creation programmes will be introduced, when necessary.

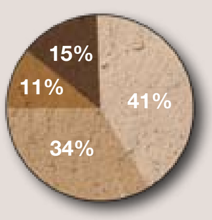
It is an important road map to build our strength around people to achieve the Group's mission.





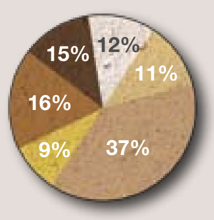
Job Group

- Senior Management 3%
- Engineering & Production 67%
- Corporate Services 19%
- Sales & Marketing 11%



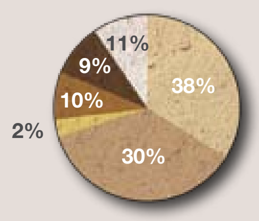
Length of Service

- Less Than 3 Yrs 41%
- 3 to 8+ Yrs 34%
- 9 to 14+ Yrs 10%
- More than 15 Yrs 15%



Educational Qualification

- Degree & equivalent 12%
- Diploma & equivalent 11%
- Trade Certificate 37%
- "A" Level & equivalent 9%
- "O" Level & equivalent 16%
- Below "O" Level 15%



Nationality

- Australia 38%
- Singapore 30%
- Malaysia 2%
- PRC 10%
- India/Bangladesh 11%
- Others 9%

Weathering Challenges

Despite the obstacles that we might face in the current economic climate, MTQ remains positive by staying grounded to our core STAR values and keeping a tenacious attitude. Forging closer ties with our staff, customers and shareholders will not only tide us through the challenges ahead, but also strengthen our resolve to seize new opportunities that may arise.

OILFIELD ENGINEERING DIVISION

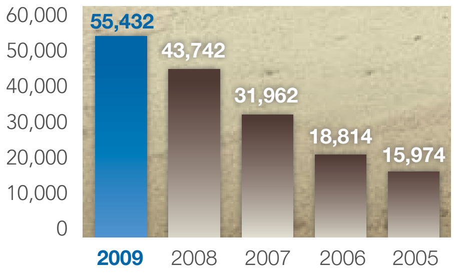
The Oilfield Engineering Division continued to grow steadily for the financial year ended 31 March 2009 ("FY2009"). Revenue grew 26.7% as compared to that of FY2008 and hit the S$50 million mark for the first time to a record S$55.43 million, which represented 61.7% of the total Group turnover. Among its three business segments, the oilfield equipment repair segment saw the strongest performance and is expected to remain resilient. The combined revenue of the fabrication and equipment rental business segments also surged an encouraging 70.6% during the year.

The improvements are the result of the Division's past efforts in building up its capabilities via timely investments in capital equipment and facilities as well as the commitment to human capital and quality in its products and services.

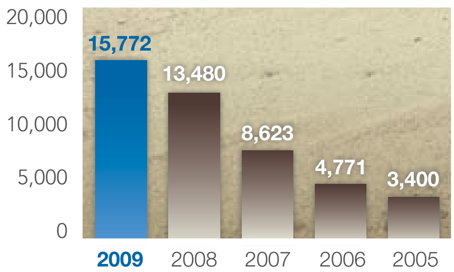
After years of laying the groundwork, the Division's aim of expanding into the much larger Middle East market reached fruition in FY2009. MTQ has obtained the necessary regulatory approval in the Kingdom of Bahrain to construct a new state-of-the-art facility similar to the Singapore operation, but on an even larger scale. In the years to come, we expect this venture will open up vast business opportunities for MTQ to offer existing and a new range of services to the Oil and Gas industry in the Gulf and neighbouring areas.

The Division's focus on its core competencies has proven to be successful in overcoming the exacting demands of a difficult year. Looking forward, the environment remains challenging. We will continue to strengthen our competitive advantages by putting into place various measures such as costs saving initiatives, streamlining of operations and continuous sourcing of new products and services to enhance our operational capabilities.

Revenue



EBITDA



Photos in Page 12 and 13: The stacking up and hydrotesting of the deep-water 18.314"-15K blowout preventer for semi-submersible rig was a first for MTQ.


DynoLog

ENGINE SYSTEMS DIVISION

The financial year ended 31 March 2009 ("FY2009") commenced with measured optimism for the Engine Systems Division. However, the encouraging results seen in the first half of the year faltered when the financial crisis hit the Australian economy. Revenue for the Division registered a decline of S$4.59 million in FY2009, down 11.6% to S$35.06 million from FY2008, compounded by the absence of revenue contribution from cessation of our Indonesian business and a weaker Australian dollar. Nevertheless, efforts to improve performance through cost reductions have resulted in savings, particularly from inventory reduction and a decrease in staff strength.

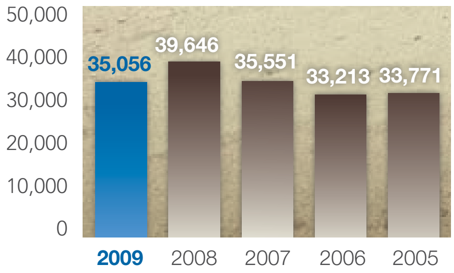
Development of our 'clean room' capability has seen growth in the overhaul of common rail pumps and we expect to expand into the repair of common rail injectors that will further grow sales in this ever-increasing segment of the vehicle population. The recent installation of the latest dynometer facility in the Dandenong branch along with the clean pump room capability provides an unmatched service presence in a region that is one of the largest transport hubs in the State of Victoria.

Sales of 'Remanufactured' turbochargers and fuel pumps have risen by a combined 50% in FY2009. More resources will be allocated to grow this aspect of operations, as customers are increasingly demanding instant solutions to reduce downtime. We will also continue to look for opportunities to expand the product portfolio through existing suppliers such as Denso and Bosch.

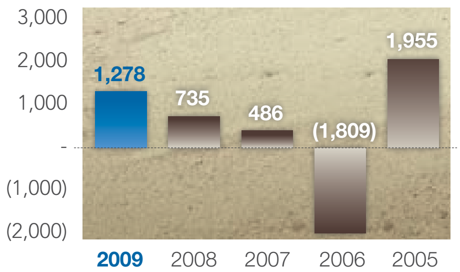
Looking forward, growth in sales of diesel passenger vehicles will create an ever-expanding aftermarket for repairers, which has traditionally focused on petrol-powered vehicles. We have increased our efforts to take advantage of the opportunities and are exploring the possibility of enhancing our 'Sonic' product range through direct sourcing, primarily from lower costs base like China.

While the market conditions for the new financial year and beyond remain challenging, we are confident that our efforts will place us in a good position to capitalise on the existing economic conditions and any future upturn.

Revenue



EBITDA



Page 14 Top Photo: A staff servicing a common rail diesel fuel pump in a clean room in Adelaide.

Page 14 Bottom Photo: MTQ currently has dynometers for testing vehicle performance in our branches at Adelaide, Dandenong, Toowoomba and Rockhampton.

Page 15 Above Photo: A completed gas turbine rotor having a specialized precision balancing process completed, this process is also used on all high speed rotary components.

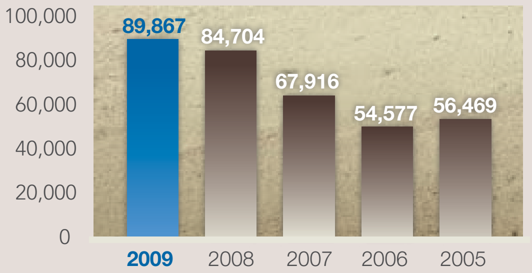
FIVE YEARS FINANCIAL PROFILE

	2009	2008	2007	2006	2005
For the year (in S$'000)					
Revenue	89,867	84,704	67,916	54,577	56,469
EBITDA	16,578	54,548	10,428	8,807	7,465
Profit/(loss) before tax	13,745	51,230	6,359	3,966	(2,819)
Profit/(loss) after tax	10,976	37,845	4,705	4,204	(3,383)
Profit/(loss) attributable to shareholders	10,982	37,809	4,719	4,112	(1,964)
At year end (in S$'000)					
Net current assets	35,263	39,448	8,637	7,032	3,250
Total assets	84,881	93,054	90,111	79,223	64,816
Total liabilities	28,051	36,548	33,788	27,612	31,043
Net (cash)/debt [1]	(17,321)	(28,684)	14,739	8,923	13,489
Shareholders' funds	57,495	57,165	56,981	52,253	34,565
Net tangible assets [2]	51,601	49,985	50,165	45,710	27,397
Financial Ratios					
Net profit/(loss) margin (%)	15.29	60.48	9.36	7.27	(4.99)
Return on shareholders' funds (%) [3]	23.91	89.62	11.16	7.59	(8.16)
Interest cover (EBITDA / net interest expense)[4]	N.A.	599.43 times	9.28 times	8.38 times	5.80 times
Net debt gearing ratio (%) [5]	N.A.	N.A.	20.74	14.74	28.54
Per Share Data					
Basic earnings (in cents) [6]	12.10	40.96	5.06	4.31	(2.07)
Net tangible assets (in cents) [7]	58.60	53.57	54.84	47.89	28.70
Gross dividend (in cents)	3.00	27.00	2.50	2.50	2.50
Gross dividend yield (%) [8]	6.00	50.47	6.41	7.69	6.94
Price at year-end (in cents)	50.00	53.50	39.00	32.50	36.00

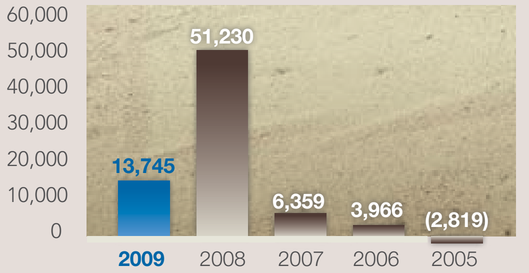
[1] Net debt is defined as gross debt less cash and bank balances.
[2] Net tangible assets is defined as shareholders' funds less intangible assets.
[3] Return on shareholders' funds is defined as profit before taxation divided by shareholders' funds.
[4] Net interest expense refers to interest expense less interest income. This ratio is not applicable for 2009 given that the Group's interest income exceeded its interest expense as at 31 March 2009.
[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 interest. This ratio is not applicable for 2009 and 2008 given that the Group's cash exceeded its gross debt as at 31 March 2009 and 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

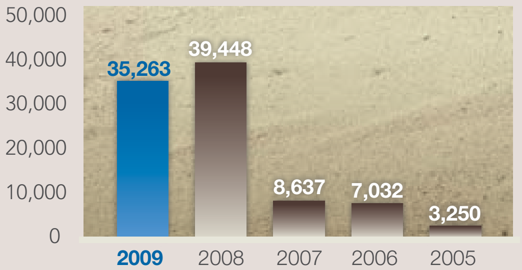
Revenue (S$'000)



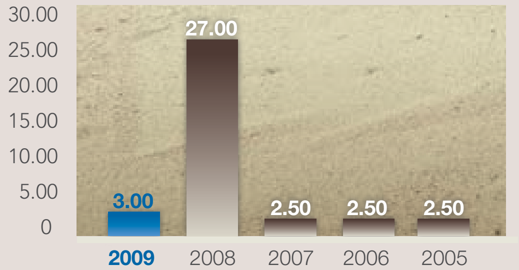
Profit / (Loss) Before Tax (S$'000)



Net Current Assets (S$'000)



Gross Dividends Per Share (Cents)



HALF-YEARLY RESULTS

		1H S$'000	2H S$'000	Total S$'000
Revenue	2009	45,431	44,436	89,867
	2008	40,069	44,635	84,704
Profit before taxation	2009	8,472	5,273	13,745
	2008	43,941	7,289	51,230
Profit after taxation	2009	6,998	3,978	10,976
	2008	33,473	4,372	37,845
Profit attributable to shareholders	2009	7,002	3,980	10,982
	2008	33,428	4,381	37,809
Earnings per share (in cents)	2009	7.60	4.50	12.10
	2008	36.49	4.47	40.96

FINANCIAL REVIEW

REVENUE

Group revenue for the financial year ended 31 March 2009 ("FY2009") was S$89.87 million, up 6.1% or S$5.16 million from the S$84.70 million achieved in prior year.

