Annual Report 2009/2010

Taking Wing

MTQ Corporation Limited

Contents

Yet again, we have traversed a year of accomplishments. Amid a period of global economic uncertainty, we have successfully demonstrated our capacity to tap more opportunities and create greater possibilities. Moving ahead, we strive to yield long-term returns particularly through these strategic expansion efforts.

Profile

Established since 1959, MTQ Corporation Limited is a premier integrated engineering solutions provider in the region, and specialises in two major business segments: Oilfield Engineering and Engine Systems. The Group was listed on SGX SESDAQ in 1988 and upgraded to SGX Mainboard in 1999.

Driven by its wholly owned subsidiary MTQ Engineering Pte Ltd in Singapore, the Oilfield Engineering segment is primarily involved in oilfield equipment repairs and rental operations to a wide range of customers in the Oil and Gas industry, such as Original Equipment Manufacturers (OEM), drilling contractors, rig owners, oil companies and service companies. MTQ Engineering Pte Ltd is also the authorised repair workshop for OEMs such as Cooper Cameron, Varco-Shaffer and QVM.

Through its wholly owned subsidiary MTQ Engine Systems (Aust) Pty Ltd, the Group is also the largest authorised aftermarket distributor and repair services provider of turbochargers and diesel fuel injection systems in Australia with a nationwide network of ten branches representing world renowned brands such as Bosch, IHI, Garrett, Denso and Schwitzer.

Vision

To be the leader in the fields that we operate.

Mission

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

Core Values

STAR

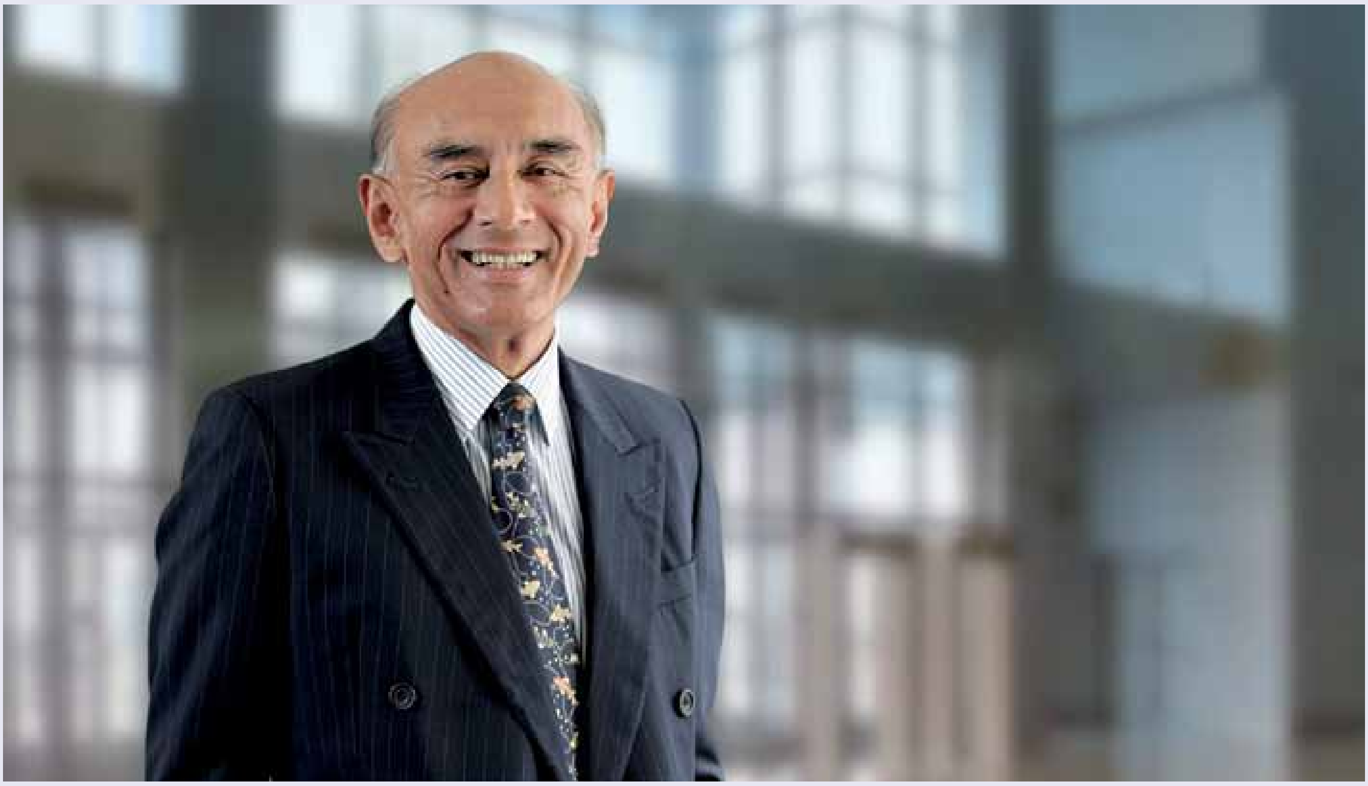
be Sincere in all our intentions

be Transparent in all that we do

be Alert to the needs of others

be Responsible in delivering

Chairman's Statement



For the financial year ended 31 March 2010 ("FY2010"), we are pleased with the Group's performance especially in such volatile times. Despite the decrease in Group revenue by 8.8% to S$81.97 million, the Group recorded a total net profit attributable to shareholders of S$12.03 million, up 9.6% from the previous financial year. Excluding the one-off gain from the disposal of quoted investments and the exceptional payments from the Jobs Credit Scheme, the combined net profit achieved by the Group was S$9.91 million, a decrease of 9.1%.

Oilfield Engineering Division

The mainstay Oilfield Engineering Division reported a turnover of S$40.33 million, a decline of 27.2% due to weaker markets, especially in the new manufacturing segment.

For the coming financial year, we expect the favourable outlook for oil and gas exploration activities to trigger an increased demand for our engineering and repair services.

Engine Systems Division

On the back of better than anticipated market conditions in Australia, we saw encouraging growth in the Engine Systems business. Coupled with the efforts to streamline its operations in recent years, our operations in Australia recorded a significant improvement in both top line and bottom line performance. Revenue grew by 17.5%, while operating profit in FY2010 increased by 19.6% on the back of better gross profit margins and effective cost control.

As we continue to expand our product and service offerings to reach new and existing customers, we are cautiously optimistic that the Engine Systems Division will continue to contribute positively to Group performance.

Expansion in Bahrain

As part of our Greenfield venture in the Middle East, we commenced the construction of our new facility in Bahrain in February 2010. Once the first phase of the development is completed, we anticipate that operations will begin by early 2011.

This investment has proven to be timely as market conditions in the Middle East have improved favourably with significant increase in drilling activities throughout the entire region.

Chairman's Statement

Although the Bahrain venture will contribute significantly to MTQ's future profitability, we expect that there will be initial startup costs in the first one to two years of the project. As we progress further, I am confident that we can take advantage of the vast market opportunities in the Middle East capitalising on our many years of experience, technical knowhow and our core competencies. Having said that, we will need to train our new workforce to maintain the quality standard that our customers have come to expect from us. This will result in additional costs which we will seek to mitigate through better planning and co-ordination.

New Group CEO

Succession planning has always been an issue of utmost importance for our Board. To position the Group for our next phase of growth, the Board has appointed Mr. Kuah Boon Wee to be our new CEO with effect from 1st July 2010.

With his many years of senior management in large diverse corporations, we are confident that he will take MTQ to a higher level of performance.

It is my intention to remain as Executive Chairman for a transition period specially to ensure the successful establishment of our Bahrain operations before relinquishing my executive involvement with the Group.

Prospects

Our twin engines of growth within MTQ are expected to continue to perform well in the coming financial year. Our biggest challenge lies in containing the startup costs of our Bahrain operations to maximise overall Group profitability.

Dividends

The Board is recommending a tax-exempt (one-tier) final dividend of 2.0 Singapore cents per ordinary share for FY2010, subject to shareholders' approval to be obtained at the forthcoming Annual General Meeting, bringing the total full year tax-exempt (one-tier) dividend to 3.0 Singapore cents.

Appreciation

The Group would not have been able to achieve the above results without the support and co-operation from our customers, business partners, shareholders as well as the hard work and dedication of our directors, management team and all staff members of the Group. I would like to say a big thank you!

Kuah Kok Kim
Chairman & CEO
4 June 2010

Board of Directors

from left to right: ***Kuah Kok Kim, Kuah Boon Wee, Ho Han Siong Christopher***

Kuah Kok Kim

Executive Chairman (effective 1 July 2010)

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.

Kuah Boon Wee

Chief Executive Officer (effective 1 July 2010)

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 with a university degree in mechanical engineering, he was previously a senior management executive of PSA International Pte Ltd. He had served as CEO for South East Asia and Singapore Terminals as well as Group CFO of PSA. He had also served as CFO for Singapore Technologies Engineering, a major listed company on the Singapore Stock Exchange and had previously worked in senior management positions in Hong Kong and Australia.

Ho Han Siong Christopher

Non-executive 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 co-foundered 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.

Board of Directors

from left to right: ***Ong Choo Eng, Ian Wayne Spence, Huang Yuan Chiang***

Ong Choo Eng

Non-executive Director

Mr. Ong joined the Board since 9 September 1997 and was last re-appointed as Director at MTQ's Annual General Meeting on 23 July 2009. He is a member of the Audit and Remuneration Committees.

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

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

Ian Wayne Spence

Independent 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 several public and private companies in Australia and Singapore.

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

Huang Yuan Chiang

Independent Director

Mr. Huang was first appointed to the Board on 8 August 2001 and was last re-appointed at MTQ's Annual General Meeting on 23 July 2009. 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 in 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, Kuchai Development Bhd, Sungei Bagan Rubber Company (Malaysia) Bhd and Kluang Rubber Company (Malaysia) Bhd.

Mr. Huang has degrees in Economics and Law.

Senior Management

from left to right: ***Les Healey, Kuah Boon Wee, Peter Lock, Kuah Kok Kim, William Fong, Elsie Low***

Kuah Kok Kim
Executive Chairman (effective 1 July 2010)

Kuah Boon Wee
Chief Executive Officer (effective 1 July 2010)

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 the corporate secretarial functions of the Group. He has about 21 years of financial control and audit experience. He is currently a member of the Institute of Certified Public Accountants of Singapore as well as a fellow member of The Association of Chartered Certified Accountants (ACCA).

Elsie Low
Group Human Resource and Admin Manager

Ms Low has more than 20 years' experience in the area of human resource management and accounting. She has worked in local and multi-national corporations in diverse industries. She holds a Masters in Business Administration (Finance) Degree from University of Leicester and a Bachelor of Business Administration (Human Resource) Degree.

Shirley Ong Kim Geok
MIS Manager

Oilfield Engineering Division

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

Lai Chee Keong
Senior Engineering Manager

Teo Choon Kian
Senior Sales Manager

Engine Systems Division

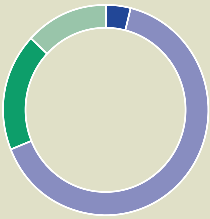
Les Healey
Managing Director

Mr. Healey was appointed to MTQ Engine Systems (Aust) 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

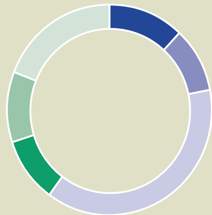
Paul Wilkey
National Sales Manager

Human Capital



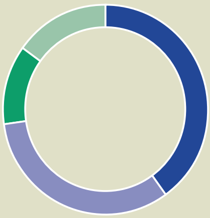
Job group

Senior Management	4%
Engineering & Production	65%
Corporate Services	18%
Sales & Marketing	13%



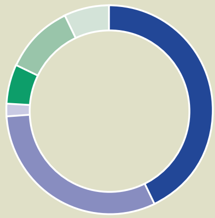
Educational Qualification

Degree & equivalent	12%
Diploma & equivalent	10%
Trade Certificate	38%
"A" Level & equivalent	10%
"O" Level & equivalent	11%
Below "O" Level	19%



Length of Service

Less Than 3 Yrs	40%
3 to 8+ Yrs	33%
9 to 14+ Yrs	12%
More than 15 Yrs	15%



Nationality

Australia	43%
Singapore	31%
Malaysia	2%
PRC	6%
India/Bangladesh	11%
Others	7%

At MTQ, we recognise that one of the business foundations is our people. Our focus is to anticipate, engage, enable and empower our employees so that we could build a High Performance Work force. Our Human Resource long term strategic objective is to be an Employer of Choice within the fields we operate. This could be in Singapore, Australia and Bahrain.