The increase was mainly driven by the Oilfield Engineering division, which enjoyed a 26.7% growth in revenue, attaining S$55.43 million this year. Improvement was seen across all segments of the Oilfield Engineering division, comprising its core repair business as well as the complementary fabrication and equipment rental business.

Revenue for the Engine Systems division fell from S$39.65 million to S$35.06 million, down S$4.59 million or 11.6%. The lower revenue was largely due to the weaker Australian dollar coupled with the cessation of the Indonesian operations in the second half of the prior year.

PROFIT

The Group recorded a 24.1% improvement in profit from operating activities for FY2009 compared with FY2008, rising S$2.70 million from S$11.22 million to S$13.92 million due to the strong performance of its Oilfield Engineering division. This came despite a 62.8% plunge in other income from S$2.77 million in FY2008 to S$1.03 million in FY2009 mainly due to the absence of S$1.71 million in dividend income received from RCR Tomlinson ("RCR") in FY2008 prior to its divestment.

Decline in other income in FY2009 was offset by the absence of one-off staff bonus and lower other operating expenses, which includes a write-back of approximately AUD$1.1 million from the settlement of CSR litigation recorded by the Australian operations.

Decrease in finance costs in FY2009 by 77.7% was primarily due to a lower level of borrowing that resulted in lower interest charges.

The 79.3% drop in taxation in FY2009 was mainly attributable to an absence of capital gains tax recorded in FY2008 from the disposal of RCR shares.

Overall, Group profit after tax decreased 71.0% from S$37.85 million in FY2008 to S$10.98 million in FY2009 due to the inclusion of a one-off net gain of S$28.20 million from the disposal of RCR in FY2008. Excluding the one-off effect, Group profit after tax for FY2009 is 13.8% higher than FY2008.

EARNINGS PER SHARE

The lower Group profit reduced the Group's basic earnings per share from 40.96 Singapore cents in FY2008 to 12.10 Singapore cents in FY2009.

BALANCE SHEET

Increase in non-current assets was mainly due to acquisition of quoted shares for long term investment and purchase of new workshop machinery. The increase was however moderated by lower translation of the carrying amount of goodwill due to Australian dollar depreciation and repayment of staff loans.

Current assets fell as a result of higher net cash outflows and lower inventory, offset by the following:

i) Increase in trade debtors in tandem with the excellent growth in oilfield engineering activities in current financial year.

ii) Acquisition of short-term quoted shares.

Current liabilities shrank following a substantial payout of taxes, notably the capital gains tax arising from the disposal of RCR shares in prior financial year. Lower trade and other payables and accrued operating expenses also contributed to the decrease. The decrease in current liabilities was however partially offset by an increase in the current portion of long term borrowings led by new financing taken for the machinery purchase.

Non-current liabilities were brought down by further bank loan repayments, offset by new loans granted. The decrease was also offset by increase in finance lease payables.

DIVIDENDS

The Board is recommending a tax-exempt (one-tier) final dividend of 2.0 Singapore cents to be paid for FY2009. Subject to shareholders' approval for the final dividend to be obtained at the forthcoming Annual General Meeting, the total dividend for FY2009 including the interim dividend of 1.0 Singapore cent paid on 28 November 2008 amounts to 3.0 Singapore cents per share. Total dividend of 27.0 Singapore cents per share was paid for FY2008.

CASH FLOWS

As of 31 March 2009, the Group's cash and cash equivalents stood at S$21.98 million, down S$12.07 million from the S$34.05 million balance as of 31 March 2008.

Net cash used in operating activities for the current financial year resulted mainly from payment of capital gains tax arising from RCR shares divested in the prior financial year. The outflows from operations were however moderated by the improved operating profit, without taking into comparison prior year's RCR disposal gain.

Higher net cash used in investing activities was mainly due to long-term investment in quoted shares, purchase of new workshop machinery to support oilfield engineering operations, and significantly lower dividends received in the current financial year due to divestment in the entire stake of its quoted investment in RCR in the prior financial year, and absence of previous year's proceeds from the sale of RCR.

Lower net cash used in financing activities was mainly due to substantially lower dividends paid out and lower repayment of bank loans in the current financial year. The effect of the lower cash outflows was, however, partially offset by outflows from share buybacks in the current financial year.

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 2009, the Group was in a net cash position of S$17.32 million given that its S$21.98 million cash and deposits balances had exceeded its S$4.66 million total bank borrowings and finance leases payable. For the previous year end, the Group had a net cash balance of S$28.68 million.

As part of its capital management plan, MTQ had bought back 5,253,000 treasury shares during FY2009, of which 4,294,000 were bought back pursuant to the share buyback mandate granted by its shareholders on 23 July 2008.

SUMMARIZED CASH FLOW

	2009 S$'000	2008 S$'000
Net change in cash & cash equivalents arising from:		
Operating activities	4,498	7,650
Investing activities	(9,874)	55,868
Financing activities	(6,535)	(32,185)
	(11,911)	31,333
Cash & cash equivalents:		
At beginning	34,050	2,683
Effects of exchange thereon	(155)	34
At ending	21,984	34,050

GROUP VALUE ADDED STATEMENT

	2009 S$'000	2008 S$'000	2007 S$'000	2006 S$'000	2005 S$'000
Value Added					
Revenue	89,867	84,704	67,916	54,577	56,469
Bought-in materials and services	(53,352)	(48,082)	(40,309)	(33,309)	(35,069)
Gross value added	**36,515**	**36,622**	**27,607**	**21,268**	**21,400**
Other income	807	836	179	2,835	503
Investment Income[1]	223	42,719	1,275	-	-
Gain / (Loss) on exchange, net	(214)	246	130	(1,400)	223
Share of results of associated company	-	-	-	3,150	3,514
Total value added	**37,331**	**80,423**	**29,191**	**25,853**	**25,640**
Distribution					
To employees					
Wages, provident fund contributions & other benefits	20,766	25,070	18,709	16,878	15,964
	20,766	25,070	18,709	16,878	15,964
To providers of capital					
Interest on bank borrowings	167	771	1,197	1,138	1,369
Dividends to shareholders	2,747	20,224	1,877	1,909	1,909
	2,914	20,995	3,074	3,047	3,278
To government					
Income taxes and levies[2]	3,460	14,123	2,252	489	1,111
	3,460	14,123	2,252	489	1,111
Retained in the business					
Depreciation of property, plant and equipment	3,207	3,227	2,945	3,790	4,866
Provision for impairment of property, plant and equipment	-	-	-	-	5,164
Amortisation of goodwill on business acquisition	-	-	-	-	365
Interest on make good lease provision	7	8	7	-	-
Staff costs capitalised	(689)	(766)	(719)	(440)	(241)
Minority interests	(6)	36	(14)	92	(1,419)
Retained profit / (loss) for the year[2]	8,235	17,585	2,842	2,203	(3,873)
	10,754	20,090	5,061	5,645	4,862
Non-productive costs and income					
Bad debts and doubtful debts	(359)	356	143	457	326
Goodwill written off	-	-	-	-	5
Loss on dilution of shareholding in associated company	-	-	-	-	54
(Gain) / loss on sale of property, plant and equipment	(204)	(211)	(48)	(103)	40
(Gain) / loss on disposition of assets	-	-	-	(560)	-
	(563)	145	95	(206)	425
	37,331	**80,423**	**29,191**	**25,853**	**25,640**
Value added per employee (S$'000)	122	122	97	80	85
Value added per dollar of employment costs (S$)	1.76	1.46	1.48	1.26	1.34
Value added per dollar of investment in fixed assets (S$)	0.91	0.98	0.84	0.69	0.45
Value added per dollar of investment in fixed assets (S$)	0.41	0.43	0.41	0.39	0.38

[1] Includes dividend income, gain on sale of investment of quoted shares and gain on disposal of quoted investments.shares and gain on disposal of quoted investments.

[2] Includes those attributable to associated company

RISK MANAGEMENT

MTQ acknowledges that effective risk management is an integral part of proper governance to achieve our corporate objectives and to enhance shareholders' interests and value. The risk management framework aims to provide the Audit Committee and the Board with the assurance that the significant business risks we are facing have been identified and assessed, mechanisms have been formulated and implemented to monitor, manage and mitigate these risks.

With our Oilfield Engineering Division being a major contributor to our revenue, we will continue to monitor all the relevant risks that may impact MTQ. All risk records have been updated and serve as a basis for MTQ to develop its internal audit plan to test the effectiveness and compliance with internal controls. In the event of inadequate controls, rectifications will be taken to strengthen the controls and minimize any potential negative impacts of such risks. All these findings and follow up actions will be reported to the Audit Committee.

We have also formulated a programme to extend the risk management framework to our Australian business. Our financial risk management objectives and policies are further discussed in Note 35 to the financial statements.

FINANCIAL & CORPORATE CALENDAR

27 JUN 2008
Acquisition of Violetbloom Investments Pte. Ltd. ("VBPL"). VBPL is a wholly-owned subsidiary of the Company.

23 JUL 2008
39th Annual General Meeting and Extraordinary General Meeting.

15 AUG 2008
Payment of 2.0 Singapore cents final dividend, one-tier tax exempt, in respect of FY2008.

28 AUG 2008
Subscription and/or purchase of placement shares in Hai Leck Holdings Limited Initial Public Offering.

10 SEP 2008
Settlement of legal proceedings between our subsidiary, MTQ Engine Systems (Aust) Pty Ltd and CSR Limited.

03 NOV 2008
Announcement of half-year FY2009 results.

10 NOV 2008
Acquisition of Everfield Pte. Ltd. ("EPL"). EPL is a wholly-owned subsidiary of the Company.

28 NOV 2008
Payment of 1.0 Singapore cent interim dividend, one-tier tax exempt, in respect of FY2009.

05 JAN 2009
Obtained in-principle approval to set up business in Bahrain to provide services to the oil and gas industry in both Bahrain and the Gulf States.

29 APRIL 2009
Announcement of full year FY2009 results.

06 JULY 2009
Release of Annual Report 2008/2009 to shareholders.

CORPORATE STRUCTURE

MTQ Corporation Limited

- 100.0% **MTQ Holdings Pty Ltd**
- 100.0% **MTQ Engine Systems (Aust) Pty Ltd**
  - 100.0% **Dynamic Turbocharger Services (Aust) Pty Ltd**
- 77.5% **MTQ Subsea Technology Pte Ltd**
- 100.0% **MTQ Engineering Pte Ltd**
  - 1.0% PT MTQ Engine Systems Indonesia
- 99.0% **PT MTQ Engine Systems Indonesia**
- 100.0% **MTQ Engineering Sdn Bhd**
- 100.0% **MTQ Investments Pte. Ltd.**
- 100.0% **MTQ Equipment Rental Pte. Ltd.**
- 100.0% **MTQ Fabrication Pte. Ltd.**
- 99.9% **Metalock Castings Sdn Bhd**
- 100.0% **Blossomvale Investments Pte. Ltd.**
- 100.0% **Violetbloom Investments Pte. Ltd.**
- 100.0% **Everfield Pte. Ltd.**

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 **William Fong** Group Financial Controller	Contact : **Peter Lock** Managing Director	Contact : **Les Healey** Managing Director
Email : kkkuah@mtq.com.sg williamfong@mtq.com.sg	Email : peterlock@mtq.com.sg	Email : les.healey@mtqes.com.au

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 LLP
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 REPORT

CONTENTS

CORPORATE GOVERNANCE REPORT

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 ensures that obligations to shareholders and others are understood and met.