We believe in providing our employees job satisfaction. We provide an all-inclusive workplace where employees are given opportunities to excel in their careers and capabilities. We nurture our employees through job orientation, on-the-job training programme followed by learning and personal development courses, job rotation and overseas postings.

For example, in Australia, MTQ offers e-learning to employees with a selection of 29 short business courses which can be completed in 2-4 hours within a 30 day access period. These self-passed courses are made up of learning modules which have interactive components and case studies included. MTQ Australia also provides a 3.5 years Apprenticeship program where staff goes to the local TAFE College for some day course lessons and returns to the office for hands-on job training. This is a useful tool to create a long term working relationship with the college and to recruit, train, develop and retain the individuals.

To attract future talents, MTQ continues to offer internships to tertiary students. The students are mentored and on-the-job training are provided to provide a realistic, structured and "real-life" training to them.

Work Health and Safety is paramount to all. Therefore, on a monthly basis, MTQ organises safety training and activities to enhance safety awareness, knowledge and skills.

MTQ subscribes to a Total Compensation and Benefits program where rewards and recognition are given to recruit, engage, motivate and retain individuals whose skills, values and inspirations are in congruent with our company's strategic vision and core values.

Besides work and training, the strength and rapport of MTQ lie in creating work-life balances for all employees. Staff welfare programmes, such as health screening, Get Fit – Walk, Jog and games encourage teamwork building and a time for bonding amongst employees.

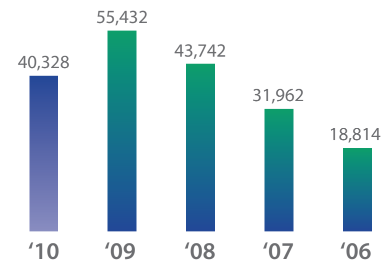
Treading the Frontiers

In spite of uncertainties, we have been focusing on bringing the company to the next level of success. Expanding regionally through forming partnerships, we anchor ourselves to wider markets for higher promising returns.

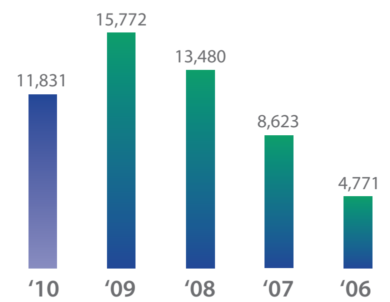
Oilfield Engineering Division (Includes MTQ Oilfield Services W.L.L.)

A staff operating a vertical turning machine at the workshop.

Revenue S$'000



EBITDA S$'000



Rebuilt and complete stack-up 18¾" – 15,000 PSI Blowout Preventer for semi-submersible rig.

For the financial year ended 31 March 2010 ("FY2010"), the Oilfield Engineering Division experienced a slowdown in demand on the back of the global economic downturn. Despite a 27.2% decrease as compared to FY2009, the segmental revenue remained healthy at S$40.33 million with commendable growth in gross profit margin. Among its business segments, revenue from the new oilfield equipment manufacturing declined due to softer demand during the year. The equipment repair business remained resilient, reporting revenue on par with FY2009 levels, while the contribution from fabrication and equipment rental business segments was lower by 23.8% as compared to FY2009.

As we continue to see signs of economic recovery, the rise in oil prices has triggered a greater level of oil and gas related activities, which in turn spells favour for the products and services under the Oilfield Engineering Division. The Division will continue to focus on building up its core competences through effective cost management and efforts to improve the productivity of our skilled workforce to deliver the best possible quality in our products and services committed to our valuable customers.

Expanding Our Network

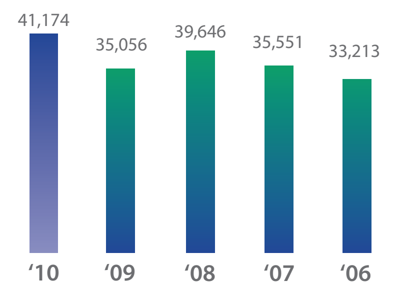
We have strategically chosen to align ourselves with world renowned manufacturers, in particular Robert Bosch of Germany to further strengthen our presence in Australasia.

Engine Systems Division

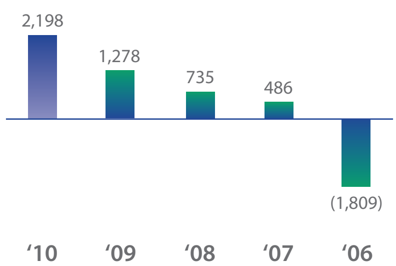
Our network of branches in Australia.

The Adelaide branch office in Australia.

Revenue S$'000 *



EBITDA S$'000 *



* Excludes the results of PT MTQ Engine Systems Indonesia which has been liquidated in FY2010.

FY2010 was a particularly successful year for the Australian business as we began to witness the fruition of the various initiatives implemented.

Under the Engine Systems Division, we recorded strong growth in each product segment. In-house remanufacturing of fuel injection and turbocharger componentary were up 44% and 34% respectively, and continued to show encouraging results coupled with a much improved service margin.

The year was marked by the launch and development of "Bosch Superstore" as a result of our strong and long standing business relationship with Bosch. The concept is unique as the first in Australia to offer a full range of Bosch automotive aftermarket products at a single location. The Bosch Superstore will help facilitate the introduction of our existing product portfolio to the aftermarket repairers network especially when the diesel passenger vehicle population is growing dramatically due to economic and environmental factors.

With the recent acquisition of Premier Fuel Injection Pty Ltd, a diesel fuel injection operation in Darwin, we added the Northern Territory into our national network in Australia. This further provides a strong launching pad for the introduction of our range of small and large frame turbocharger products and services. We expect to see impressive growth in this part of the country as well as providing possible offshore opportunities in Papua New Guinea and Timor Leste.

The Australian economy has proven surprisingly resilient, paving the way for growth in the business for the upcoming financial year.

Widening Our Horizons

Our wholly owned subsidiary, MTQ Oilfield Services W.L.L., is one of our key growth drivers moving ahead. Over the next two to three years, our investment in Bahrain will help us flourish, creating a door of opportunities to the Middle East markets in Saudi Arabia, Kuwait, Qatar and more.

Bahrain Progress Report

Artist impression of the new Bahrain oilfield services facility.

On-going constructions at the Bahrain site.

Commencement of Facility Construction in Bahrain

The plan to set-up the state-of-the-art facility in Bahrain is going smoothly and on schedule. A building contractor, Poullaides Construction Company W.L.L, has been formally appointed after a rigorous tender exercise and the construction work has commenced since.

The project will be carried out via two phases, of which the first phase would include the construction of a 2-storey workshop cum administrative block, which is targeted to be completed by end of December 2010. The planning for second phase will kick off after the expected commencement of initial operations in the beginning of 2011.

When fully completed, the facility will be approximately three times bigger than the Group's existing engineering site in Singapore, presiding over 40,000 square metre area of industrial land in the Bahrain International Investment Park on a 50-year lease term, effective from 30 August 2009. Equipped with a fleet of state-of-the-art machinery and adequately trained workforce, the facility will be providing a complete range of oilfield engineering, repair and refurbishment services to customers in the Middle East region, including the countries within the Gulf Cooperation Council.

Prospects

The Bahraini authorities have shown strong commitment towards investing and growing the oilfields in the country. Tatweer Petroleum, a joint company between National Oil and Gas Authority of Bahrain, Occidental Petroleum Corporation and Mubadala Development Company, recently announced plans to develop Bahrain Oil Field in the next 20 years. Tatweer Petroleum is expected to raise oil production to 100,000 barrels per day and increase the natural gas reserves production capacity to eventually reach 2.2 billion cubic feet per day. The Group believes that this development will drive the demand for oilfield engineering solutions and provide an excellent opportunity for the Group to capture the lion's share of the lucrative expanding market segment.

Beyond Bahrain, the gulf region is also robust in the oil and gas sector particularly with increasing drilling activities based on renewed confidence in the oil prices. The setup of the new Bahrain facility will definitely also enhance the ability of the Group to capitalise on any such opportune situation that may arise in the future.

Five-year Financial Profile

	2010	2009	2008	2007	2006
For the year (in S$'000)					
Revenue	81,966	89,867	84,704	67,916	54,577
EBITDA	17,775	16,578	54,548	10,428	8,807
Profit before tax	14,317	13,745	51,230	6,359	3,966
Profit after tax	12,027	10,976	37,845	4,705	4,204
Profit attributable to shareholders	12,034	10,982	37,809	4,719	4,112
At year end (in S$'000)					
Net current assets	44,796	35,263	39,448	8,637	7,032
Total assets	101,462	84,881	93,054	90,111	79,223
Total liabilities	28,146	28,051	36,548	33,788	27,612
Net (cash)/debt[1]	(16,402)	(17,321)	(28,684)	14,739	8,923
Shareholders' funds	73,988	57,495	57,165	56,981	52,253
Net tangible assets[2]	66,808	51,601	49,985	50,165	45,710
Financial Ratios					
Profit before tax margin (%)	17.47	15.29	60.48	9.36	7.27
Return on shareholders' funds (%)[3]	19.35	23.91	89.62	11.16	7.59
Interest cover (EBITDA / net interest expense)[4]	N.A.	N.A.	599.43 times	9.28 times	8.38 times
Net debt gearing ratio (%)[5]	N.A.	N.A.	N.A.	20.74	14.74
Per Share data					
Basic earnings (in cents)[6]	13.67	12.10	40.96	5.06	4.31
Net tangible assets (in cents)[7]	75.87	58.60	53.57	54.84	47.89
Gross dividend (in cents)	3.00	3.00	27.00	2.50	2.50
Gross dividend yield (%)[8]	3.90	6.00	50.47	6.41	7.69
Price at year-end (in cents)	77.00	50.00	53.50	39.00	32.50

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 2010 and 2009 given that the Group's interest income exceeded its interest expense for the years ended 31 March 2010 and 31 March 2009 respectively.

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 2010, 2009 and 2008 given that the Group's cash exceeded its gross debt as at 31 March 2010, 31 March 2009 and 31 March 2008 respectively.

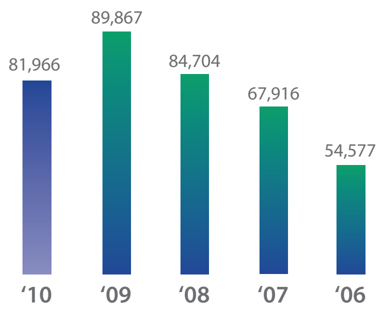
6 Basic earnings per share is defined as profit attributable to shareholders divided by weighted average number of issued shares.

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

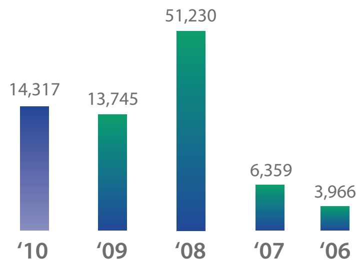
8 Gross dividend yield per share is defined as gross dividend divided by year-end market price.

Five-year Financial Profile

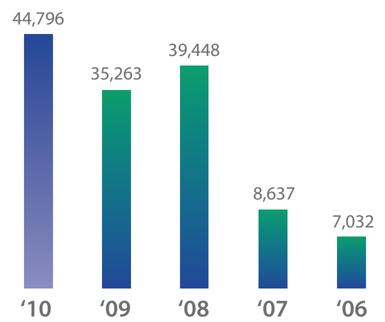
Revenue (S$'000)



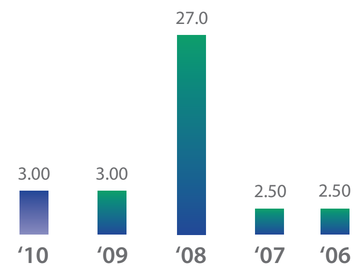
Profit before tax (S$'000)



Net Current Assets (S$'000)



Gross Dividends Per Share (Cents)



Half-yearly Results

		1H S$'000	2H S$'000	Total S$'000
Revenue	2010	39,767	42,199	81,966
	2009	45,431	44,436	89,867
Profit before taxation	2010	8,470	5,847	14,317
	2009	8,472	5,273	13,745
Profit after taxation	2010	7,182	4,845	12,027
	2009	6,998	3,978	10,976
Profit attributable to shareholders	2010	7,185	4,849	12,034
	2009	7,002	3,980	10,982
Earnings per share (in cents)	2010	8.16	5.51	13.67
	2009	7.60	4.50	12.10

Financial Review

Revenue

The Group reported revenue of S$81.97 million for the financial year ended 31 March 2010 ("FY2010"), a decline of S$7.90 million or 8.8% from the S$89.87 million achieved in the previous financial year.

The decline in revenue was primarily due to the Oilfield Engineering Division reporting softer demand for its products and services, particularly in the new manufacturing segment. The Division ended FY2010 with a total revenue of S$40.33 million, a decrease of S$15.10 million or 27.2% from FY2009.

On a more positive note, the Engine Systems Division recorded revenue growth of S$6.12 million or 17.5% across its existing product segments in FY2010, which partially offset the decrease in revenue in the Oilfield Engineering Division.

Profit

Notwithstanding lower revenue, the Group saw its profit from operating activities for FY2010 increase by S$0.56 million or 4.0% to S$14.48 million on the back of increases in gross profit and other income, offset partially by increases in staff costs and other operating expenses. Gross profit increased by 4.2% mainly due to reduced provisions for foreseeable losses as compared to FY2009. A specific provision of S$1.57 million was made in FY2009, excluding this provision, gross profit for FY2010 would have decreased marginally by 0.6%.

Other income was mainly boosted by a S$1.86 million gain on partial disposal of investment securities, higher dividend income and higher grant income received from the Jobs Credit Scheme in Singapore. The increase of 26.0% in other operating expenses in FY2010 was contributed mainly by a higher net provision for doubtful debts of S$1.21 million compared to FY2009.

Decrease in taxation expense by 17.3% in FY2010 was mainly due to a write back of overprovision for current taxation in respect of previous financial years and timing differences on depreciation.

Overall, the Group reported a profit after tax of S$12.03 million, an increase of S$1.05 million or 9.6% from FY2009.

Earnings Per Share

The basic and diluted earnings per share for FY2010 were 13.67 Singapore cents and 13.66 Singapore cents respectively, 13.0% higher than FY2009 mainly due to higher Group profit recorded for FY2010.

Balance Sheet

The Group continued to maintain a strong balance sheet with total assets of S$101.46 million at the end of FY2010, an increase of S$16.58 million or 19.5% from the end of FY2009. Net assets also increased by S$16.49 million or 29.0% from FY2009.

Increase in non-current assets was attributable to the increase in long term investments in quoted shares, higher capital expenditure on rental equipment in Singapore and construction of a new engineering facility in the Kingdom of Bahrain. The appreciation of the Australian dollar also boosted the overall value of the business assets and goodwill of the Engine Systems Division.

Current assets increased mainly due to higher inventories and trade and other receivables. Higher inventories arose from the new Bosch partnership and favourable currency movements. Higher collection days as at year end were responsible for the increase in trade and other receivables.

Current liabilities saw a slight increase as the increase in trade and other payables and provision of tax were mitigated substantially by the decrease in provisions. Non-current liabilities reduced marginally due to an increase in purchase of assets on finance leases, higher provisions and deferred tax liabilities offset fully by bank loan repayments.

Financial Review

Dividends

The Board of Directors is recommending a tax-exempt (one-tier) final dividend of 2.0 Singapore cents to be paid for FY2010. Subject to shareholders' approval for the final dividend to be obtained at the forthcoming Annual General Meeting, the total dividend for FY2010 including the interim dividend of 1.0 Singapore cents paid, will amount to 3.0 Singapore cents per share, which is on par with that paid for FY2009.

Cash Flows

As at 31 March 2010, the Group's cash and cash equivalents stood at S$20.31 million, a decrease of S$1.67 million or 7.6% from a balance of S$21.98 million as of 31 March 2009.

Net cash generated from operating activities for FY2010 amounted to S$3.97 million, a decrease of S$0.53 million or 11.7% from FY2009 mainly due to increase in inventories and lower cash inflows from receivables and prepayments due to higher collection days. The outflows from operations were partially offset by absence of capital tax gains payment made in FY2009 for the divestment of RCR shares, lower cash outflows from payables and favourable increase in currency re-alignment.

Lower net cash used in investing activities was mainly due to significantly lower investment in quoted shares coupled with proceeds received from the divestment of long-term investments in quoted shares.

Lower net cash used in financing activities was mainly due to the absence of share buyback activities during the financial year.

Financial Resources And Capital Structure

As at 31 March 2010, the Group's total bank borrowings and finance lease payables stood at S$3.91 million, representing 5.3% of shareholders' fund and a net cash position of S$16.40 million. This translates to an improvement in Group leverage position from 31 March 2009 where total Group borrowings represent 8.1% of shareholders' fund.

In view of its business expansion into the Kingdom of Bahrain, the Group is likely to fund the venture via mixture of bank borrowings and internal funds. It will ensure an appropriate level of debt and equity mix is in place.

Summarized Cash Flow

	2010 S$'000	2009 S$'000
Net change in cash & cash equivalents arising from:		
Net cash provided by operating activities	3,971	4,498
Net cash used in investing activities	(2,534)	(9,874)
Net cash used in financing activities	(3,433)	(6,535)
	(1,996)	(11,911)
Cash & cash equivalents:		
At beginning of the financial year	21,984	34,050
Effects of exchange rate changes thereon	326	(155)
At end of the financial year	20,314	21,984

Group Value Added Statement

	2010 S$'000	2009 S$'000	2008 S$'000	2007 S$'000	2006 S$'000
Value Added					
Revenue	81,966	89,867	84,704	67,916	54,577
Bought-in materials and services	(44,756)	(53,352)	(48,082)	(40,309)	(33,309)
Gross value added	**37,210**	**36,515**	**36,622**	**27,607**	**21,268**
Other income	667	807	836	179	2,835
Investment Income*	2,341	223	42,719	1,275	-
(Loss)/ Gain on exchange, net	(195)	(32)	221	75	(1,347)
Fair value gain/ (loss) on forward currency contracts, net	157	(182)	25	55	(53)
Share of results of associated company	-	-	-	-	3,150
Total value added	**40,180**	**37,331**	**80,423**	**29,191**	**25,853**
Distribution					
To employees					
Wages, provident fund contributions & other benefits	20,586	20,766	25,070	18,709	16,878
	20,586	20,766	25,070	18,709	16,878
To providers of capital					
Interest on bank borrowings	140	167	771	1,197	1,138
Dividends to shareholders	2,642	2,747	20,224	1,877	1,909
	2,782	2,914	20,995	3,074	3,047
To government					
Income taxes and levies	3,042	3,460	14,123	2,252	489
	3,042	3,460	14,123	2,252	489
Retained in the business					
Depreciation of property, plant and equipment	3,481	3,207	3,227	2,945	3,790
Interest on make good lease provision	20	7	8	7	-
Staff costs capitalised	(595)	(689)	(766)	(719)	(440)
Minority interests	(7)	(6)	36	(14)	92
Retained profit for the year**	9,392	8,235	17,585	2,842	2,203
	12,291	10,754	20,090	5,061	5,645
Non-productive costs and income					
Bad debts and doubtful debts	854	(359)	356	143	457
Loss on settlement of claim	644	-	-	-	-
Gain on sale of property, plant and equipment	(19)	(204)	(211)	(48)	(103)
Gain on disposition of assets	-	-	-	-	(560)
	1,479	(563)	145	95	(206)
	40,180	37,331	80,423	29,191	25,853
Value added per employee (S$'000)	126	122	122	97	80
Value added per dollar of employment costs (S$)	1.81	1.76	1.46	1.48	1.26
Value added per dollar of investment in fixed assets (S$)	0.79	0.91	0.98	0.84	0.69
Value added per dollar sales (S$)	0.45	0.41	0.43	0.41	0.39

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

** Includes those attributable to associated company.

Risk Management

The recent financial crisis has re-emphasised both the importance and benefits of effective risk management. As an integral part of corporate governance throughout the organisation, the risk management framework incorporated by MTQ enables management to deal effectively with uncertainty and associated risk, while at the same time enhances the capacity to build value. The framework also aims to provide timely information to the Audit Committee and the Board of Directors in supporting their role of overseeing the significant business risks faced by MTQ and the mechanisms in place to monitor, manage and mitigate these risks.

The risk management framework has been fully implemented in our local Oilfield Engineering Division where we continue to monitor all relevant risks to the business. All risk records carried forward from the prior financial year have been updated to reflect the current overall economic and business environment and have served as a basis for developing the internal audit plans to assess the effectiveness of internal controls. Significant business risks highlighted by the respective risk participants alongside with recommendations to further mitigate existing risks have also been reported to the Audit Committee.

During FY2010, we embarked on the extension of the risk management framework to our Engine Systems Division in Australia, another key operational pillar of the Group, to eventually instill a more effective and holistic risk management culture throughout the organisation. Leveraging on the successful implementation of the risk management process in our local Oilfield Engineering Division, a detailed Risk Management Action Plan has been finalised for our Australian subsidiary, with particular emphasis on the importance of empowering all employees to identify risks. With our Engine Systems business dispersed through ten separate branches across Australia, timely completion of the implementation process is expected to prove challenging. Nevertheless, we target to complete the first round of risk review by end FY2011.

With the expansion of our Oilfield Engineering business to Bahrain through the incorporation of MTQ Oilfield Services W.L.L, the risk environment is expected to become more complex. MTQ will take necessary efforts to extend the risk management framework to the Bahrain operations to ensure that newly identified risks are given due emphasis as they arise.

Our financial risk management objectives and policies are further discussed in Note 35 to the financial statements.

Financial and Corporate Calendar

23 Jul 2009
40th Annual General Meeting and Extraordinary General Meeting.

18 Aug 2009
Payment of 2.0 Singapore cents final dividend, one-tier tax exempt, in respect of FY2009.

28 Oct 2009
MTQ partners with global brand Bosch to offer one-stop solution for automotive aftermarket products.

28 Oct 2009
Announcement of half year FY2010 results.

24 Nov 2009
Payment of 1.0 Singapore cent interim dividend, one-tier tax exempt, in respect of FY2010.

09 Feb 2010
Change of name of subsidiary from Metalock Castings Sdn. Bhd. to MTQ Castings Sdn. Bhd.

03 Mar 2010
Dissolution of subsidiary PT MTQ Engine Systems Indonesia.

15 Mar 2010
Acquisition of business assets of Premier Fuel Injection Service Pty Ltd.

30 Mar 2010
Additional investment in wholly owned subsidiary, MTQ Oilfield Services W.L.L.

05 Apr 2010
Award of building contract by MTQ Oilfield Services W.L.L and commencement of construction of engineering facility in Bahrain.

14 Apr 2010
Sale of land and property in Australia by MTQ Engine Systems (Aust) Pty Ltd.

14 Apr 2010
Announcement of new Chief Executive Officer, Mr. Kuah Boon Wee.

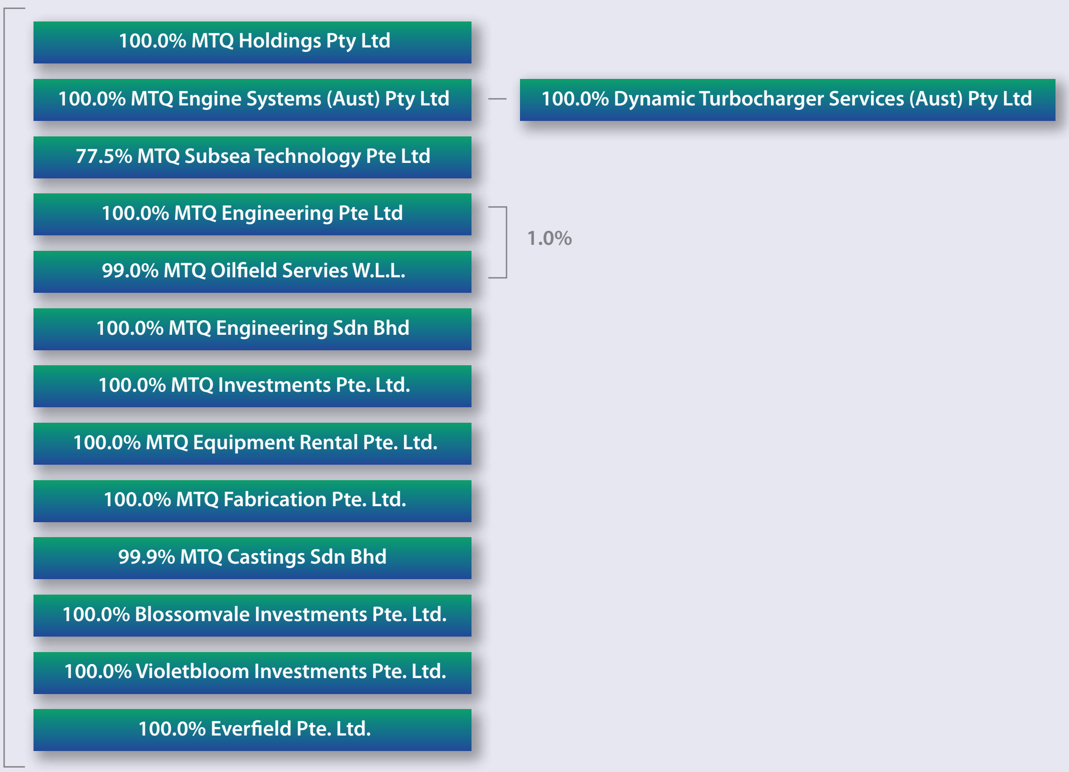
30 April 2010
Announcement of full year FY2010 results.