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

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.

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

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	23.07.2008
Huang Yuan Chiang[1]	Independent Director	08.08.2001	23.07.2007
Ong Choo Eng[1]	Non-executive Director	09.09.1997	21.07.2006
Ian Wayne Spence	Independent Director	15.01.2002	23.07.2008
Kuah Boon Wee	Non-executive Director	10.10.2006	23.07.2007
Ho Han Siong Christopher	Non-executive Director	30.10.2007	23.07.2008

[1] Mr. Huang Yuan Chiang and Mr. Ong Choo Eng 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.

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)
Ong Choo Eng
Ian Wayne Spence

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.

The remunerations of Directors are set out below :

	Fee	Salary/ Allowance	Bonus	Benefits
I. Above $500,000				
Kuah Kok Kim[1]	-	26%	68%	6%
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%			

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

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

	Salary/ Allowance	Bonus	Benefits
I. Above $250,000			
Peter Lock Hong Cheong	42%	47%	11%
Les Healey	81%	10%	9%
Fong Choon Seng	56%	35%	9%
II. $250,000 and below			
Lai Chee Keong	48%	43%	9%
Yap Bean Hooi	56%	35%	9%

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 2009.

Accountability and Audit

Principle 6: Access to information
Principle10: 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 good 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 highlighted and explained. In addition, the Directors can, in furtherance of their duties, seek independent professional advice, if necessary, at the Company's expense.

The Directors also have separate and independent access to the management as well as the Company Secretary. The Company Secretary is the Company's chief administrative officer and is responsible for the Company's compliance with its statutory duties. The 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 Secretary have to be approved by the Directors.

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.

CORPORATE GOVERNANCE REPORT

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 :

Ian Wayne Spence (Chairman)
Huang Yuan Chiang
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 was satisfied that the external auditors had been objective and independent in their audit of the Group.

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.

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 LLP as the external auditors of the Company for the financial year ending 31 March 2010.

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 compliance code on securities trading, which provides guidance and internal regulations with regards to dealings in the Company's securities by its Directors and officers. The Company's internal code prohibits its Directors and officers from dealing in the Company's securities during the "closed period", which is defined as one month before the date of announcement of the half year or full year results, and ending on the date of announcement of the relevant results. Directors and officers are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group and on short-term considerations.

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.

Meeting Attendance Report

Name of Directors		Board of Directors		Audit Committee		Remuneration Committee	
		No. of meetings		No. of meetings		No. of meetings	
		held	attended	held	attended	held	attended
Executive							
Kuah Kok Kim		3	3	2	2*	–	–
Non-executive						–	–
Huang Yuan Chiang	(Independent)	3	3	2	2	1	1
Ian Wayne Spence	(Independent)	3	3	2	2	1	1
Ong Choo Eng	(Non-independent)	3	3	2	2	1	1
Kuah Boon Wee	(Non-independent)	3	3	2	2*	–	–
Ho Han Siong Christopher	(Non-independent)	3	3	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 Person 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 arm's length basis.

Excluding transactions less than S$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 present their report to the members together with the audited consolidated financial statements of MTQ Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet, income statement and statement of changes in equity of the Company for the financial year ended 31 March 2009.

Directors

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

Kuah Kok Kim	(Chairman and CEO)
Ho Han Siong Christopher	
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		
The Company	**At 1.4.2008**	**At 31.3.2009**	**At 21.4.2009**	**At 1.4.2008**	**At 31.3.2009**	**At 21.4.2009**
(Ordinary shares)						
Kuah Kok Kim	1,806,000	1,806,000	1,806,000	20,223,000	20,223,000	20,223,000
Kuah Boon Wee	1,404,000	1,404,000	1,404,000	–	–	–
Huang Yuan Chiang	120,000	100,000	100,000	–	–	–
Ho Han Siong Christopher	–	–	–	7,900,000	7,900,000	7,900,000

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

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.

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 subsidiaries. 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.

(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 subsidiaries 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 subsidiaries who are controlling shareholders of the Company (as defined in the Listing Manual of the SGX-ST).

Options to acquire shares in the Company (cont'd)

(ii) ***Eligibility to participate in the Scheme (cont'd)***

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 subsidiaries, 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.

(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 subsidiaries; 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.

Options to acquire shares in the Company (cont'd)

(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 2009 were as follows :

	No. of options						
Date of grant	**At 1.4.2008**	**Granted**	**Exercised**	**Lapsed/ Cancelled**	**At 31.3.2009**	**Exercise price**	**Expiry date**
31.7.2003	30,000	–	–	–	30,000	$0.43	30.7.2013
	30,000	–	–	–	30,000		

(e) The participants of the Previous Scheme and the Scheme who are Directors of the Company as at 31 March 2009 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	

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 LLP have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors,

Kuah Kok Kim
Director

Huang Yuan Chiang
Director

Singapore
4 June 2009

STATEMENT BY DIRECTORS

We, Kuah Kok Kim and Huang Yuan Chiang, being two of the Directors of MTQ Corporation Limited, do hereby state that, in the opinion of the Directors :

(a) the accompanying balance sheets, income statements, statements of changes in equity, and consolidated cash flow statement 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 2009 and the results of the business, changes in equity and cash flows of the Group and the results and changes in equity of the Company for the year ended on that date, and

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

On behalf of the Board of Directors,

Kuah Kok Kim
Director

Huang Yuan Chiang
Director

Singapore
4 June 2009

INDEPENDENT AUDITORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

TO THE MEMBERS OF MTQ CORPORATION LIMITED

We have audited the accompanying financial statements of MTQ Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 43 to 112, which comprise the balance sheets of the Group and the Company as at 31 March 2009, the statements of changes in equity and the income statements of the Group and the Company, and cash flow statement 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.

Opinion

In our opinion,

(i) the consolidated financial statements of the Group, and the balance sheet, income statement 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 Group and of the Company as at 31 March 2009 and the results, changes in equity and cash flows of the Group and the results and changes in equity of the Company 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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants

Singapore
4 June 2009

INCOME STATEMENTS FOR THE FINANCIAL YEAR

ENDED 31 MARCH 2009

(In Singapore dollars)

GROUP	Note	Continuing Operations		Discontinued Operations		Total Consolidated	
		2009	2008	2009	2008	2009	2008
		$'000	$'000	$'000	$'000	$'000	$'000
Revenue	3	89,867	84,704	–	–	89,867	84,704
Other income	4	1,030	2,766	–	–	1,030	2,766
		90,897	87,470	–	–	90,897	87,470
Cost of sales		(57,539)	(51,041)	–	–	(57,539)	(51,041)
		33,358	36,429	–	–	33,358	36,429
Staff costs		(11,447)	(15,531)	–	–	(11,447)	(15,531)
Other operating expenses		(7,956)	(9,839)	(36)	161	(7,992)	(9,678)
Profit/(loss) from operating activities	5	13,955	11,059	(36)	161	13,919	11,220
Finance costs	6	(174)	(779)	–	–	(174)	(779)
Gain on disposal of quoted investments	7	–	40,789	–	–	–	40,789
Profit/(loss) from operations before taxation		13,781	51,069	(36)	161	13,745	51,230
Taxation	8	(2,769)	(13,422)	–	37	(2,769)	(13,385)
Net profit/(loss) for the financial year		11,012	37,647	(36)	198	10,976	37,845
Attributable to :							
Shareholders of the Company		11,012	37,647	(30)	162	10,982	37,809
Minority interests		–	–	(6)	36	(6)	36
		11,012	37,647	(36)	198	10,976	37,845
Earnings per share	9						
- Basic		12.13 cts	40.78 cts	(0.03 cts)	0.18 cts	12.10 cts	40.96 cts
- Diluted		12.13 cts	40.62 cts	(0.03 cts)	0.17 cts	12.10 cts	40.79 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 2009

(In Singapore dollars)

COMPANY	Note	2009 $'000	2008 $'000
Revenue	3	20,442	30,129
Other income	4	(254)	3,585
		20,188	33,714
Staff costs		(2,938)	(5,969)
Other operating expenses		(2,519)	(2,900)
Profit from operating activities	5	14,731	24,845
Finance costs	6	(2)	(72)
Profit from operations before taxation		14,729	24,773
Taxation	8	(962)	(840)
Net profit for the financial year		13,767	23,933

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

BALANCE SHEETS

AS AT 31 MARCH 2009

(In Singapore dollars)

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Non-current assets					
Goodwill	10	5,894	7,180	–	–
Investment properties	11	–	–	1,068	1,296
Property, plant and equipment	12	16,398	15,022	290	334
Investment in subsidiaries	13	–	–	22,276	16,421
Investment securities	14	4,146	–	–	–
Receivables	15	261	338	61	83
Prepayments	15	30	42	9	13
Deferred tax assets	24	857	1,067	–	–
		27,586	23,649	23,704	18,147
Current assets					
Inventories	16	14,178	16,056	–	–
Trade and other receivables	18	16,345	18,458	26,878	19,687
Gross amount due from customers for contract work-in-progress	17	2,864	–	–	–
Prepayments		281	557	35	52
Investment securities	14	1,628	269	–	–
Tax recoverable		15	15	–	–
Derivatives	36	–	24	–	–
Fixed deposits	19	14,988	26,445	–	3,509
Cash and cash equivalents	19	6,996	7,605	219	1,257
		57,295	69,429	27,132	24,505
Current liabilities					
Trade and other payables	20	(10,829)	(15,204)	(1,793)	(2,040)
Gross amount due to customers for contract work-in-progress	17	(425)	–	–	–
Finance lease payable, current portion	21	(54)	(5)	–	–
Long term bank borrowings, current portion	22	(1,905)	(1,761)	–	–
Provisions, current portion	25	(2,320)	(586)	–	–
Derivatives	36	(157)	–	–	–
Provision for taxation		(6,342)	(12,425)	(776)	(557)
		(22,032)	(29,981)	(2,569)	(2,597)
Net current assets		35,263	39,448	24,563	21,908
Non-current liabilities					
Other payables	20	–	–	(2,670)	(2,219)
Finance lease payable	21	(161)	(22)	–	–
Loans from a minority shareholder of a subsidiary company	23	(1,050)	(1,039)	–	–
Long term bank borrowings	22	(2,543)	(3,578)	–	–
Deferred tax liabilities	24	(1,688)	(1,185)	(76)	(236)
Provisions	25	(577)	(767)	(166)	(164)
		(6,019)	(6,591)	(2,912)	(2,619)
Net assets		56,830	56,506	45,355	37,436
Equity					
Share capital	26	28,159	28,159	28,159	28,159
Treasury shares	26	(3,992)	(891)	(3,992)	(891)
Reserves	27	33,328	29,897	21,188	10,168
Shareholders' funds		57,495	57,165	45,355	37,436
Minority interests	28	(665)	(659)	–	–
		56,830	56,506	45,355	37,436

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 2009

(In Singapore dollars)