01 Jul 2010
Mr. Kuah Boon Wee assumes office as new Chief Executive Officer.

06 Jul 2010
Release of Annual Report 2009/2010 to shareholders.

Corporate Structure

MTQ Corporation Limited



Corporate Structure

Directory of Principal Offices

MTQ CORPORATION LIMITED

182 Pandan Loop
Singapore 128373

Tel : (65) 6777 7651
Fax : (65) 6777 6433

Website :
www.mtq.com.sg

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Executive Chairman
Email : kkkuah@mtq.com.sg

Kuah Boon Wee
Chief Executive Officer
kuahbw@mtq.com.sg

William Fong Choon Seng
Group Financial Controller
williamfong@mtq.com.sg

MTQ ENGINEERING PTE LTD • MTQ FABRICATION PTE. LTD. • MTQ EQUIPMENT RENTAL PTE. LTD.

182 Pandan Loop
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Fax : (65) 6779 4092

Website :
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Contact :

Peter Lock Hong Cheong
Managing Director
Email : peterlock@mtq.com.sg

MTQ ENGINE SYSTEMS (AUST) PTY LTD

80 Achievement Crescent
Acacia Ridge, QLD, 4110

Tel : (61) 7 3723 4400
Fax : (61) 7 3274 6189

Website :
www.mtqes.com.au

Contact :

Les Healey
Managing Director
Email : les.healey@mtqes.com.au

Adelaide
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Fax: (61) 8 8243 2727

Darwin
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Fax: (61) 8 9470 0462

Rockhampton
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Fax: (61) 7 4927 0778

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Fax: (61) 7 4725 6615

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Acacia Ridge, QLD, 4110

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Sydney
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Dandenong
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Dandenong, VIC, 3175

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Fax: (61) 3 9794 2899

Perth
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Fax: (61) 8 9209 1897

Toowoomba
Unit 4/398 Taylor Street
Toowoomba, QLD, 4350

Tel: (61) 7 4633 1355
Fax: (61) 7 4633 1546

Corporate Information

Board Of Directors

Kuah Kok Kim
Executive Chairman

Kuah Boon Wee
Chief Executive Officer

Ho Han Siong Christopher
Non-executive Director

Ong Choo Eng
Non-executive Director

Ian Wayne Spence
Independent Director

Huang Yuan Chiang
Independent 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 2006)

Financial Report

Corporate Governance Report

Good corporate governance is considered to be fundamental and essential in a well-managed organisation. MTQ Corporation Limited ("Group") continues to place great emphasis on the importance of good corporate governance and believes that it is vital to its well-being and success and to protect and preserve the long-term value and returns for its shareholders in a sustainable way.

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") and subscribes fully to the principles and recommendations in the Code where they are applicable. The Group has complied with the Code's principles and guidelines throughout the reporting period for the financial year ended 31 March 2010.

This Report describes our corporate policies and practices. For ease of reference, where reference is made to the Code, 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.

Corporate Governance Report

Subsequent to appointment, all directors are kept informed of relevant trainings organised by the Group or organised externally for their participation, and encouraged to go, for other appropriate courses and training on their own accord to ensure that they are kept updated on relevant legal development or changes and best practice as well as changing commercial and other risks. The Group believes that such training and updates are key inputs to continued effective Board performance.

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 4 are non-executive Directors. Of the 4 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 backgrounds 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 dominate the Board's decision-making process.

Principle 3 : Chairman and Chief Executive Officer

Mr Kuah Kok Kim is both the Chairman and Chief Executive Officer ("CEO") of the Company until 30 June 2010. With effect from 1 July 2010, as part of the Group's succession planning, Mr Kuah Kok Kim had stepped down as CEO but remains as Executive Chairman. Mr Kuah Boon Wee has been appointed as the new CEO effective 1 July 2010.

The Executive Chairman will continue 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.

The CEO will be 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 CEO will assist the Executive Chairman in the latter's execution of his responsibilities.

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 their management roles from their position as Board members, 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 the 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
Kuah Boon Wee[1]	Non-executive Director	10.10.2006	23.07.2007
	Executive Director	01.07.2010	
Ho Han Siong Christopher	Non-executive Director	30.10.2007	23.07.2008
Ong Choo Eng	Non-executive Director	09.09.1997	23.07.2009
Ian Wayne Spence[1]	Independent Director	15.01.2002	23.07.2008
Huang Yuan Chiang	Independent Director	08.08.2001	23.07.2009

[1] Mr. Ian Wayne Spence and Mr. Kuah Boon Wee are due for re-election at the forthcoming Annual General Meeting. Mr Kuah Boon Wee has been re-designated as Executive Director following his appointment as CEO on 1 July 2010.

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

On an annual basis, the Board will also assess their performance as a whole based on the achievement of the Group's strategic and long-term objectives. The Company believes that the contribution of each Director can be measured beyond attendance at formal meetings. A Director would have been appointed or re-nominated on the strength of his calibre and relevant experience that could contribute to the proper guidance of the Group's businesses. Management can also access them for guidance or exchange of views outside the formal environment of Board meetings.

Corporate Governance Report

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.

Corporate Governance Report

The remunerations of Directors are set out below:

	Fee	Salary/Allowance	Bonus	Benefits
I. Above $500,000	-	28%	70%	2%
Kuah Kok Kim[1]				
II. $250,000 and below				
Kuah Boon Wee[1]	100%			
Ho Han Siong Christopher	100%			
Ong Choo Eng	100%			
Ian Wayne Spence	100%			
Huang Yuan Chiang	100%			

[1] Mr. Kuah Kok Kim, Executive Chairman 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	50%	47%	3%
Les Healey	79%	11%	10%
Fong Choon Seng	64%	35%	1%
II. $250,000 and below			
Lai Chee Keong	58%	41%	1%
Elsie Low Kheng Thor	100%	0%	0%

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 2010.

Corporate Governance Report

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 Secretaries 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

In preparation for the AGM, shareholders are encouraged to refer to SGX's investor guides, namely 'An Investor's Guide To Reading Annual Reports' and 'An Investor's Guide To Preparing For Annual General Meetings'. The guides, in both English and Chinese versions, are available at the SGX website (www.sgx.com) under the section named "Investor Centre".

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 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.

The Group has, since FY2007, embarked on an on-going exercise to implement a risk management framework that seeks to provide a structured and common methodology to identify and manage potential risks affecting the Group, and to ensure sufficient controls are in place to monitor and mitigate these risks. Details of the Group's risk management policies and processes are provided under the "Risk Management" section of the Annual Report.

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

Corporate Governance Report

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 received no complaints up to the date of this report.

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 2011.

Principle 15 : Greater Shareholders Participation

Shareholders are informed of shareholders' meetings through notices published in the Business Times, and reports or circulars sent to all shareholders. The information is also made available on the SGX-ST's website. If any shareholder is unable to attend, the Articles have made provisions for shareholders to appoint a proxy or proxies to attend and vote on their behalf. The Company is however, not implementing absentia voting methods such as mail, e-mail or fax until the security, integrity and other pertinent issues have been addressed satisfactorily.

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

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

Dealing In Securities

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

Corporate Governance Report

Meeting Attendance Report

Name of Directors		Board of Directors		Audit Committee		Remuneration Committee	
		No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Executive							
Kuah Kok Kim		2	2	3	3*	–	–
Non-executive						–	–
Huang Yuan Chiang	(Independent)	2	1	3	2	4	4
Ian Wayne Spence	(Independent)	2	2	3	3	4	4
Ong Choo Eng	(Non-independent)	2	2	3	3	4	2
Kuah Boon Wee	(Non-independent)	2	2	3	3*	4	1*
Ho Han Siong Christopher	(Non-independent)	2	2	3	3*	4	1*

* 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 arms' length basis.

There are no interested person transactions entered during the financial year under review or conducted under shareholders' mandate pursuant to Rule 920.

Date: 6 July 2010

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, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 31 March 2010.

Directors

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

Kuah Kok Kim (Chairman and CEO)
Christopher Ho Han Siong
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 1.4.2009**	**At 31.3.2010**	**At 21.4.2010**	**At 1.4.2009**	**At 31.3.2010**	**At 21.4.2010**
(Ordinary shares)						
Kuah Kok Kim	1,806,000	22,474,000	22,474,000	20,223,000	–	–
Kuah Boon Wee	1,404,000	1,404,000	1,404,000	–	–	–
Huang Yuan Chiang	100,000	100,000	100,000	–	–	–
Christopher Ho Han Siong	–	–	–	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 Christopher Ho Han Siong is deemed to have an interest in shares of the Company held by a substantial shareholder by virtue of Section 7 of the Singapore Companies Act, Cap. 50.

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

Directors' Report

Options to acquire shares in the Company

(a) The Group has in place the MTQ Corporation Executives' Share Option Scheme 2003 (the "Scheme") for granting of options that are settled by physical delivery of the ordinary shares of the Company, to eligible Directors and executives of the Company and its 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).

Directors' Report

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.

Directors' Report

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 2010 were as follows :

	No. of options						
Date of grant	**At 1.4.2009**	**Granted**	**Exercised**	**Lapsed/ Cancelled**	**At 31.3.2010**	**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 2010 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' Report

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

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

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

Ian Wayne Spence
Director

Singapore
4 June 2010

Statement by Directors

We, Kuah Kok Kim and Ian Wayne Spence, being two of the Directors of MTQ Corporation Limited, do hereby state that, in the opinion of the Directors :

(a) the accompanying balance sheets, statements of comprehensive income, 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 2010 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

Ian Wayne Spence
Director

Singapore
4 June 2010

Independent Auditors' Report

For the financial year ended 31 March 2010

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 118, which comprise the balance sheets of the Group and the Company as at 31 March 2010, the statements of changes in equity and the statements of comprehensive income 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, statement of comprehensive income 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 2010 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 2010

Statements of Comprehensive Income

For the financial year ended 31 March 2010

(In Singapore dollars)

	Note	2010 $'000	2009 $'000
Group			
Revenue	3	81,966	89,867
Cost of sales		(48,269)	(57,539)
Gross profit		33,697	32,328
Other income	4	3,008	1,030
Staff costs		(12,158)	(11,447)
Other operating expenses		(10,070)	(7,992)
Profit from operating activities	5	14,477	13,919
Finance costs	6	(160)	(174)
Profit before taxation		14,317	13,745
Taxation expense	7	(2,290)	(2,769)
Profit for the financial year, net of tax		12,027	10,976
Other comprehensive income:			
Exchange difference on translation of overseas subsidiary companies		3,784	(3,643)
Net gain/(loss) on fair value of available-for-sale financial assets		5,164	(1,161)
Disposal of available-for-sale financial assets transferred to profit and loss		(1,847)	–
Other comprehensive income for the financial year, net of tax		7,101	(4,804)
Total comprehensive income for the financial year		19,128	6,172
Profit attributable to :			
Owners of the parent		12,034	10,982
Minority interests		(7)	(6)
		12,027	10,976
Total comprehensive income attributable to:			
Owners of the parent		19,135	6,178
Minority interests		(7)	(6)
		19,128	6,172
Earnings per share attributable to owners of the parent	8		
- Basic		13.67 cents	12.10 cents
- Diluted		13.66 cents	12.10 cents

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

Statements of Comprehensive Income

For the financial year ended 31 March 2010

(In Singapore dollars)

	Note	2010 $'000	2009 $'000
Company			
Revenue	3	11,457	20,442
Other income	4	74	(254)
		11,531	20,188
Staff costs		(3,106)	(2,938)
Other operating expenses		(2,514)	(2,519)
Profit from operating activities	5	5,911	14,731
Finance costs	6	(2)	(2)
Profit before taxation		5,909	14,729
Taxation write-back/(expense)	7	141	(962)
Profit for the financial year, net of tax		6,050	13,767
Other comprehensive income for the financial year, net of tax		–	–
Total comprehensive income for the financial year		6,050	13,767

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

Balance Sheets

As at 31 March 2010

(In Singapore dollars)

		Group		Company	
	Note	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Non-current assets					
Goodwill	9	7,180	5,894	–	–
Investment properties	10	–	–	921	1,068
Property, plant and equipment	11	18,511	16,398	280	290
Investment in subsidiaries	12	–	–	25,740	22,276
Investment securities	13	7,042	4,146	–	–
Receivables	14	257	261	120	61
Prepayments	14	38	30	25	9
Deferred tax assets	24	1,302	857	20	–
		34,330	27,586	27,106	23,704
Current assets					
Inventories	15	16,638	14,178	–	–
Trade and other receivables	16	21,489	16,345	24,294	26,878
Gross amount due from customers for contract work-in-progress	17	2,824	2,864	–	–
Prepayments	14	3,708	281	53	35
Investment securities	13	1,523	1,628	–	–
Tax recoverable		–	15	–	–
Derivatives	18	636	–	–	–
Fixed deposits	19	14,607	14,988	1,902	–
Cash and cash equivalents	19	5,707	6,996	1,259	219
		67,132	57,295	27,508	27,132
Current liabilities					
Trade and other payables	20	(12,887)	(10,829)	(1,272)	(1,793)
Gross amount due to customers for contract work-in-progress	17	–	(425)	–	–
Finance lease payable, current portion	21	(149)	(54)	–	–
Long term bank borrowings, current portion	22	(1,714)	(1,905)	–	–
Provisions, current portion	25	(955)	(2,320)	–	–
Derivatives	18	–	(157)	–	–
Provision for taxation		(6,631)	(6,342)	(752)	(776)
		(22,336)	(22,032)	(2,024)	(2,569)
Net current assets		44,796	35,263	25,484	24,563
Non-current liabilities					
Other payables	20	–	–	(3,759)	(2,670)
Finance lease payable	21	(390)	(161)	–	–
Loans from a minority shareholder of a subsidiary company	23	(1,056)	(1,050)	–	–
Long term bank borrowings	22	(1,659)	(2,543)	–	–
Deferred tax liabilities	24	(1,831)	(1,688)	–	(76)
Provisions	25	(874)	(577)	(68)	(166)
		(5,810)	(6,019)	(3,827)	(2,912)
Net assets		73,316	56,830	48,763	45,355
Equity attributable to owners of the parent					
Share capital	26	28,159	28,159	28,159	28,159
Treasury shares	26	(3,992)	(3,992)	(3,992)	(3,992)
Reserves	27	49,821	33,328	24,596	21,188
Shareholders' funds		73,988	57,495	48,763	45,355
Minority interests	28	(672)	(665)	–	–
Total equity		73,316	56,830	48,763	45,355

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 2010

(In Singapore dollars)

Group	Note	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 owners of the Parent								
Balance as at 1 April 2008		28,159	(891)	1,477	28,438	–	(18)	57,165	(659)	56,506
Profit net of tax		–	–	–	10,982	–	–	10,982	(6)	10,976
Other comprehensive income for the financial year		–	–	(3,643)	–	(1,161)	–	(4,804)	–	(4,804)
Total comprehensive income for the financial year		–	–	(3,643)	10,982	(1,161)	–	6,178	(6)	6,172
Dividends paid on ordinary shares	29	–	–	–	(2,747)	–	–	(2,747)	–	(2,747)
Share buyback - held in treasury	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
Balance as at 1 April 2009		28,159	(3,992)	(2,166)	36,673	(1,161)	(18)	57,495	(665)	56,830
Profit net of tax		–	–	–	12,034	–	–	12,034	(7)	12,027
Other comprehensive income for the financial year		–	–	3,784	–	3,317	–	7,101	–	7,101
Total comprehensive income for the financial year		–	–	3,784	12,034	3,317	–	19,135	(7)	19,128
Dividends paid on ordinary shares	29	–	–	–	(2,642)	–	–	(2,642)	–	(2,642)
Balance as at 31 March 2010		28,159	(3,992)	1,618	46,065	2,156	(18)	73,988	(672)	73,316

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 2010

(In Singapore dollars)

Company	Note	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Other reserve $'000	Total share-holders' funds $'000
Balance as at 1 April 2008		28,159	(891)	10,186	(18)	37,436
Profit for the financial year, representing total comprehensive income for the financial year		–	–	13,767	–	13,767
Dividends paid on ordinary shares	29	–	–	(2,747)	–	(2,747)
Share buyback - held in treasury	26	–	(3,101)	–	–	(3,101)
Balance as at 31 March 2009		28,159	(3,992)	21,206	(18)	45,355
Balance as at 1 April 2009		28,159	(3,992)	21,206	(18)	45,355
Profit for the financial year, representing total comprehensive income for the financial year		–	–	6,050	–	6,050
Dividends paid on ordinary shares	29	–	–	(2,642)	–	(2,642)
Balance as at 31 March 2010		28,159	(3,992)	24,614	(18)	48,763

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 2010

(In Singapore dollars)

	Note	2010 $'000	2009 $'000
Cash flows from operating activities:			
Profit from operations before taxation		14,317	13,745
Add/(less) :			
Depreciation of property, plant and equipment	11	3,481	3,207
Gain on sale of property, plant and equipment	5	(19)	(204)
Net fair value loss in investment securities	3	105	621
Net fair value (gain)/loss in derivatives			
- Equity derivatives	3	(569)	–
- Forward currency contracts	5	(157)	182
Interest income	4	(183)	(548)
Interest expense	6	160	174
Dividend income	4	(338)	(223)
Gain on disposal of quoted investments	4	(1,863)	–
Operating profit before reinvestment in working capital		14,934	16,954
Decrease/(increase) in gross amount due from customers for contract work-in-progress		40	(2,864)
(Decrease)/increase in gross amount due to customers for contract work-in-progress		(425)	425
(Increase)/decrease in receivables and prepayments		(8,553)	2,331
(Increase)/decrease in inventories		(2,388)	1,878
Increase in investment securities		–	(1,980)
Net change in derivatives			
- Increase in equity derivatives		(67)	–
- Decrease/(increase) in forward currency contracts		157	(182)
Increase/(decrease) in payables		539	(2,427)
Currency realignment		1,878	(2,916)
Cash generated from operations		6,115	11,219
Interest income received	4	183	548
Interest expense paid	6	(140)	(167)
Income taxes paid, net		(2,187)	(7,102)
Net cash provided by operating activities		3,971	4,498
Cash flows from investing activities:			
Dividends received		338	223
Purchase of property, plant and equipment		(4,538)	(5,417)
Acquisition of business by a subsidiary company	11(e)	(642)	–
Proceeds from sale of property, plant and equipment		46	480
Proceeds from sale of investment in quoted shares, net of brokerage		2,456	–
Purchase of investment in quoted shares, net of brokerage		(172)	(5,307)
Loans granted to staff		(125)	(60)
Loans repaid by staff		103	207
Net cash used in investing activities		(2,534)	(9,874)
Cash flows from financing activities:			
Dividends paid	29	(2,642)	(2,747)
Proceeds from bank borrowings		1,100	1,105
Repayment of bank borrowings		(2,175)	(1,996)
Proceeds from finance lease		278	193
Share buyback		–	(3,101)
Proceeds of loan from a minority shareholder of a subsidiary company		6	11
Net cash used in financing activities		(3,433)	(6,535)
Net decrease in cash and cash equivalents		(1,996)	(11,911)
Cash and cash equivalents at beginning of financial year	19	21,984	34,050
Effect of exchange rate changes on cash and cash equivalents		326	(155)
Cash and cash equivalents at end of financial year	19	20,314	21,984

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

Notes to the Financial Statements

31 March 2010

(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 relate to those of an investment holding and management company.

The principal activities of the subsidiaries relate 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, statement of comprehensive income 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 *Changes in accounting policies*

On 1 April 2009, the Group has adopted all new or amended FRS and Interpretation to FRS (INT FRS) which are mandatory for application from that date. Changes to the Group's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are the revised FRS and INT FRS that are relevant to the Group for the financial year ended 31 March 2010:

FRS 1	Presentation of Financial Statements (Revised)
FRS 23	Amendments to Borrowing Costs
Amendments to FRS 107	Financial Instruments: Disclosures
FRS 108	Operating Segments
Improvements to FRSs	Improvements to FRSs issued in 2008

Adoption of the above pronouncements in the current financial year did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

2.2 *Changes in accounting policies (cont'd)*

(a) *FRS 1 Presentation of Financial Statements – Revised Presentation*

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as one single statement.

(b) *Amendments to FRS 23 Borrowing costs*

FRS 23 has been revised to require capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred. The Group has amended its accounting policy based on the revised FRS 23. In accordance with the transitional provisions of the Standard, the Group has adopted this as a prospective change. Therefore, borrowing costs have been capitalised on qualifying assets with a commencement date on or after 1 April 2009. No changes have been made for borrowing costs incurred prior to this date that have been expensed. During the financial year, there were no applicable borrowing costs to be capitalised on property, plant and equipment.

(c) *Amendments to FRS 107 Financial Instruments: Disclosures*

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument.

In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The liquidity risk disclosures and fair value measurement disclosures are presented in Note 35 and Note 36 to the financial statements respectively.

(d) *FRS 108 Operating Segments*

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 Segment Reporting. Additional disclosures about each of the segments are shown in Note 31, including revised comparative information.

(e) *Improvements to FRSs issued in 2008*

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRS. There are separate transitional provisions for each amendment. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group:

- FRS 1 Presentation of Financial Statements: Assets and liabilities classified as held for trading in accordance with FRS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. The Group amended its accounting policy accordingly and analysed whether Management's expectation of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the balance sheet.
- FRS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

Notes to the Financial Statements 31 March 2010

(In Singapore dollars)

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

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 Consolidated and Separate Financial Statements	1 July 2009
Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1 July 2009
Restructuring to FRS 101 - First-time Adoption of Financial Reporting Standards	1 July 2009
Revised FRS 103 Business Combinations	1 July 2009
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
Amendments to INT FRS 109 and FRS 39 - Embedded Derivatives	1 July 2009
INT FRS 117 Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 118 Transfers of assets from customers	1 July 2009
Amendments to FRS 101 Additional Exemptions for First-time Adopters	1 January 2010
Amendments to FRS 102 - Group Cash-settled Share-based Payment Transactions	1 January 2010
Amendments to FRS 32 Classification of Rights Issues	1 February 2010
INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Revised FRS 24 Related Party Disclosures	1 January 2011
Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement	1 January 2011
Improvements to FRSs issued in 2009	1 January 2010 (unless otherwise stated)

The directors expect that the adoption of the above pronouncements, if applicable, will have no material impact to the financial statements in the period of initial application.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

2.4 *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:

<u>Impairment of goodwill</u>

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 2010 was $7,180,000 (2009: $5,894,000). More details are given in Note 9.

<u>Depreciation of property, plant and equipment</u>

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 2010 was $18,511,000 (2009: $16,398,000). Changes in the expected level of usage and technological developments could impact the economic useful lives, and therefore, future depreciation charges could be revised.

<u>Construction contracts</u>

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.

<u>Impairment of loans and receivables</u>

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 receivables at the balance sheet date is disclosed in Note 19 to the financial statements.

Notes to the Financial Statements 31 March 2010

(In Singapore dollars)

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

2.4 *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:

<u>Income taxes</u>

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 2010, the Group's provision for taxation stood at $6,631,000 (2009: $6,342,000), with a tax recoverable of $nil (2009: $15,000) and the carrying amounts of deferred tax assets and liabilities was $1,302,000 (2009: $857,000) and $1,831,000 (2009: $1,688,000) respectively.

<u>Impairment of available-for-sale financial assets</u>

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 profit or loss. No impairment loss was recognised for the financial year ended 31 March 2010 and 31 March 2009.

2.5 *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 profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in equity as foreign currency translation reserve in other comprehensive income. The foreign currency translation reserve is reclassified from other comprehensive income to profit or loss of the Group on disposal of the foreign operation.