Group	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Fair value adjustment reserve $'000	Other reserve $'000	Share-holders' funds $'000	Minority interests $'000	Total equity $'000
	Attributable to shareholders of the Company								
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 available-for-sale financial assets	–	–	–	–	12,262	–	12,262	–	12,262
Exchange difference on translation of overseas subsidiaries	–	–	788	–	–	–	788	(37)	751
Recognised in the income statement on disposal of investment securities	–	–	(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 (Note 26)	–	694	–	–	–	(15)	679	–	679
Balance as at 31 March 2008	28,159	(891)	1,477	28,438	–	(18)	57,165	(659)	56,506

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

(In Singapore dollars)

Group	Share capital	Treasury shares	Foreign currency translation reserve	Retained earnings	Fair value adjustment reserve	Other reserve	Share-holders' funds	Minority interests	Total equity
	Attributable to shareholders of the Company								
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 April 2008	28,159	(891)	1,477	28,438	–	(18)	57,165	(659)	56,506
Exchange difference on translation of overseas subsidiaries	–	–	(3,643)	–	–	–	(3,643)	–	(3,643)
Net loss on fair value changes	–	–	–	–	(1,161)	–	(1,161)	–	(1,161)
Net loss recognised directly in equity	–	–	(3,643)	–	(1,161)	–	(4,804)	–	(4,804)
Net profit for the financial year	–	–	–	10,982	–	–	10,982	(6)	10,976
Total recognised (loss)/income for the financial year	–	–	(3,643)	10,982	(1,161)	–	6,178	(6)	6,172
Dividends paid in respect of previous financial year, tax-exempt (one-tier) (Note 29)	–	–	–	(1,847)	–	–	(1,847)	–	(1,847)
Dividends paid in respect of current financial year, tax-exempt (one-tier) (Note 29)	–	–	–	(900)	–	–	(900)	–	(900)
Share buy-back - held in treasury (Note 26)	–	(3,101)	–	–	–	–	(3,101)	–	(3,101)
Balance as at 31 March 2009	28,159	(3,992)	(2,166)	36,673	(1,161)	(18)	57,495	(665)	56,830

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

(In Singapore dollars)

Company	**Share capital** $'000	**Treasury shares** $'000	**Retained earnings** $'000	**Other reserve** $'000	**Total share-holders' funds** $'000
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 (Note 26)	33	–	–	–	33
Issuance of ordinary shares pursuant to exercise of options (Note 26)	–	694	–	(15)	679
Balance as at 31 March 2008	28,159	(891)	10,186	(18)	37,436
Balance as at 1 April 2008	28,159	(891)	10,186	(18)	37,436
Net profit for the financial year	–	–	13,767	–	13,767
Total recognised income for the financial year	–	–	13,767	–	13,767
Dividends paid in respect of previous financial year, tax-exempt (one-tier) (Note 29)	–	–	(1,847)	–	(1,847)
Dividends paid in respect of current financial year, tax-exempt (one-tier) (Note 29)	–	–	(900)	–	(900)
Share buy-back - held in treasury (Note 26)	–	(3,101)	–	–	(3,101)
Balance as at 31 March 2009	28,159	(3,992)	21,206	(18)	45,355

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 2009

(In Singapore dollars)

	2009 $'000	2008 $'000
Cash flows from operating activities :		
Profit from operations before taxation	13,745	51,230
Add/(less) :		
Depreciation of property, plant and equipment	3,207	3,227
Gain on sale of property, plant and equipment	(204)	(211)
Interest income	(548)	(688)
Interest expense	174	779
Dividend income	(223)	(1,709)
Gain on disposal of quoted investments	–	(40,789)
Operating profit before reinvestment in working capital	16,151	11,839
Increase in gross amount due from customers for contract work-in-progress	(2,864)	–
Increase in gross amount due to customers for contract work-in-progress	425	–
Decrease/(increase) in receivables and prepayments	2,331	(3,484)
Decrease/(increase) in inventories	1,878	(2,064)
Increase in investment securities	(1,359)	(269)
(Decrease)/increase in payables	(2,427)	2,916
Currency realignment	(2,916)	(857)
Cash generated from operations	11,219	8,081
Interest income received	548	688
Interest expense paid	(167)	(771)
Income taxes paid	(7,102)	(348)
Net cash provided by operating activities	4,498	7,650
Cash flows from investing activities :		
Dividends received	223	1,195
Purchase of property, plant and equipment	(5,417)	(5,634)
Proceeds from sale of property, plant and equipment	480	876
Proceeds from sale of investment in quoted shares, net of brokerage	–	59,386
Purchase of investment in quoted shares, net of brokerage	(5,307)	–
Loans granted to staff	(60)	(276)
Loans repaid by staff	207	321
Net cash (used in)/provided by investing activities	(9,874)	55,868
Cash flows from financing activities :		
Dividends paid	(2,747)	(20,224)
Proceeds from bank borrowings	1,105	2,160
Repayment of bank borrowings	(1,996)	(14,827)
Proceeds from finance lease	193	27
Share buyback	(3,101)	–
Proceeds from issuance of shares pursuant to exercise of options	–	679
Repayment of loans from a minority shareholder of a subsidiary company	11	–
Net cash used in financing activities	(6,535)	(32,185)
Net change in cash and cash equivalents	(11,911)	31,333
Cash and cash equivalents at beginning of financial year (Note 19)	34,050	2,683
Effect of exchange rate changes on cash and cash equivalents	(155)	34
Cash and cash equivalents at end of financial year (Note 19)	21,984	34,050

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

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

The financial statements have been prepared on 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 *Future changes in accounting policies*

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 for annual periods beginning on or after
FRS 1	Presentation of Financial Statements – Revised presentation	1 January 2009
	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	Borrowing Costs	1 January 2009
FRS 27	Consolidated and Separate Financial Statements – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32	Financial Instruments : Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009

(In Singapore dollars)

2.2 ***Future changes in accounting policies (cont'd)***

Reference	Description	Effective for annual periods beginning on or after
FRS 39	Financial Instruments : Recognition and Measurement – Amendments relating to Eligible Hedged Items	1 July 2009
FRS 101	First-time Adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102	Share-based payment – Amendments relating to Vesting conditions and cancellations	1 January 2009
FRS 108	Operating Segments	1 January 2009
INT FRS 101	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2009
INT FRS 112	Service Concession Arrangements	1 January 2009
INT FRS 116	Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 117	Distributions of Non-cash Assets to Owners	1 July 2009

The Directors expect that the adoption of the above pronouncements will have no material impact on the financial statements in the period of initial application, except for FRS 1, FRS 23 and FRS 108 as indicated below.

- The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and Company are currently evaluating the format to adopt.

- FRS 23 Borrowing costs has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 31 March 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

- FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position and results of the Group when implemented in 2010.

(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 2009 was $5,894,000 (2008: $7,180,000). 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 2009 was $16,398,000 (2008: $15,022,000). Changes in the expected level of usage and technological developments could impact the economic useful lives, and therefore, future depreciation charges could be revised.

Construction contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities arising from construction contracts at the balance sheet date are disclosed in Note 17 to the financial statements.

(In Singapore dollars)

2.3 ***Significant accounting estimates and judgements (cont'd)***

(b) *Judgements made in applying accounting policies*

In the process of applying the Group'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 2009, the Group's provision for taxation stood at $6,342,000 (2008: $12,425,000), with a tax recoverable of $15,000 (2008: $15,000) and the carrying amounts of deferred tax assets and liabilities was $857,000 (2008: $1,067,000) and $1,688,000 (2008: $1,185,000) respectively.

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale financial assets and recognises changes in their fair value in equity. When the fair value declines, management exercises judgement based on the observable data relating to the possible events that may have caused the decline in value to determine whether the decline in value is an impairment that should be recognised in the income statement. No impairment loss was recognised for the financial year ended 31 March 2009 (2008: nil).

Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the balance sheet date is disclosed in Note 36 to the financial statements.

2.4 ***Foreign currency***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the 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 operations, which are recognised initially in equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated income statement on disposal of the foreign operation.

2.4 ***Foreign currency (cont'd)***

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 cumulative amount recognised in foreign currency translation reserve relating to that particular foreign operation is recognised in the income statement.

2.5 ***Basis of consolidation***

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

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

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. 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 share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 2.14. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the income statement on the date of acquisition.

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

2.6 ***Transactions with minority interests***

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

2.7 ***Construction contracts***

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

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

(In Singapore dollars)

2.8 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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.

Revenue from construction contract is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is determined by reference to contract costs incurred to date as a percentage of total estimated contract costs for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

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.

2.9 *Employee benefits*

Defined contribution plans

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

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they 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 Group 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.

(In Singapore dollars)

2.9 ***Employee benefits (cont'd)***

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.

2.10 ***Leases***

As lessee

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

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is set out in Note 2.8.

2.11 ***Borrowing costs***

Borrowing costs are recognised in the income statement as incurred except to the extent that they are capitalised. 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 incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

(In Singapore dollars)

2.12 ***Income taxes***

(a) *Current tax*

Current tax assets and liabilities 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.

(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 assets and liabilities are recognised for all 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 subsidiaries, 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.

(In Singapore dollars)

2.12 ***Income taxes (cont'd)***

(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.

2.13 ***Discontinued operation***

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

2.14 ***Goodwill***

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's 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 cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating 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.

(In Singapore dollars)

2.15 *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 or the remaining term of the lease.

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 2.16 up to the date of change in use.

2.16 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded 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 over their estimated useful lives. 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 included in plant and equipment are not depreciated as these assets are not yet available for use.

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

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 the asset is included in the income statement in the year the asset is derecognised.

2.17 *Subsidiaries*

A subsidiary 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 subsidiaries are accounted for at cost less any impairment losses.

2.18 *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 2.20.

2.19 *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.

Finished goods and work-in-progress include 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.

2.20 *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.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has 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.

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.

(In Singapore dollars)

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

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

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

(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 instruments 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.

2.21 ***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 impairment 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.

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in 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 recognised in the income statement if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.22 ***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 subsidiaries 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 2.20.

2.23 ***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.

(In Singapore dollars)

2.24 ***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 assessment 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. 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 except for assets that were previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal 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.

2.25 ***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 include payables to subsidiaries 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.

(In Singapore dollars)

2.26 *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 economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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 economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

2.27 *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.

2.28 *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.

2.29 *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.

2.30 *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.

(In Singapore dollars)

2.31 *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.

2.32 *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.

2.33 *Government grants*

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

(In Singapore dollars)

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 subsidiaries.

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Sales and servicing	90,488	84,685	–	–
Net fair value (loss)/gain on financial assets held for trading	(621)	19	–	–
Dividends	–	–	15,264	22,020
Consultancy and management fees	–	–	3,219	6,361
Rental (Note 11)	–	–	1,959	1,748
	89,867	84,704	20,442	30,129

4. Other income

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Dividends	223	1,709	–	–
Interest income				
- bank deposits	534	671	8	9
- staff loans	14	17	5	6
- intercompany loan	–	–	–	3,342
Over-charge of prior year interest on intercompany loan	–	–	(287)	–
Net gain on disposal of long term investment	–	221	–	221
Job credits	73	–	14	–
Other income	186	148	6	7
	1,030	2,766	(254)	3,585

(In Singapore dollars)

5. Profit/(loss) from operating activities

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
(a) ***Manpower costs***				
Directors' remuneration :				
- Directors of the Company				
• Salaries, wages and bonuses	1,398	3,802	1,398	3,802
• Contributions to CPF and other defined contribution plans	4	8	4	8
• Others	3	3	3	3
- Directors of subsidiary companies				
• Salaries, wages and bonuses	686	780	–	–
• Contributions to CPF and other defined contribution plans	28	21	–	–
• Others	2	63	–	–
Other employees' remuneration :				
- Salaries, wages and bonuses	16,454	17,420	1,341	1,934
- Contributions to CPF and other defined contribution plans	1,377	1,619	95	108
- Others	1,923	2,040	97	114
	21,875	25,756	2,938	5,969
Less : Manpower costs capitalised under work-in-progress	(689)	(766)	–	–
	21,186	24,990	2,938	5,969

Manpower costs of the Company and the Group amounting to $nil and $9,739,000 (2008: $nil and $9,459,000) respectively have been included in cost of sales.

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
(b) ***Other operating expenses***				
(Write-back of allowance for impairment)/allowance for impairment of trade receivables, net	(359)	380	–	–
Bad debts written back	–	(24)	–	–
Depreciation of property, plant and equipment (Note 12)	1,020	1,383	127	127
Depreciation of investment properties (Note 11)	–	–	317	311
Directors' fees				
- Directors of the Company	165	165	165	165
- Directors of subsidiaries	4	4	–	–
Gain on sale of property, plant and equipment, net	(204)	(211)	–	(92)
Allowance for inventory obsolescence, net (Note 16)	507	239	–	–
Loss/(gain) on exchange, net	214	(246)	84	17
Non-audit fees paid to				
- Auditors of the Company	104	123	36	50
- Auditors of subsidiaries	(2)	303	–	–
Operating lease expenses	1,421	1,643	225	219
Provision for foreseeable losses	1,566	–	–	–
Allowance for impairment of receivables due from subsidiaries (Note 13 and 18)	–	–	84	837
Write-back of impairment in value of investments in subsidiaries, net (Note 13)	–	–	–	(37)

(In Singapore dollars)

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

Operating lease expenses of the Group amounting to $36,000 (2008: $40,000) have been included in cost of sales.

Depreciation of property, plant and equipment of the Group amounting to $2,187,000 (2008: $1,844,000) has been included in cost of sales (Note 12).

Provision for foreseeable losses of the Group amounting to $1,566,000 (2008: Nil) has been included in cost of sales (Note 25).

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

Number of Directors in remuneration bands

	Company	
	2009	2008
$500,000 and above	1	1
$250,000 to $499,999	–	–
Below $250,000	5	5
Total	6	6

6. Finance costs

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Interest on :				
- bank loans and overdrafts	158	770	–	70
- finance lease payables	9	1	–	–
- others	7	8	2	2
	174	779	2	72

7. Gain on disposal of quoted investments

During the previous financial year, 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.

(In Singapore dollars)

8. Taxation

(a) *Major components of income tax expense*

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Income statement				
Taxation attributable to continuing operations :				
Current tax				
- Current income taxation	2,308	12,274	1,152	139
- (Over)/under provision in respect of prior years	(407)	(29)	(336)	131
- Withholding tax	350	334	306	334
	2,251	12,579	1,122	604
Deferred taxation				
- Movements in temporary differences	403	804	(277)	236
- Under provision in respect of prior years	115	39	117	–
	518	843	(160)	236
Taxation attributable to continuing operations	2,769	13,422	962	840
Taxation attributable to discontinued operations :				
Current taxation				
- Current income tax	–	59	–	–
Deferred taxation				
- Movements in temporary differences	–	(96)	–	–
Taxation attributable to discontinued operations	–	(37)	–	–
Taxation expense recognised in income statement	2,769	13,385	962	840

(In Singapore dollars)

8. Taxation (cont'd)

(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 2009 and 31 March 2008 is as follows :

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Profit from operations before taxation	13,745	51,230	14,729	24,773
Tax at Singapore statutory tax rate of 17% (2008: 18%)	2,336	9,221	2,504	4,459
Tax effect of expenses not deductible for tax purposes	340	53	187	261
Tax effect of income not subject to tax	(166)	(1,403)	(2,154)	(3,991)
Effect of change in Singapore statutory tax rate	(73)	–	(21)	–
Deferred tax assets not recognised	115	234	–	–
Utilisation of deferred tax assets previously not recognised	–	(1,297)	–	(20)
Effect of difference in effective tax rates of other countries	159	3,181	359	–
(Over)/under provision in respect of prior years	(292)	10	(219)	131
Others	350	3,386	306	–
	2,769	13,385	962	840

The statutory income tax rate applicable to the Company was reduced to 17% for Year of Assessment 2010 from 18% for Year of Assessment 2009.

As at 31 March 2009, certain subsidiaries had unutilised tax losses of approximately $3,663,000 (2008: $3,575,000) and unabsorbed capital allowances of approximately $1,630,000 (2008: $1,710,000), 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 $2,101,000 (2008: $1,414,000) 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.

(In Singapore dollars)

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	
	2009	**2008**
	$'000	$'000
Net profit from continuing operations attributable to shareholders of the Company used in computation of earnings per share	11,012	37,647

	Number of shares	
	2009	**2008**
	'000	'000
Weighted average number of ordinary shares in issue applicable to basic earnings per share computation	90,789	92,319
Effect of dilution :		
Share options	7	360
Weighted average number of ordinary shares adjusted for the effect of dilution	90,796	92,679

7,482,000 (2008: 2,229,000) 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.

(In Singapore dollars)

10. Goodwill

	Group $'000
At 1 April 2007	6,816
Currency realignment	364
At 31 March 2008 and 1 April 2008	7,180
Currency realignment	(1,286)
At 31 March 2009	5,894

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 turbochargers 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 5% (2008: 8%) and terminal value of A$8,689,000 (approximately $9,158,000) (2008: A$22,705,000) (2008: approximately $29,153,000). Management has estimated the terminal value 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 5% (2008: 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% (2008: 9.13%) 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.

(In Singapore dollars)

11. Investment properties

	Company $'000
Cost	
At 1 April 2007	6,065
Additions	448
Transfer from assets under construction (Note 12)	388
At 31 March 2008 and 1 April 2008	6,901
Additions	89
At 31 March 2009	6,990
Accumulated depreciation	
At 1 April 2007	5,294
Depreciation	311
At 31 March 2008 and 1 April 2008	5,605
Depreciation (Note 5)	317
At 31 March 2009	5,922
Net carrying amount	
At 31 March 2009	1,068
At 31 March 2008	1,296

The fair value of the investment properties held by the Company as at 31 March 2009 amounted to $4,000,000 (2008: $4,900,000). Valuations are performed by an accredited independent valuer with recent experience in the location and categories of properties being valued.

The investment properties held by the Company as at 31 March 2009 are as follows :

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

	Company	
	2009 $'000	2008 $'000
Income statement		
Rental income from investment properties charged to subsidiaries (Note 3)	1,959	1,748
Direct operating expenses (including repairs and maintenance) :		
- rental generating properties	1,333	1,194
- non-rental generating properties	–	–
	1,333	1,194

(In Singapore dollars)

12. Property, plant and equipment

Group	Freehold Land $'000	Freehold building $'000	Leasehold building[1] $'000	Plant, workshop and rental equipment $'000	Furniture and fixtures, office equipment and motor vehicles $'000	Assets under construction $'000	Total $'000
Cost							
At 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)
Transfers	–	–	388	–	–	(388)	–
At 31 March 2008 and 1 April 2008	319	413	6,901	21,168	8,305	313	37,419
Currency realignment	(57)	(75)	–	(668)	(1,081)	(56)	(1,937)
Additions	–	4	89	4,862	462	–	5,417
Disposals/written off	–	–	–	(578)	(84)	–	(662)
Transfers	–	–	–	255	2	(257)	–
At 31 March 2009	262	342	6,990	25,039	7,604	–	40,237
Accumulated depreciation							
At 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 and 1 April 2008	–	170	5,605	10,145	6,477	–	22,397
Currency realignment	–	(31)	–	(416)	(932)	–	(1,379)
Depreciation	–	20	317	2,169	701	–	3,207
Disposals/written off	–	–	–	(316)	(70)	–	(386)
At 31 March 2009	–	159	5,922	11,582	6,176	–	23,839
Net carrying amount							
At 31 March 2009	262	183	1,068	13,457	1,428	–	16,398
At 31 March 2008	319	243	1,296	11,023	1,828	313	15,022

(In Singapore dollars)

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

Company	Workshop equipment $'000	Furniture and fixtures, office equipment and motor vehicles $'000	Asset under construction $'000	Total $'000
Cost				
At 1 April 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 and 1 April 2008	209	1,366	–	1,575
Additions	–	83	–	83
Disposals/written off	–	–	–	–
At 31 March 2009	209	1,449	–	1,658
Accumulated depreciation				
At 1 April 2007	208	1,203	–	1,411
Depreciation	–	127	–	127
Disposals/written off	–	(297)	–	(297)
At 31 March 2008 and 1 April 2008	208	1,033	–	1,241
Depreciation	–	127	–	127
Disposals/written off	–	–	–	–
At 31 March 2009	208	1,160	–	1,368
Net carrying amount				
At 31 March 2009	1	289	–	290
At 31 March 2008	1	333	–	334

(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 properties in the Company's balance sheet (Note 11).

(In Singapore dollars)

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

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

				Net book value	
Location	**Description**	**Area sq. m.**	**Tenure**	**2009** $'000	**2008** $'000
Freehold land and buildings					
32 Raynham Street, Salisbury, Queensland 4107, Australia	Office building and workshop	2,200	Freehold	445	562
Leasehold building[1]					
182 Pandan Loop, Singapore 128373 *	Office building and workshop	14,271	30 years lease from 16.9.2006	1,068	1,296

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

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

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

	Net book value	
	2009 $'000	**2008** $'000
Freehold land	262	319
Freehold building	183	243
Plant and workshop equipment	6,242	7,183
Furniture and fixtures, office equipment and motor vehicles	–	1,003

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

During the year, the Group acquired property, plant and equipment with an aggregate cost of $198,000 (2008: $28,000).

The carrying amount of property, plant and equipment held under finance lease as at 31 March 2009 was $214,000 (2008: $25,000) (Note 21).

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

(In Singapore dollars)

13. Investment in subsidiaries

	Company 2009 $'000	Company 2008 $'000
Unquoted shares, at cost :		
At beginning of financial year	27,131	27,131
Acquisition	– *	– *
At end of financial year (Note 32)	27,131	27,131
Impairment in value of investments	(10,711)	(10,711)
	16,420	16,420
Inter-company indebtedness :		
Amounts owing by subsidiaries		
- Non-trade	4,265	414
- Interest-free loans	4,537	2,483
Allowance for amounts owing by subsidiaries	(2,946)	(2,896)
	5,856	1
	22,276	16,421

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

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

Movement in allowance for impairment in value of investments

	2009 $'000	2008 $'000
At beginning of financial year	10,711	10,748
Written back	–	(37)
At end of financial year	10,711	10,711

Intercompany indebtedness

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

(In Singapore dollars)

13. Investment in subsidiaries (cont'd)

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

	Company	
	2009	**2008**
	$'000	$'000
Amounts due by subsidiaries - nominal value	2,946	2,896
Less : Allowance for impairment	(2,946)	(2,896)
	–	–
Allowance for impairment of intercompany indebtedness :		
At beginning of financial year	2,896	3,362
Charge for the year (Note 5)	50	–
Written off	–	(10)
Transfer to allowance for current amounts due by subsidiaries (Note 18)	–	(456)
At end of financial year	2,946	2,896

14. Investment securities

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Non-current assets				
Available-for-sale financial assets				
Quoted securities, at fair value	4,146	–	–	–
Current assets				
Held for trading financial assets				
Quoted securities, at fair value	1,628	269	–	–

The fair value of the above investment is based on its quoted closing market price on the last market day of the financial year.