The assets and liabilities of foreign operations are translated into Singapore dollar at the rate of exchange ruling at the balance sheet date and their statements of comprehensive income are translated at the 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 operation is recognised in the profit or loss.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

2.6 *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 statement of comprehensive income on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract. 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.

2.7 *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 statement of comprehensive income and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

2.8 *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.

Notes to the Financial Statements 31 March 2010

(In Singapore dollars)

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

2.9 *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 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 repair work, engineering, overhaul, service work and construction contracts is recognised based on percentage of completion. The percentage of completion is assessed by reference to the ratio of costs incurred to-date to the estimated total costs for each contract, with due consideration given to the inclusion of only those costs that reflect work performed.

When the outcome of a contract can be estimated reliably, contract revenue and costs are recognised as income and expense respectively using the percentage of completion method. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that can probably be recovered and contract costs are recognised as an expense in the period in which they are incurred.

Revenue from rental services is recognised as and when the services are provided.

Management fees are recognised when corporate services are rendered.

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.

2.10 *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.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

2.10 *Employee benefits (cont'd)*

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. Employees of the Group receive remuneration in the form of share options as consideration for services rendered.

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 statement of comprehensive income and a corresponding adjustment to equity.

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

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

2.11 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessee

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

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

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

Notes to the Financial Statements 31 March 2010

(In Singapore dollars)

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

2.11 *Leases (cont'd)*

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. The accounting policy for rental income is set out in Note 2.9.

2.12 *Borrowing costs*

Borrowing costs are recognised in profit or loss using the effective interest method, except for those costs that are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

2.13 *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 profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) *Deferred tax*

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

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

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

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

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

2.13 *Income taxes (cont'd)*

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

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

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

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

The carrying amount of deferred tax assets is reviewed at 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 period 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 income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

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

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

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

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

Notes to the Financial Statements 31 March 2010

(In Singapore dollars)

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

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 profit or loss. 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 2.5.

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.

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 initially measures the investment properties at cost including transaction cost and subsequent to recognition, they are stated 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 profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, 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.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

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 profit or loss. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the balance sheet date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

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 property, 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, and adjusted prospectively, if appropriate.

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

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

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.

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 had been recognised in other comprehensive income is recognised in profit or loss.

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.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

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 profit or loss. 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 profit or loss 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 in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

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

Notes to the Financial Statements 31 March 2010

(In Singapore dollars)

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

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 profit or loss.

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

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

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

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 profit or loss, is transferred from equity to profit or loss. Reversal of impairment losses in respect of equity instruments are not recognised in profit or loss. Reversal of impairment losses on debt instruments are recognised in profit or loss 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 profit or loss.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

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.

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

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

(In Singapore dollars)

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

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.

(c) *Derivatives*

Subsequent to initial recognition, derivatives are measured at fair value (note 2.32)

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss 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 profit or loss. Net gains or losses on derivatives include exchange differences.

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

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*

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

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

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 profit or loss 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.

2.31 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

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 profit or loss 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 profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants related to income

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as "Other income".

Notes to the Financial Statements
31 March 2010

(In Singapore dollars)

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

2.34 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

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

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	
	Note	**2010** $'000	**2009** $'000	**2010** $'000	**2009** $'000
Services and repair revenue		34,541	38,407	–	–
Trading sales		45,273	50,193	–	–
Equipment rental income		1,688	1,888	–	–
Net fair value (loss)/gain on financial instruments:					
- Held for trading investment securities		(105)	(621)	–	–
- Equity derivative		569	–	–	–
Dividend income from subsidiaries		–	–	6,000	15,264
Consultancy and management fees		–	–	3,452	3,219
Rental income from investment properties					
- subsidiaries	10	–	–	2,005	1,959
		81,966	89,867	11,457	20,442

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

4. Other income

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Dividends	338	223	–	–
Interest income				
- bank deposits	161	534	5	8
- staff loans	22	14	11	5
Over-charge of prior year interest on intercompany loan	–	–	–	(287)
Realised gain on disposal of available-for-sale financial assets	1,863	–	–	–
Gain on liquidation of subsidiary	140	–	–	–
Grant income from Job Credit Scheme	257	73	50	14
Other income	227	186	8	6
	3,008	1,030	74	(254)

During the financial year, the Group and the Company received cash grant income of $257,000 (2009: $73,000) and $50,000 (2009: $14,000) respectively under the Jobs Credit Scheme ("Scheme") on the first $2,500 of each month's wages for each eligible employee on their Central Provident Fund payroll. The Scheme is for eighteen months with effect from 1 January 2009 to 30 June 2010.

5. Profit from operating activities

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

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
(a) ***Manpower costs***				
Directors' remuneration:				
- Directors of the Company				
Salaries, wages and bonuses	1,395	1,398	1,395	1,398
Contributions to CPF and other defined contribution plans	5	4	5	4
Others	4	3	4	3
- Directors of subsidiary companies				
Salaries, wages and bonuses	611	686	–	–
Contributions to CPF and other defined contribution plans	27	28	–	–
Others	35	2	–	–
Other employees' remuneration:				
- Salaries, wages and bonuses	16,244	16,454	1,519	1,341
- Contributions to CPF and other defined contribution plans	1,129	1,377	128	95
- Others	1,810	1,923	55	97
	21,260	21,875	3,106	2,938
Less : Manpower costs capitalised under work-in-progress	(595)	(689)	–	–
	20,665	21,186	3,106	2,938

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

5. Profit from operating activities (cont'd)

Manpower costs of the Group and the Company amounting to $8,507,000 and $nil (2009: $9,739,000 and $nil) respectively have been included in cost of sales.

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
(b) ***Other operating expenses***					
Allowance/(write-back) for impairment of trade receivables, net	16	744	(359)	(113)	–
Bad debts written off	16	110	–	90	–
Depreciation of property, plant and equipment	11	908	1,020	133	127
Depreciation of investment properties	10	–	–	177	317
Directors' fees					
- Directors of the Company		155	165	155	165
- Directors of subsidiaries		4	4	–	–
Gain on sale of property, plant and equipment, net		(19)	(204)	–	–
(Write-back of allowance for)/allowance for inventory obsolescence, net	15	(141)	507	–	–
Loss/(gain) on exchange, net		195	32	(370)	84
Fair value (gain)/ loss on forward currency contracts, net		(157)	182	–	–
Legal and professional fees		763	336	273	153
Non audit fees paid to:					
- Auditors of the Company		115	104	48	36
- Auditors of subsidiaries		26	(2)	–	–
Operating lease expenses		1,619	1,421	237	225
Loss on settlement of claim	25	644	–	–	–
Allowance for impairment of receivables due from subsidiaries	12,16	–	–	849	84
Included in cost of sales					
Operating lease expenses		27	36	–	–
Depreciation of property, plant and equipment	11	2,573	2,187	–	–
Provision for foreseeable losses	25	–	1,566	–	–

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

Number of Directors in remuneration bands

	Company 2010	Company 2009
$500,000 and above	1	1
$250,000 to $499,999	–	–
Below $250,000	5	5
Total	6	6

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

6. Finance costs

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Interest on:				
- bank loans and overdrafts	124	158	–	–
- finance lease payables	16	9	–	–
- others	20	7	2	2
	160	174	2	2

7. Taxation

(a) *Major components of income tax expense*

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Statement of comprehensive income				
Current income tax				
- Current income taxation	2,649	2,308	57	1,152
- Over provision in respect of prior years	(493)	(407)	(262)	(336)
- Withholding tax	221	350	160	306
	2,377	2,251	(45)	1,122
Deferred income tax				
- Movements in temporary differences	(118)	476	58	(256)
- Under/(over) provision in respect of prior years	31	115	(154)	117
- Effect of reduction in tax rate	–	(73)	–	(21)
	(87)	518	(96)	(160)
Taxation expense/ (write-back) recognised in the statement of comprehensive income	2,290	2,769	(141)	962

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

7. 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 2010 and 31 March 2009 is as follows:

	Group		Company	
	2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
Profit before taxation	14,317	13,745	5,909	14,729
Tax at Singapore statutory tax rate of 17% (2009: 17%)	2,434	2,336	1,005	2,504
Tax effect of expenses not deductible for tax	160	340	163	187
Tax effect of income not subject to tax	(282)	(166)	(1,054)	(2,154)
Effect of reduction in Singapore statutory tax rate	–	(73)	–	(21)
Deferred tax assets not recognised	28	115	–	–
Effect of difference in effective tax rates of other countries	190	159	–	359
(Over)/under provision in respect of prior years				
- current tax	(493)	(407)	(262)	(336)
- deferred tax	31	115	(154)	117
Others	222	350	161	306
Taxation expense/ (write-back)	2,290	2,769	(141)	962

As at 31 March 2010, certain subsidiaries had unutilised tax losses of approximately $2,518,000 (2009: $4,340,000) and unabsorbed capital allowances of approximately $2,176,000 (2009: $1,630,000), net of amounts transferred under the group relief transfer system, available for setoff against future taxable income. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the countries where the subsidiaries subside.

Except as disclosed in Note 24, the potential tax benefit of approximately $1,674,000 (2009: $2,101,000) from these 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.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

8. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year, net of tax, attributable to owners of the parent 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 for the year, net of tax, attributable to owners of the parent 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 profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 March 2010 and 31 March 2009:

	Group	
	2010 $'000	**2009** $'000
Profit net of tax attributable to owners of the parent	12,034	10,982

	Number of shares	
	2010 '000	**2009** '000
Weighted average number of ordinary shares in issue applicable to basic earnings per share computation	88,059	90,789
Effect of dilution:		
Share options	11	7
Weighted average number of ordinary shares adjusted for the effect of dilution	88,070	90,796

Since the end of the previous financial year, eligible employees under the share option plans have not exercised the options to acquire any ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

(In Singapore dollars)

9. Goodwill

	Group $'000
At 1 April 2008	7,180
Currency realignment	(1,286)
At 31 March 2009 and 1 April 2009	5,894
Currency realignment	1,286
At 31 March 2010	7,180

Impairment testing of goodwill

For the purpose of annual impairment testing, goodwill arising from business combination 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 6.75% (2009: 5.00%) and terminal value of A$29,688,000, approximately $38,119,000 (2009: A$8,689,000, approximately $9,158,000). 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 6.75% (2009: 5.00%) 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 13.93% (2009: 9.00%) was applied to the cash flow projections, which in management's opinion, reflects the specific risk relating to the business.

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

Notes to the Financial Statements 31 March 2010

(In Singapore dollars)

10. Investment properties

	Note	Company $'000
Balance sheet:		
Cost		
At 1 April 2008		6,901
Improvements		89
At 31 March 2009 and 1 April 2009		6,990
Improvements		30
At 31 March 2010		7,020
Accumulated depreciation		
At 1 April 2008		5,605
Depreciation	5(b)	317
At 31 March 2009 and 1 April 2009		5,922
Depreciation	5(b)	177
At 31 March 2010		6,099
Net carrying amount		
At 31 March 2010		921
At 31 March 2009		1,068

The fair value of the investment properties held by the Company as at 31 March 2010 amounted to $4,200,000 (2009: $4,000,000). 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 2010 are as follows:

Location	Description	Tenure
182 Pandan Loop Singapore 128373	Office building and workshop	27 years lease from 16.9.2009

	Note	Company 2010 $'000	Company 2009 $'000
Statement of comprehensive income			
Rental income from investment properties charged to subsidiaries	3	2,005	1,959
Direct operating expenses (including repairs and maintenance) from rental generating properties		1,178	1,333

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

11. 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 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 and 1 April 2009	262	342	6,990	25,039	7,604	–	40,237
Currency realignment	58	75	–	774	1,121	–	2,028
Additions	–	–	30	3,047	1,410	621	5,108
Disposals/written off	–	–	–	(451)	(48)	–	(499)
At 31 March 2010	320	417	7,020	28,409	10,087	621	46,874
Accumulated depreciation							
At 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 and 1 April 2009	–	159	5,922	11,582	6,176	–	23,839
Currency realignment	–	37	–	480	998	–	1,515
Depreciation	–	22	177	2,546	736	–	3,481
Disposals/written off	–	–	–	(425)	(47)	–	(472)
At 31 March 2010	–	218	6,099	14,183	7,863	–	28,363
Net carrying amount							
At 31 March 2010	320	199	921	14,226	2,224	621	18,511
At 31 March 2009	262	183	1,068	13,457	1,428	–	16,398

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

Company	Workshop equipment $'000	Furniture and fixtures, office equipment and motor vehicles $'000	Total $'000
Cost			
At 1 April 2008	209	1,366	1,575
Additions	–	83	83
Disposals/written off	–	–	–
At 31 March 2009 and 1 April 2009	209	1,449	1,658
Additions	–	123	123
Disposals/written off	–	(3)	(3)
At 31 March 2010	209	1,569	1,778
Accumulated depreciation			
At 1 April 2008	208	1,033	1,241
Depreciation	–	127	127
Disposals/written off	–	–	–
At 31 March 2009 and 1 April 2009	208	1,160	1,368
Depreciation	1	132	133
Disposals/written off	–	(3)	(3)
At 31 March 2010	209	1,289	1,498
Net carrying amount			
At 31 March 2010	–	280	280
At 31 March 2009	1	289	290

[1] At the Company level, the leasehold buildings which comprise of 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 10).