Investment securities are investment in equity instruments that are quoted on the Singapore Exchange Securities Trading Limited and Australia Securities Exchange. They are classified as available-for-sale financial assets and held-for-trading financial assets respectively, and are carried at fair value.

Investment securities were denominated in the following currencies :

	Group	
	2009	**2008**
	$'000	$'000
Singapore dollars	4,206	269
Australian dollars	1,568	–
	5,774	269

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 subsidiaries to purchase cars. These loans are repayable by monthly instalments over seven years with the last repayment due in Year 2016. The executive directors and management staff concerned had entered into agreements with the Company or the respective subsidiaries to assign all rights of ownership of the cars to the Company or the subsidiaries until full settlement of the loans. The staff loans are carried at amortised cost. The difference between the amortised cost and absolute loan amount is recognised as prepaid staff benefits. The current portion of these loans is disclosed in Note 18.

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Non-current				
Staff loans, at amortised cost	261	338	61	83
Prepaid staff benefits	30	42	9	13
	291	380	70	96
Current				
Staff loans, at amortised cost (Note 18)	82	137	22	21
Prepaid staff benefits *	15	18	4	5
	97	155	26	26

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

16. Inventories

	Group	
	2009	**2008**
	$'000	$'000
First-in-first-out basis		
- Raw materials	1,317	845
- Work-in-progress	5,268	5,198
- Engines and spares	495	232
	7,080	6,275
Weighted average basis		
- Finished goods	6,832	9,444
- Work-in-progress	65	28
- Goods-in-transit	201	309
	7,098	9,781
Total inventories at lower of cost and net realisable value	14,178	16,056
Inventories are stated after deducting allowance for inventory obsolescence of :		
- first-in-first-out basis	452	257
- weighted average basis	686	613
	1,138	870

(In Singapore dollars)

16. Inventories (cont'd)

During the financial year, the Group wrote down $507,000 (2008: $239,000) 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 $nil (2008: $9,781,000) for the financial year ended 31 March 2009 as securities over the bank borrowings of the subsidiary company (Note 22(c)).

17. Gross amount due from/(to) customers for contract work-in-progress

	2009 $'000	2008 $'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	5,064	–
Less : Progress billings	(2,625)	–
	2,439	–
Presented as :		
Gross amount due from customers for contract work	2,864	–
Gross amount due to customers for contract work	(425)	–
	2,439	–

18. Trade and other receivables

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade receivables	16,033	17,872	–	–
Advances to suppliers	80	236	–	–
Staff loans, current (Note 15)	82	137	22	21
Sundry deposits	4	4	2	2
Sundry receivables	141	209	43	48
Interest receivable	–	–	–	3,342
Property tax receivable	5	–	5	–
Amounts owing by subsidiaries				
- Interest bearing				
• Trade	–	–	–	1,930
• Non-trade	–	–	–	1,541
• Loan	–	–	–	1,005
- Non-interest bearing				
• Trade	–	–	19,595	10,430
• Loan	–	–	7,211	1,368
	16,345	18,458	26,878	19,687

(In Singapore dollars)

18. Trade and other receivables (cont'd)

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Trade and other receivables are stated after deducting an allowance for doubtful receivables of :				
- trade receivables	920	1,483	113	113
- sundry receivables	12	12	–	–
- amounts owing by subsidiaries	–	–	1,327	1,293
	932	1,495	1,440	1,406

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

	Group	
	2009	**2008**
	$'000	$'000
Singapore dollars	6,437	3,874
Australian dollars	4,267	5,694
United States dollars	5,641	8,890
	16,345	18,458

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.

Receivables that are past due but not impaired

The Group has trade receivables amounting to $9,511,000 (2008: $14,026,000) 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 :

Trade receivables past due :		
Lesser than 30 days	5,764	6,002
30 to 60 days	1,758	5,699
61 to 90 days	340	1,467
More than 90 days	1,649	858
	9,511	14,026

(In Singapore dollars)

18. Trade and other receivables (cont'd)

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Trade receivables - nominal value	914	1,080	178	660
Less : Allowance for impairment	(760)	(1,080)	(160)	(403)
	154	–	18	257
Allowance for impairment :				
At beginning of financial year	1,080	994	403	208
Exchange differences	(153)	43	–	–
(Write-back)/charge for the year, net (Note 5)	(116)	185	(243)	195
Provisions no longer required	(51)	(142)	–	–
At end of financial year	760	1,080	160	403
Other receivables - nominal value	12	12	–	–
Less : Allowance for impairment	(12)	(12)	–	–
	–	–	–	–

(In Singapore dollars)

18. Trade and other receivables (cont'd)

Amounts owing by subsidiaries

The non-interest bearing amounts due from subsidiaries are unsecured and repayable in cash on demand. The interest bearing amounts due from subsidiaries are unsecured, bear interests at rates of nil% (2008: 7.75% to 10.40%) per annum and are repayable in cash on demand. Interest rates are re-priced at intervals of three months.

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

	Company	
	2009	**2008**
	$'000	$'000
Amounts due by subsidiaries - nominal value	1,327	1,293
Less : Allowance for impairment	(1,327)	(1,293)
	–	–
Allowance for impairment :		
At beginning of financial year	1,293	–
Charge for the year (Note 5)	34	837
Transfer from allowance for non-current amounts due by subsidiaries (Note 13)	–	456
At end of financial year	1,327	1,293

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	
	2009	**2008**
	$'000	$'000
Fixed deposits	14,988	26,445
Cash at banks and in hand	6,996	7,605
Cash and cash equivalents	21,984	34,050

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from nil% to 5.18% (2008: 0.01% to 4.70%) 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 0.31% to 4.43% (2008: 1.00% to 7.70%).

(In Singapore dollars)

19. Cash and cash equivalents (cont'd)

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

	Group	
	2009	2008
	$'000	$'000
Singapore dollars	16,712	15,433
Australian dollars	2,777	17,279
United States dollars	2,468	1,322
Others	27	16
	21,984	34,050

20. Trade and other payables

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Current				
Trade payables	4,777	7,103	–	–
Sundry payables	362	499	92	204
Accruals for staff-related costs	4,944	5,923	883	1,640
Sundry accruals	746	1,679	220	196
Amounts owing to subsidiaries				
- Trade	–	–	103	–
- Interest-free loans	–	–	495	–
	10,829	15,204	1,793	2,040
Non-current				
Amounts owing to subsidiaries				
- Interest-free loans	–	–	2,670	2,219

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

	Group	
	2009	2008
	$'000	$'000
Singapore dollars	5,440	7,207
Australian dollars	3,338	6,362
United States dollars	1,783	1,191
Others	268	444
	10,829	15,204

(In Singapore dollars)

20. Trade and other payables (cont'd)

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 subsidiaries

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

The loans owing to subsidiaries 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.

21. Finance lease payable

At 31 March 2009, 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			
	2009		2008	
	Minimum lease payments $'000	Present value of payments $'000	Minimum lease payments $'000	Present value of payments $'000
Within 1 year	64	54	7	5
After 1 year but within 5 years	172	161	25	22
Total minimum lease payments	236	215	32	27
Less : Amount representing finance charges	(21)	–	(5)	–
Present value of minimum lease payments	215	215	27	27

(In Singapore dollars)

21. Finance lease payable (cont'd)

	Group	
	2009	**2008**
	$'000	$'000
Current	54	5
Non-current	161	22
	215	27

The finance lease for the Group bears an average effective interest rate of 5.27% (2008: 9.47%) per annum.

22. Bank borrowings

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Long term bank borrowings, current portion				
Long term bank loans				
Unsecured	340	340	–	–
Secured	1,565	1,421	–	–
	1,905	1,761	–	–
Long term bank borrowings, non-current portion				
Long term bank loans				
Unsecured	135	475	–	–
Secured	2,408	3,103	–	–
	2,543	3,578	–	–
Total bank borrowings	4,448	5,339	–	–

Unsecured bank borrowings :

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

(In Singapore dollars)

22. Bank borrowings (cont'd)

Secured bank borrowings :

(a) Facility 1

The long term bank loans are repayable over quarterly instalments of between $24,000 and $65,000 with the last instalment on 31 December 2012. Interest is payable at the rate of between 1.50% and 2.00% (2008: between 1.50% 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 $6,242,000 as at 31 March 2009 (2008: $5,619,000) purchased with the bank borrowings (Note 12 (b)); and

- corporate guarantee from the Company.

(b) Facility 2

During the financial year, a new long term loan of A$2,800,000 was granted by the bank under Facility 2. The entire loan was undrawn as at 31 March 2009. The facility was secured by the following :

- corporate guarantee from the Company;

- fixed and floating charge over the assets of the subsidiary company; and

- registered mortgage over the subsidiary company's property at 32 Raynham Street, Salisbury, Queensland, Australia.

(c) Facility 3

In the prior financial year, all outstanding bank borrowings in respect of Facility 3 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 been fully discharged as at 31 March 2009.

(In Singapore dollars)

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	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
At beginning of financial year	(118)	570	(236)	–
Currency realignment	(195)	59	–	–
(Written back)/provided during the financial year	(518)	(747)	160	(236)
At end of financial year	(831)	(118)	(76)	(236)
Deferred tax assets				
Employee benefits	381	582	26	28
Other provisions	547	815	–	–
Others	10	–	–	–
	938	1,397	26	28
Deferred tax liabilities				
Excess of net book value over tax written down value of property, plant and equipment	(1,749)	(989)	(102)	(7)
Unrealised foreign exchange gain	(16)	(258)	–	–
Unremitted foreign income	–	(257)	–	(257)
Others	(4)	(11)	–	–
	(1,769)	(1,515)	(102)	(264)
	(831)	(118)	(76)	(236)

(In Singapore dollars)

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

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

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Deferred tax assets	857	1,067	–	–
Deferred tax liabilities	(1,688)	(1,185)	(76)	(236)
Deferred tax liabilities, net	(831)	(118)	(76)	(236)

25. Provisions

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Current	2,320	586	–	–
Non-current	577	767	166	164
	2,897	1,353	166	164

Represented by :

	Make good provision	Maintenance warranty	Long service leave	Foresee-able losses	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
At 1 April 2008	210	157	886	–	100	1,353
Currency realignment	(26)	(28)	(159)	–	–	(213)
Provisions during the year (Note 5)	–	106	120	1,566	–	1,792
Utilisation during the year	–	(42)	–	–	–	(42)
Accretion of interest	7	–	–	–	–	7
At 31 March 2009	191	193	847	1,566	100	2,897

(In Singapore dollars)

25. Provisions (cont'd)

	Make good provision $'000	Maintenance warranty $'000	Long service leave $'000	Others $'000	Total $'000
Company					
At 1 April 2008	64	–	–	100	164
Accretion of interest	2	–	–	–	2
At 31 March 2009	66	–	–	100	166

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.

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.

Provision for foreseeable losses

Subsequent to the balance sheet date, a claim arising from the supply of certain equipment to a customer previously invoiced and paid has been raised against one of the Company's subsidiaries. As a result of the claim, the Management has deemed it prudent to make a provision for foreseeable losses of $1,566,000. Management does not expect any further provisions to arise from this case.

(In Singapore dollars)

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 2007	95,445	28,126	(3,963)	(1,585)
Issuance on declaration of scrip dividend	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 and 1 April 2008	95,541	28,159	(2,229)	(891)
Share buy back - held in treasury	–	–	(5,253)	(3,101)
At 31 March 2009	95,541	28,159	(7,482)	(3,992)

During the previous financial year, 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 previous 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.