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

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

Location	Description	Area sq. m.	Tenure	Net book value 2010 $'000	Net book value 2009 $'000
Freehold land and buildings					
32 Raynham Street, Salisbury, Queensland 4107, Australia *	Office building and workshop	2,200	Freehold	519	445
Leasehold building(1)					
182 Pandan Loop, Singapore 128373 **	Office building and workshop	14,271	27 years lease from 16.9.2009	921	1,068

* The Group's subsidiary, MTQ Engine Systems (Aust) Pty Ltd, has entered into an agreement to sell the freehold land and buildings on 12 April 2010 (Note 38).

** This leasehold building has been classified as investment properties at Company level as the property is leased to subsidiaries (Note 10).

(b) ***Assets under construction***

The Group's assets under construction amounting to $621,000 (2009: $nil) as at 31 March 2010 relate to construction of a production facility in the Kingdom of Bahrain.

(c) ***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 2010 $'000	Net book value 2009 $'000
Freehold land	320	262
Freehold building	199	183
Plant and workshop equipment	6,820	6,242

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

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

During the year, the Group acquired property, plant and equipment with an aggregate cost of $356,000 (2009: $198,000), by means of finance leases. The cash outflows on acquisition of property, plant and equipment amounted to $356,000 (2009: $198,000).

The carrying amount of property, plant and equipment held under finance lease as at 31 March 2010 was $420,000 (2009: $214,000) (Note 21).

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

(e) ***Acquisition of business by subsidiary company***

During the financial year, the Group's subsidiary company, MTQ Engine Systems (Aust) Pty Ltd, on 18 March 2010, completed an acquisition of the assets of Premier Fuel Injection Service Pty Limited ("PFIS"). PFIS operated a business specialising in fuel injection repairs and vehicle diagnostics in Darwin, Northern Territory. The acquisition will allow the Group to expand into the Northern Territory in which it did not have any representation in not only fuel injection repairs and vehicle diagnostics but also the remaining product range the Group currently has to offer.

The assets of PFIS will be used to operate a similar business to what PFIS operated. It will be operating out of PFIS's old premises of which the Group has entered into a 3 year lease with PFIS. The Group also employed 4 key employees of PFIS.

The fair values of the identifiable assets of PFIS as at the date of acquisition were:

	Recognised on date of acquisition $'000	Carrying amount before combination $'000
Property, plant and equipment	570	570
Inventories	72	72
Net identifiable assets	642	642
Cash paid	642	
Goodwill arising from acquisition of business	–	

From the date of acquisition till 31 March 2010, this business unit has made a net profit (excluding management fees) of $5,000. The Group is unable to obtain information from PFIS to determine what the contributed net profit of PFIS would be had the acquisition occurred at the beginning of the reporting period. It is impracticable to obtain this information as PFIS have not finalised their accounts for this period due to the financial year ending in 30 June 2010.

Notes to the Financial Statements 31 March 2010

(In Singapore dollars)

12. Investment in subsidiaries

	Note	Company 2010 $'000	Company 2009 $'000
Unquoted shares, at cost:			
At beginning of financial year		27,131	27,131
Acquisition		837	– *
Liquidation of a subsidiary during the financial year		(174)	–
At end of financial year	32	27,794	27,131
Impairment in value of investments		(10,537)	(10,711)
		17,257	16,420
Inter-company indebtedness:			
Amounts owing by subsidiaries			
- Non-trade		4,418	4,265
- Interest-free loans		7,042	4,537
Allowance for amounts owing by subsidiaries		(2,977)	(2,946)
		8,483	5,856
		25,740	22,276

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

(a) ***Further details regarding the cost of investment in subsidiaries are set out in Note 32.***

(b) ***Movement in allowance for impairment in value of investments:***

	2010 $'000	2009 $'000
At beginning of financial year	10,711	10,711
Write-off of impairment^	(174)	–
At end of financial year	10,537	10,711

^ During the financial year, the allowance for impairment in value of investments was reversed upon liquidation of the subsidiary .

(c) ***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.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

12. Investment in subsidiaries (cont'd)

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

	Note	Company 2010 $'000	Company 2009 $'000
Amounts due from subsidiaries - nominal value		2,977	2,946
Less: Allowance for impairment		(2,977)	(2,946)
		–	–
Allowance for impairment of intercompany indebtedness:			
At beginning of financial year		2,946	2,896
Charge for the year	5(b)	31	50
At end of financial year		2,977	2,946

13. Investment securities

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Non-current assets				
Available-for-sale financial assets				
Quoted securities, at fair value (SGX)	7,042	4,146	–	–
Current assets				
Held for trading financial assets				
Quoted securities, at fair value (ASX & SGX)	1,523	1,628	–	–
	8,565	5,774	–	–

Investment securities are investment in equity instruments that are quoted on the Singapore Exchange Securities Trading Limited (SGX) and Australia Securities Exchange (ASX) and are carried at fair value.

Investment securities were denominated in the following currencies:

	Group 2010 $'000	Group 2009 $'000
Singapore dollars	7,133	4,206
Australian dollars	1,432	1,568
	8,565	5,774

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

14. Receivables and prepayments

	Group		Company	
	2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
Non-current				
Staff loans, at amortised cost	257	261	120	61
Prepaid staff benefits	38	30	25	9
	295	291	145	70
Current				
Advances to suppliers (non-trade)	3,690	266	43	31
Prepaid staff benefits	18	15	10	4
	3,708	281	53	35

Staff loans and prepaid staff benefits

	Note	Group		Company	
		2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
Staff loans at amortised costs:					
Current, classified under trade and other receivables	16	98	82	35	22
Non-current, classified under receivables and prepayments		257	261	120	61
		355	343	155	83
Prepaid staff benefits		56	45	35	13

The interest-free staff loans are 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.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

14. Receivables and prepayments (cont'd)

Advances to suppliers (non-trade)

Included in the Group's advances to suppliers (non-trade) is $3,307,000 (2009: $nil) relating to prepaid expenses for the production facility in the Kingdom of Bahrain (Note 11):

	Group 2010	
	$'000	US$'000
Construction cost	2,677	1,910
Purchase of machineries	597	426
Land lease	31	22
Others	2	2
	3,307	2,360

15. Inventories

	Group	
	2010 $'000	**2009** $'000
Balance sheet:		
First-in-first-out basis		
- Raw materials	1,108	1,317
- Work-in-progress	1,706	5,268
- Finished goods	2,100	–
- Engines and spares	592	495
	5,506	7,080
Weighted average basis		
- Finished goods	10,942	6,832
- Work-in-progress	116	65
- Goods-in-transit	74	201
	11,132	7,098
Total inventories at lower of cost and net realisable value	16,638	14,178
Inventories are stated after deducting allowance for inventory obsolescence of:		
- first-in-first-out basis	174	452
- weighted average basis	802	686
	976	1,138
Statement of comprehensive income:		
Allowance/(write-back) for inventory obsolescence as part of other operating expense (Note 5(b)):		
- Inventories written-down	137	507
- Reversal of write-down of inventories	(278)	–

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

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(In Singapore dollars)

16. Trade and other receivables

	Note	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Trade receivables		21,068	16,033	–	–
Advances to suppliers (trade)		33	80	–	–
Staff loans, current	14	98	82	35	22
Sundry deposits		20	4	2	2
Sundry receivables		270	146	70	48
Amounts owing by subsidiaries					
- Trade		–	–	15,903	19,595
- Loan		–	–	8,284	7,211
		21,489	16,345	24,294	26,878

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

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
- trade receivables	1,520	920	–	113
- amounts owing by subsidiaries	–	–	818	1,327
	1,520	920	818	1,440

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

	Group 2010 $'000	Group 2009 $'000	Company 2010 $'000	Company 2009 $'000
Singapore dollars	5,401	6,437	22,929	25,160
Australian dollars	5,743	4,267	1,365	1,718
United States dollars	10,345	5,641	–	–
	21,489	16,345	24,294	26,878

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.

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16. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $11,012,000 (2009: $9,511,000) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2010 $'000	**2009** $'000
Trade receivables past due:		
Lesser than 30 days	3,501	5,764
30 to 60 days	2,925	1,758
61 to 90 days	2,600	340
More than 90 days	1,986	1,649
	11,012	9,511

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	
	Note	**2010** $'000	**2009** $'000	**2010** $'000	**2009** $'000
Trade receivables - nominal value		477	914	1,505	178
Less : Allowance for impairment		(477)	(760)	(1,043)	(160)
		–	154	462	18
Allowance for impairment:					
At beginning of financial year		760	1,080	160	403
Exchange differences		91	(153)	–	–
(Write-back)/charge for the year, net	5(b)	(149)	(116)	1,003	(243)
Write-off		(225)	(51)	(120)	–
At end of financial year		477	760	1,043	160
Other receivables - nominal value		–	12	–	–
Less : Allowance for impairment		–	(12)	–	–
		–	–	–	–

(In Singapore dollars)

16. Trade and other receivables (cont'd)

Amounts owing by subsidiaries

The amounts due from subsidiaries are non-interest bearing, unsecured and repayable in cash on demand.

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:

	Note	Company	
		2010 $'000	**2009** $'000
Amounts due by subsidiaries - nominal value		2,031	1,327
Less: Allowance for impairment		(818)	(1,327)
		1,213	–
Allowance for impairment:			
At beginning of financial year		1,327	1,293
Charge for the year	5(b)	818	34
Write-off of impairment of receivables from a subsidiary liquidated during the year		(1,327)	–
At end of financial year		818	1,327

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

	Group	
	2010 $'000	**2009** $'000
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	3,316	5,064
Less: Progress billings	(492)	(2,625)
	2,824	2,439
Presented as:		
Gross amount due from customers for contract work	2,824	2,864
Gross amount due to customers for contract work	–	(425)
	2,824	2,439

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18. Derivatives

	Group					
	2010 $'000			2009 $'000		
	Contract/ notional amount	Assets	Liabilities	Contract/ notional amount	Assets	Liabilities
Fair value through profit or loss						
Forward currency contracts	4,201	– [#]	–	6,233	–	157
Equity derivatives	–	636	–	–	–	–
		636	–		–	157

[#] Amount denotes balance less than $1,000

Forward currency contracts

As at 31 March 2010, the Group's foreign currency contracts amounting to $4,201,000 (2009: $6,233,000) are not designated as hedging instruments for hedge accounting. Those contracts are used to manage the Group's exposures to foreign currencies for confirmed sales in foreign currencies and firm purchase commitments in foreign currencies.

At 31 March 2010, the settlement dates on open foreign currency contracts ranged between 0 to 3 months (2009: 0 to 5 months) for the contracts to deliver United States dollars and receive Singapore dollars.

Equity derivative

The equity derivative relates to warrants subscribed for the Group's quoted equity investment. These warrants are quoted on the Singapore Exchange Securities Trading Limited. The last day to exercise the warrants is 24 November 2011. Its fair value is based on its closing market price on the last market day of the financial year.

19. Cash and cash equivalents

	Note	Group		Company	
		2010 $'000	2009 $'000	2010 $'000	2009 $'000
Fixed deposits		14,607	14,988	1,902	–
Cash at banks and in hand		5,707	6,996	1,259	219
Cash and cash equivalents		20,314	21,984	3,161	219
Add:					
Trade and other receivables, inclusive of amounts due from related companies, excluding advances to suppliers	14, 16	21,713	16,526	24,414	26,939
Total loans and receivables		42,027	38,510	27,575	27,158

Notes to the Financial Statements 31 March 2010

(In Singapore dollars)

19. Cash and cash equivalents (cont'd)

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from nil% to 5.0% (2009: nil% to 5.2%) 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 earns interest at the respective fixed deposit rates ranging from 0.03% to 5.8% (2009: 0.31% to 4.4%).