During the financial year, the Company bought back 5,253,000 shares (2008: nil) under the Share Buyback Mandate first approved by the shareholders on 14 April 2003 and last renewed at the Annual General Meeting on 23 July 2008.

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.

(In Singapore dollars)

27. Reserves

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Distributable reserves				
- Retained earnings	36,673	28,438	21,206	10,186
- Foreign currency translation reserve	(2,166)	1,477	–	–
Fair value adjustment reserve	(1,161)	–	–	–
Other reserve	(18)	(18)	(18)	(18)
	33,328	29,897	21,188	10,168

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.

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 $665,000 (2008: $659,000). The minority shareholder's deemed obligations to share in such deficit are detailed in Note 23.

(In Singapore dollars)

29. Dividends

	Group and Company	
	2009	2008
	$'000	$'000
Declared and paid during the financial year :		
Paid in respect of the previous financial year :		
- Final dividend of 2.0 cents per ordinary share, tax-exempt (one-tier) (2008: 1.5 cents per ordinary share, less tax at 18%)	1,847	1,128
Paid in respect of the current financial year :		
- Interim dividend of 1.0 cent per ordinary share, tax-exempt (one-tier) (2008: 1.0 cent per ordinary share, less tax at 18%)	900	765
- Special dividend of nil cents per ordinary share, less tax at 18% (2008: 24.0 cents per ordinary share, less tax at 18%)	–	18,364
	2,747	20,257
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) (2008: 2.0 cents per ordinary share, tax exempt)	1,761	1,849

Proposed dividend is calculated based on total ordinary shares issued as at 4 June 2009.

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.

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	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Within one year	1,119	1,044	211	221
After one year but not more than five years	2,448	2,041	1,011	977
More than five years	10,886	11,212	11,600	11,212
	14,453	14,297	12,822	12,410

(In Singapore dollars)

30. Commitments and contingencies (cont'd)

Capital expenditure

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Authorised but not committed	832	1,522	138	79
Authorised and committed	–	1,300	–	–
	832	2,822	138	79

Contingent liabilities

Corporate guarantees

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Corporate guarantees issued by the Company for bank facilities granted to subsidiaries	–	–	18,131	13,915
Bank facilities utilised by subsidiaries at balance sheet date	–	–	6,853	8,302

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

During the year, two long-standing legal proceedings involving a wholly-owned subsidiary company in Australia, MTQ Engine Systems (Aust) Pte Ltd ("MTQES") were settled.

Other commitments

Financial support

The Company has provided letters of financial support to certain subsidiaries that it will not demand repayment of the amounts owing by such subsidiaries unless such repayment will not jeopardise the ability of these subsidiaries to meet their obligations as and when they fall due. The total amount owing from these subsidiaries is $5,955,000 (2008: $4,190,000).

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

(ii) *Oilfield engineering*

Provides engineering services for the servicing, manufacturing, assembly and fabrication of oilfield equipment such as valves and blow-out-preventers used in the oil and gas industry. This segment also engages in the business of renting 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.

(In Singapore dollars)

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

(a) *By business segments*

2009	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	–	55,432	35,056	(621)	–	–	89,867	–	89,867
Inter-segment sales	5,178	1,794	–	–	–	(6,972)	–	–	–
Total sales	5,178	57,226	35,056	(621)	–	(6,972)	89,867	–	89,867
Segment results	(209)	13,803	486	(395)	(37)	(241)	13,407	(36)	13,371
Interest income							548	–	548
Finance costs							(174)	–	(174)
Taxation							(2,769)	–	(2,769)
Net profit/(loss) for the financial year							11,012	(36)	10,976
Assets and liabilities									
Segment assets	13,523	46,792	21,828	1,843	–	–	83,986	23	84,009
Deferred tax assets							857	–	857
Tax recoverable							15	–	15
Total assets							84,858	23	84,881
Segment liabilities	(1,337)	(8,064)	(4,858)	(13)	(9)	–	(14,281)	(27)	(14,308)
Provision for taxation							(6,283)	(59)	(6,342)
Deferred tax liabilities							(1,688)	–	(1,688)
Bank borrowings and finance lease liabilities							(4,663)	–	(4,663)
Loan from a minority shareholder of a subsidiary company							–	(1,050)	(1,050)
Total liabilities							(26,915)	(1,136)	(28,051)
Other segmental information									
Capital expenditure	185	4,699	533	–	–	–	5,417	–	5,417
Depreciation	446	1,969	792	–	–	–	3,207	–	3,207
Provision for foreseeable losses	–	1,566	–	–	–	–	1,566	–	1,566
Allowance for impairment of receivables, net	–	359	–	–	–	–	359	–	359
Allowance for inventory obsolescence, net	–	195	312	–	–	–	507	–	507
Other non-cash expenses/(income)	–	(202)	(2)	–	–	–	(204)	–	(204)

(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	Total	Subsea robotics	
	$'000	$'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							37,647	198	37,845
Assets and liabilities									
Segment assets	9,643	37,974	43,793	574	2	–	91,986	10	91,996
Deferred tax assets							1,067	–	1,067
Tax recoverable							15	–	15
Total assets							93,068	10	93,078
Segment liabilities	(2,210)	(6,058)	(8,242)	(9)	(10)	–	(16,529)	(28)	(16,557)
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							(35,446)	(1,126)	(36,572)
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)

(In Singapore dollars)

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

(b) ***By geographical segments***

	Singapore $'000	Australia $'000	Indonesia $'000	Malaysia $'000	Total $'000
2009					
External sales	54,811	35,056	–	–	89,867
Segment assets	62,181	21,821	7	–	84,009
Capital expenditure	4,884	533	–	–	5,417
2008					
External sales	45,058	39,077	569	–	84,704
Segment assets	48,161	43,595	238	2	91,996
Capital expenditure	4,419	1,191	24	–	5,634

32. Subsidiaries

The subsidiaries as at 31 March are :

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Percentage of equity held by the Group	
		2009 $'000	2008 $'000	2009 %	2008 %
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	100
Violetbloom Investments Pte. Ltd. (Republic of Singapore)	Investment holding (Republic of Singapore)	– ♦	–	100	–

(In Singapore dollars)

32. Subsidiaries (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost 2009 $'000	Cost 2008 $'000	Percentage of equity held by the Group 2009 %	Percentage of equity held by the Group 2008 %
	Everfield Pte. Ltd. (Republic of Singapore)	Investment holding (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
iii	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
Unquoted equity shares held by the Company :						
ii	Metalock Castings Sdn Bhd (Malaysia)	Inactive (Malaysia)	5,858	5,858	99.9	99.9
ii	MTQ Engineering Sdn Bhd (Malaysia)	Inactive (Malaysia)	–♦	–♦	100	100
			27,131	27,131		
Unquoted equity shares held by subsidiaries :						
iii	Dynamic Turbocharger Services (Australia) Pty Ltd (Australia)	Inactive (Australia)	– ♦	– ♦	100	100
iii	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
			2	2		

i Audited by Ernst & Young, Australia
ii Audited by Ernst & Young, Malaysia
iii Not required to be audited under the law in its country of incorporation
♦ The cost of investments in each of these subsidiaries is less than $1,000

Except otherwise indicated, the above subsidiaries are audited by Ernst & Young LLP, Singapore.

(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 has been 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.

(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 subsidiaries 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 subsidiaries 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 subsidiaries, 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.

(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 subsidiaries; 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.

(In Singapore dollars)

33. Employee benefits (cont'd)

(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 :

	No. of options						
Date of grant	**31.3.2008** '000	**Granted** '000	**Exercised** '000	**Cancelled** '000	**31.3.2009** '000	**Expiry date**	**Exercise price per share**
31.7.2003	30	–	–	–	30	30.7.2013	$0.43

	No. of options						
Date of grant	**31.3.2007** '000	**Granted** '000	**Exercised** '000	**Cancelled** '000	**31.3.2008** '000	**Expiry date**	**Exercise price per share**
16.10.2000	509	–	(509)	–	–	15.10.2010	$0.30
31.7.2003	340	–	(340)	–	–	30.7.2008	$0.43
31.7.2003	930	–	(885)	(15)	30	30.7.2013	$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 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.

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.

34. Related party disclosure (cont'd)

(b) ***Compensation of key management personnel***

Only Directors of the Company and its subsidiaries 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 subsidiaries during the financial year.

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their 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 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.

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.

(In Singapore dollars)

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

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

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 $18,131,000 (2008: $13,915,000) relating to corporate guarantees provided by the Company for bank facilities granted to subsidiaries, of which, the amounts utilised by subsidiaries as at the balance sheet date is $6,853,000 (2008: $8,302,000) (Note 30).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profiles of their 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			
	2009		**2008**	
	$'000	% of total	$'000	% of total
By country				
Singapore	7,438	46	4,805	27
Australia	4,654	29	5,869	33
Indonesia	1,584	10	1,587	9
United States of America	766	5	4,388	24
Malaysia	426	3	305	2
Others	1,165	7	918	5
	16,033	100	17,872	100
By industry sectors				
Oil and gas	11,762	74	11,891	67
Automotive	3,725	23	3,268	18
Marine and shipping	311	2	426	2
Agriculture	–	–	1,406	8
Mining	64	–	670	4
Others	171	1	211	1
	16,033	100	17,872	100

(In Singapore dollars)

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

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

As at the balance sheet date, approximately 34% (2008: 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 18 (Trade and other receivables).

(b) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and Australian dollar (AUD). The foreign currencies in which these transactions are denominated are mainly US dollars (USD). Approximately 37% (2008: 32%) of the Group's sales are denominated in foreign currencies whilst almost 74% (2008: 74%) of the costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivables and trade payables 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 equivalents 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 to 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.

(In Singapore dollars)

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

(b) ***Foreign currency risk (cont'd)***

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity 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			
	2009		2008	
	Effect on profit net of tax	Effect on equity	Effect on profit net of tax	Effect on equity
	$'000	$'000	$'000	$'000
USD				
- strengthened 3% (2008: 3%)	–	–	39	37
- weakened 3% (2008: 3%)	–	–	(39)	(37)
AUD				
- strengthened 3% (2008: 3%)	78	126	173	408
- weakened 3% (2008: 3%)	(78)	(126)	(173)	(408)

(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.

(In Singapore dollars)

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

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

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 :

	2009			
	Total	**1 year or less**	**1 to 5 years**	**More than 5 years**
	$'000	$'000	$'000	$'000
Group				
Non-derivative financial instruments :				
Trade and other payables	10,829	10,829	–	–
Long term bank borrowings	4,549	1,916	2,633	–
Finance lease payable	236	64	172	–
Loans from a minority shareholder of a subsidiary company	1,050	–	–	1,050
	16,664	12,809	2,805	1,050
Derivative financial instruments :				
Forward currency contracts - gross payments	6,390	6,390	–	–
Forward currency contracts - gross receipts	(6,233)	(6,233)	–	–
	157	157	–	–

	2008			
Non-derivative financial instruments :				
Trade and other payables	15,204	15,204	–	–
Long term bank borrowings	5,657	2,029	3,628	–
Finance lease payable	32	7	25	–
Loans from a minority shareholder of a subsidiary company	1,039	–	–	1,039
	21,932	17,240	3,653	1,039
Derivative financial instruments :				
Forward currency contracts - gross payments	7,230	7,230	–	–
Forward currency contracts - gross receipts	(7,254)	(7,254)	–	–
	(24)	(24)	–	–

(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	
	2009	**2008**
	$'000	$'000
SGD		
- 20 basis points increase (2008: 50 basis points increase)	20	41
- 20 basis points decrease (2008: 50 basis points decrease)	(20)	(41)
AUD		
- 20 basis points increase (2008: 50 basis points increase)	4	71
- 20 basis points decrease (2008: 50 basis points decrease)	(4)	(71)
USD		
- 20 basis points increase (2008: 50 basis points increase)	4	5
- 20 basis points decrease (2008: 50 basis points decrease)	(4)	(5)

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.

(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 equity securities. These instruments are quoted on the SGX-ST in Singapore and ASX in Australia and are classified as held for trading or available-for-sale financial assets. As at the balance sheet date, the Group and the Company have quoted securities held for trading at fair value of $1,628,000 (2008: $269,000) and $nil (2008: $nil) respectively. As at the balance sheet date, the Group and the Company have quoted securities available for sale at fair value of $4,146,000 (2008: $nil) and $nil (2008: $nil) respectively.

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 $135,098 higher/lower, arising as a result of higher/lower fair value gains on held for trading investment in equity instrument, and the Group's fair value adjustment reserve equity would have been $344,125 higher/lower, arising as a result of increase/decrease in the fair value of equity instruments classified as available-for-sale.

36. Financial instruments

Fair values of financial instruments

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 or held of trading 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.

(In Singapore dollars)

36. Financial instruments (cont'd)

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.

Financial instruments whose fair values are not determinable

The fair value of non-current amounts due from/(to) subsidiaries, 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.

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	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Loans and receivables				
Trade receivables and other receivables	16,606	18,796	26,939	19,770
Fixed deposits	14,988	26,445	–	3,509
Cash at bank and in hand	6,996	7,605	219	1,257
	38,590	52,846	27,158	24,536
Held for trading financial assets				
Investment securities	1,628	269	–	–
Fair value through profit or loss				
Derivative financial instruments	(157)	24	–	–
	1,471	293	–	–

(In Singapore dollars)

36. Financial instruments (cont'd)

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	$'000	$'000	$'000
Available-for-sale financial assets				
Investment securities	4,146	–	–	–
Financial liabilities measured at amortised cost				
Trade and other payables	(10,829)	(15,204)	(1,793)	(2,040)
Finance lease payable	(215)	(27)	–	–
Long term bank borrowings	(4,448)	(5,339)	–	–
Loan from a minority shareholder of a subsidiary company	(1,050)	(1,039)	–	–
	(16,542)	(21,609)	(1,793)	(2,040)

Derivative financial instruments

As at 31 March 2009, the Group has the following outstanding foreign currency contracts amounting to $6,233,000 (2008: $7,254,000), which are not designated as hedging instruments of confirmed sales in foreign currencies and firm purchase commitments in foreign currencies for hedge accounting.

	Group					
	2009			**2008**		
	$'000			$'000		
Fair value through profit or loss	**Contract/ notional amount**	**Assets**	**Liabilities**	**Contract/ notional amount**	**Assets**	**Liabilities**
Forward currency contracts	6,233	–	157	7,254	24	–

At 31 March 2009, the settlement dates on open foreign currency contracts ranged between 0 to 5 months (2008: 0 to 6 months) for the contracts to deliver United States dollars and receive Singapore dollars.

(In Singapore dollars)

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 2009 and 31 March 2008.

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 2008, is to maintain gearing ratios on net debt-to-equity ratio of not exceeding 2.0 times.

	Group	
	2009	**2008**
	$'000	$'000
Bank borrowings (Note 22)	4,448	5,339
Finance lease payable (Note 21)	215	27
Less : Cash and fixed deposits (Note 19)	(21,984)	(34,050)
Net (cash)/debt	(17,321)	(28,684)
Shareholders' fund	57,495	57,165
Net debt gearing ratio #	–	–

As at 31 March 2009, the Group had no net debt as its cash and cash equivalents exceeded its bank borrowings and finance lease payable.

38. Authorisation for issue of financial statements

The financial statements of MTQ Corporation Limited and its subsidiaries for the financial year ended 31 March 2009 were authorised for issue in accordance with a resolution of the Directors on 4 June 2009.

SHAREHOLDING STATISTICS AS AT 15 JUNE 2009

Issued and Fully Paid-Up Capital (including Treasury Shares)	:	S$28,159,000
Number of Issued Shares (excluding Treasury Shares)	:	88,059,117
Number/Percentage of Treasury Shares	:	7,482,000 (8.50%)
Class Of Shares	:	Ordinary Shares
Voting Rights (excluding Treasury Shares)	:	One Vote Per Share

Size of Shareholdings	**No. of Shareholders**	**% of Shareholders**	**No. of Shares**	**% of Shares**
1 – 999	18	1.60	6,889	0.01
1,000 – 10,000	782	69.64	3,950,817	4.48
10,001 – 1,000,000	313	27.87	20,911,981	23.75
1,000,001 and above	10	0.89	63,189,430	71.76
Total	1,123	100.00	88,059,117	100.00

Top Twenty Shareholders	**No. of Shares**	**% of Shares**
HSBC (Singapore) Nominees Pte Ltd	21,436,000	24.34
Kurt R M Lindblad	17,887,652	20.31
Tai Tak Securities Pte Ltd	7,900,000	8.97
Singapore Warehouse Company (Private) Ltd	5,500,000	6.25
Citibank Nominees Singapore Pte Ltd	2,542,647	2.89
Kuah Kok Kim	1,806,000	2.05
Mayban Nominees (S) Pte Ltd	1,800,000	2.04
DBS Nominees Pte Ltd	1,485,475	1.69
United Overseas Bank Nominees Pte Ltd	1,427,656	1.62
Kuah Boon Wee	1,404,000	1.59
Tan Kim Seng	1,000,000	1.14
Keppel Investment Ltd	850,000	0.97
Peter Lock Hong Cheong	802,492	0.91
Tan Kah Boh Robert	700,000	0.79
OCBC Nominees Singapore Pte Ltd	644,741	0.73
OCBC Securities Private Ltd	637,877	0.72
John Henry Thibodeaux	527,000	0.60
Phillip Securities Pte Ltd	517,000	0.59
Wong Peng Onn	481,000	0.55
Li Yan	476,000	0.54
Total	69,825,540	79.29

SHAREHOLDING STATISTICS AS AT 15 JUNE 2009

SUBSTANTIAL SHAREHOLDERS AS AT 15 JUNE 2009

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No of shares	%	No of shares	%
Kuah Kok Kim	1,806,000	2.05	20,223,000[1]	22.97
Kurt R M Lindblad	17,887,652	20.31	–	–
Tai Tak Securities Pte Ltd	7,900,000	8.97	–	–
Ho Han Siong Christopher	–	–	7,900,000[2]	8.97
Singapore Warehouse Company (Private) Ltd	5,500,000	6.25	–	–
Hwa Hong Corporation Limited	–	–	5,500,000[3]	6.25
Ong Holdings (Private) Limited	–	–	5,500,000[4]	6.25

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) Ltd is a wholly-owned subsidiary of Hwa Hong Corporation Limited.
4. By virtue of Ong Holdings (Private) Limited holding 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 88,059,117 shares excluding 7,482,000 treasury shares.

SHAREHOLDINGS HELD IN PUBLIC'S HANDS

As at 15 June 2009, approximately 36.55% of the Company's shares is held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 40th 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 Thursday, 23 July 2009 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 2009 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 2009. (2008: S$0.02 per ordinary share one-tier, tax-exempt). **(Resolution 2)**

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

Mr. Ong Choo Eng	(Retiring under Article 91)	**(Resolution 3)**
Mr. Huang Yuan Chiang	(Retiring under Article 91)	**(Resolution 4)**

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

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

4. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

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 (2009: S$180,000) for the financial year ending 31 March 2010, to be paid quarterly in arrears. [See Explanatory Note (i)] **(Resolution 6)**

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

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 Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares 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 that may be issued under sub-paragraph (1) above, the total number of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) the 50% limit in sub-paragraph (1) above may be increased to 100% for the Company to undertake pro-rata renounceable rights issues;

(4) 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

(5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (ii)] **(Resolution 7)**

8. **Authority to issue shares other than on a pro-rata basis pursuant to the aforesaid share issue mandate at discounts not exceeding twenty per centum (20%) of the weighted average price for trades done on the SGX-ST**.

That subject to and pursuant to the aforesaid share issue mandate being obtained, the Directors of the Company be hereby authorised and empowered to issue shares other than on a pro-rata basis at a discount not exceeding twenty per centum (20%) to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement in relation to such shares is executed (or if not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement or subscription agreement is executed), provided that :-

(a) in exercising the authority conferred by this Resolution, the Company complies with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST); and

(b) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (iii)] **(Resolution 8)**

9. **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 (iv)] **(Resolution 9)**

BY ORDER OF THE BOARD

Fong Choon Seng
Tan San-Ju
Joint Company Secretaries
Singapore
6 July 2009

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 6, if passed, will authorise the Directors of the Company to pay Directors' fees for the year ending 31 March 2010 to Directors quarterly in arrears.

(ii) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders. The 50% limit referred to in the preceding sentence may be increased to 100% for the Company to undertake pro-rata renounceable rights issues.

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

The 100% renounceable pro-rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

(iii) The Ordinary Resolution 8 in item 8 above is pursuant to measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 and which became effective on 20 February 2009. Under the measures implemented by the SGX-ST, issuers will be allowed to undertake non pro-rata placements of new shares priced at discounts of up to 20% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed, subject to the conditions that (a) shareholders' approval be obtained in a separate resolution (the "Resolution") at a general meeting to issue new shares on a non pro-rata basis at discount exceeding 10% but not more than 20%; and (b) that the resolution seeking a general mandate from shareholders for issuance of new shares on a non pro-rata basis is not conditional upon the Resolution.

It should be noted that under the Listing Manual of the SGX-ST, shareholders' approval is not required for placements of new shares, on a non pro-rata basis pursuant to a general mandate, at a discount of up to 10% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed.

(iv) The Ordinary Resolution 9 proposed in item 9 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 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.

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MTQ CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Co. Reg. No. 196900057Z)

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 Thursday, 23 July 2009 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 2009		
2	Payment of proposed final dividend		
3	Re-election of Mr. Ong Choo Eng as a Director		
4	Re-election of Mr. Huang Yuan Chiang as a Director		
5	Re-appointment of Messrs Ernst & Young LLP as Auditors		
6	Approval of Directors' fees for FY2010 amounting to S$180,000		
7	Authority to issue new shares		
8	Authority to issue new shares up to discount of 20%		
9	Authority to issue shares under The MTQ Corporation Executives' Share Option Scheme 2003		

Dated this .... day of 2009

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

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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.

   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.

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Affix
Postage
Stamp

The Company Secretary
MTQ CORPORATION LIMITED
182 Pandan Loop
SIngapore 128373

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

SURVEY FORM

We hope you have enjoyed reading our Annual Report 2008/2009. Your view is vital to making MTQ's Annual Report useful and informative so that we can serve you better. 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 good 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 typeface (size of letters) is easy to read.					

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

Other Information

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

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

Content :

Presentation :

Overall:

11 (Please circle)
I am Shareholder / Financial Analyst / Accountant / Journalist / Staff / Customer / Others :

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Affix
Postage
Stamp

The Company Secretary
MTQ CORPORATION LIMITED
182 Pandan Loop
SIngapore 128373

Fold along this line and glue overleaf

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MTQ Corporation Limited
Co. Reg. No. 196900057Z

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