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

	Group		Company	
	2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
Singapore dollars	15,091	16,712	3,149	217
Australian dollars	4,052	2,777	10	–
United States dollars	1,142	2,468	–	–
Others	29	27	2	2
	20,314	21,984	3,161	219

(c) 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.

20. Trade and other payables

	Group		Company	
	2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
Current				
Trade payables	6,104	4,777	–	–
Sundry payables	398	362	83	92
Accruals for staff-related costs	5,251	4,944	915	883
Sundry accruals	1,134	746	274	220
Amounts owing to subsidiaries				
- Trade	–	–	–	103
- Interest-free loans	–	–	–	495
	12,887	10,829	1,272	1,793
Non-current				
Amounts owing to subsidiaries				
- Interest-free loans	–	–	3,759	2,670

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(In Singapore dollars)

20. Trade and other payables (cont'd)

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

	Group		Company	
	2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
Current				
Singapore dollars	6,327	5,440	1,272	1,793
Australian dollars	5,837	3,338	–	–
United States dollars	484	1,783	–	–
Others	239	268	–	–
	12,887	10,829	1,272	1,793
Non-current				
Singapore dollars	–	–	3,759	2,670

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 2010, the Group has obligations for certain workshop equipment under finance lease (Note 11(d)).

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

	Group			
	2010		2009	
	Minimum lease payments $'000	**Present value of payments** $'000	**Minimum lease payments** $'000	**Present value of payments** $'000
Within 1 year	178	149	64	54
After 1 year but within 5 years	420	390	172	161
Total minimum lease payments	598	539	236	215
Less : Amount representing finance charges	(59)	–	(21)	–
Present value of minimum lease payments	539	539	215	215

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31 March 2010

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21. Finance lease payable (cont'd)

	Group	
	2010 $'000	**2009** $'000
Current	149	54
Non-current	390	161
	539	215

The average discount rate implicit in the finance lease is 6.79% (2009: 5.27%) per annum. The finance lease is denominated in Australian dollars.

22. Bank borrowings

	Group		Company	
	2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
Long term bank borrowings, current portion				
Long term bank loans				
Unsecured	135	340	–	–
Secured (Facility 1)	1,579	1,565	–	–
	1,714	1,905	–	–
Long term bank borrowings, non-current portion				
Long term bank loans				
Unsecured	–	135	–	–
Secured (Facility 1)	1,659	2,408	–	–
	1,659	2,543	–	–
Total bank borrowings	3,373	4,448	–	–

Unsecured bank borrowings:

The unsecured Singapore dollar denominated long term bank loan is repayable over quarterly instalments of $85,000, commencing on 2 January 2008 with last instalment on 2 July 2010. Interest is payable at the rate of 1.75% (2009: 1.75%) per annum above the bank's cost of funds.

Secured bank borrowings:

The Singapore dollars denominated long term bank loans are repayable over quarterly instalments of between $27,000 and $90,000 with the last instalment on 31 December 2012. Interest is payable at the rate of between 1.50% and 2.00% (2009: 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 $6,820,000 as at 31 March 2010 (2009: $6,242,000) purchased with the bank borrowings (Note 11(c)); and

– corporate guarantee from the Company.

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(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

	Note	Group		Company	
		2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
At beginning of financial year		(831)	(118)	(76)	(236)
Currency realignment		215	(195)	–	–
Written back/(provided) during the financial year	7	87	(518)	96	160
At end of financial year		(529)	(831)	20	(76)
Deferred tax assets					
Excess of tax written down value over net book value of property, plant and equipment		20	–	20	–
Unrealised foreign exchange loss		16	–	–	–
Unabsorbed capital allowances and unutilised tax losses		88	–	–	–
Employee benefits		667	381	–	26
Other provisions		673	547	–	–
Others		12	10	–	–
		1,476	938	20	26
Deferred tax liabilities					
Excess of net book value over tax written down value of property, plant and equipment		(1,952)	(1,749)	–	(102)
Unrealised foreign exchange gain		–	(16)	–	–
Others		(53)	(4)	–	–
		(2,005)	(1,769)	–	(102)
Deferred tax (liabilities)/ assets, net		(529)	(831)	20	(76)

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(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	
	2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
Deferred tax assets	1,302	857	20	–
Deferred tax liabilities	(1,831)	(1,688)	–	(76)
Deferred tax (liabilities)/ assets, net	(529)	(831)	20	(76)

25. Provisions

	Group		Company	
	2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
Current	955	2,320	–	–
Non-current	874	577	68	166
	1,829	2,897	68	166

Represented by:

	Make good provision $'000	**Maintenance warranty** $'000	**Long-service leave** $'000	**Foresee-able losses** $'000	**Others** $'000	**Total** $'000
Group						
At 1 April 2009	191	193	847	1,566	100	2,897
Currency realignment	43	41	191	–	–	275
Provisions during the year	233	49	87	–	–	369
Utilisation during the year	–	(66)	–	(1,566)	(100)	(1,732)
Accretion of interest	20	–	–	–	–	20
At 31 March 2010	487	217	1,125	–	–	1,829

Notes to the Financial Statements 31 March 2010

(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 2009	66	–	–	100	166
Utilisation during the year	–	–	–	(100)	(100)
Accretion of interest	2	–	–	–	2
At 31 March 2010	68	–	–	–	68

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

In prior year, the Company received a claim arising from the supply of certain equipment to a customer previously invoiced and paid. As a result of the claim, the Management has deemed it prudent to make a provision for foreseeable losses of $1,566,000 as at 31 March 2009. This claim was subsequently settled with additional loss of $644,000 (Note 5(b)) on the claim recognised during the financial year ended 31 March 2010.

Notes to the Financial Statements 31 March 2010

(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 2008	95,541	28,159	(2,229)	(891)
Share buy-back - held in treasury	–	–	(5,253)	(3,101)
At 31 March 2009,				
1 April 2009 and 31 March 2010	95,541	28,159	(7,482)	(3,992)

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

During the previous financial year, the Company bought back 5,253,000 shares under the Share Buyback Mandate first approved by the shareholders on 14 April 2003. The mandate was last renewed at the Annual General Meeting on 23 July 2009.

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. The ordinary shares have no par value.

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

27. Reserves

	Group		Company	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Distributable reserves				
- Retained earnings	46,065	36,673	24,614	21,206
- Foreign currency translation reserve	1,618	(2,166)	–	–
Fair value adjustment reserve	2,156	(1,161)	–	–
Other reserve	(18)	(18)	(18)	(18)
	49,821	33,328	24,596	21,188

Foreign currency translation reserve

The foreign currency translation reserve comprises exchange 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 disposed or impaired.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

27. Reserves (cont'd)

Other reserve

Other reserve relates to the gain or 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 $672,000 (2009: $665,000). The minority shareholder's deemed obligations to share in such deficit are detailed in Note 23.

29. Dividends

	Group and Company	
	2010 $'000	**2009** $'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) (2009: 2.0 cents per ordinary share, tax-exempt (one-tier))	1,761	1,847
Paid in respect of the current financial year:		
- Interim dividend of 1.0 cent per ordinary share, tax-exempt (one-tier) (2009: 1.0 cent per ordinary share, tax-exempt (one-tier))	881	900
	2,642	2,747
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) (2009: 2.0 cents per ordinary share, tax exempt (one-tier))	1,761	1,761

Proposed dividend is calculated based on total ordinary shares issued as at 4 June 2010.

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

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

30. Commitments and contingencies

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

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

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

	Group		Company	
	2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
Within one year	1,995	1,142	287	224
After one year but not more than five years	4,714	2,532	1,246	1,060
More than five years	14,721	10,886	11,421	11,600
	21,430	14,560	12,954	12,884

(b) ***Capital expenditure***

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

	Group 2010	Group 2009	Company 2010	Company 2009
Authorised but not committed	11,588	832	415	138
Authorised and committed	21,601	–	–	–
	33,189	832	415	138

(c) ***Contingent liabilities***

	Group 2010	Group 2009	Company 2010	Company 2009
Corporate guarantees				
Corporate guarantees issued by the Company for bank facilities granted to subsidiaries	–	–	19,051	18,131
Guarantees issued to external parties	75	206	75	106

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

Guarantees to external parties are issued in lieu of security deposits required by suppliers.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

31. Information by segment on the Group's operations

(a) Operating segments

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

(i) Investment holding

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

(ii) Oilfield engineering

Provides engineering services for the servicing, manufacturing, assembly and fabrication of oilfield equipment such as valves and blow-out-preventers used in the oil and gas industry. This segment also engages in the business of renting oilfield equipment and spare parts. This segment operates primarily out of Singapore and the Kingdom of Bahrain. The Bahrain unit is still in the early stages of being set up.

(iii) Engine systems

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

(iv) Securities trading

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

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

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

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

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

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

	Investment holding $'000	Oilfield engineering $'000	Engine systems $'000	Securities trading $'000	Others $'000	Eliminations $'000	Note	Per consolidated financial statements $'000
2010								
Revenue:								
External customers	569	40,328	41,174	(105)	–	–		81,966
Inter-segment	5,457	2,658	–	–	–	(8,115)		–
Total revenue	6,026	42,986	41,174	(105)	–	(8,115)	A	81,966
Results:								
Interest income	85	30	63	5	–	–		183
Finance costs	(2)	(106)	(52)	–	–	–		(160)
Depreciation	(314)	(2,291)	(876)	–	–	–		(3,481)
Provision for foreseeable losses	–	–	–	–	–	–		–
Write-back/allowance for impairment of receivables, net and bad debts written off	24	(712)	(166)	–	–	–		(854)
Write-back of allowance for/ (allwance for) inventory obsolescence, net	–	278	(137)	–	–	–		141
Other non-cash income	–	–	19	–	–	–	B	19
Segment profit/(loss)	3,005	9,464	1,333	(395)	(45)	955	C	14,317
Assets:								
Additions to non-current assets	123	2,582	2,357	–	–	46		5,108
Segment assets	21,254	46,868	30,143	1,869	9	1,319	D	101,462
Segment liabilities	(1,325)	(5,386)	(7,956)	(13)	(36)	(13,430)	E	(28,146)

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

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

	Investment holding $'000	Oilfield engineering $'000	Engine systems $'000	Securities trading $'000	Others $'000	Eliminations $'000	Note	Per consolidated financial statements $'000
2009								
Revenue:								
External customers	–	55,432	35,056	(621)	–	–		89,867
Inter-segment	5,178	1,794	–	–	–	(6,972)	A	–
Total revenue	5,178	57,226	35,056	(621)	–	(6,972)		89,867
Results:								
Interest income	(222)	61	730	4	–	(25)		548
Finance costs	(2)	(158)	(14)	–	–	–		(174)
Depreciation	(446)	(1,969)	(792)	–	–	–		(3,207)
Provision for foreseeable losses	–	(1,566)	–	–	–	–		(1,566)
Write-back of allowance for impairment of receivables, net	–	359	–	–	–	–		359
Allowance for inventory obsolescence, net	–	(195)	(312)	–	–	–		(507)
Other non-cash income	–	202	2	–	–	–	B	204
Segment (loss)/profit	(433)	13,706	1,202	(391)	(73)	(266)	C	13,745
Assets:								
Additions to non-current assets	185	4,699	533	–	–	–		5,417
Segment assets	13,523	46,792	21,828	1,843	23	872	D	84,881
Segment liabilities	(1,337)	(8,064)	(4,858)	(13)	(36)	(13,743)	E	(28,051)

Notes to the Financial Statements 31 March 2010

(In Singapore dollars)

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

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

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

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

Note B: Other non-cash income consists of gain on sale of property, plant and equipment as presented in the respective notes to the financial statements.

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

	Group	
	2010 $'000	**2009** $'000
Allowance for impairment of intersegment receivables	1,014	139
Write-back of impairment in value of investment in subsidiary	(174)	–
Gain on liquidation of subsidiary	140	–
Unrealised exchange gain/(loss) on intersegment billing	7	(32)
Unallocated corporate expense	(32)	(373)
	955	(266)

Note D: The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	2010 $'000	**2009** $'000
Deferred tax assets	1,302	857
Tax recoverable	–	15
Addition of assets under construction at Group level	17	–
	1,319	872

Note E: The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	2010 $'000	**2009** $'000
Provision for taxation	(6,631)	(6,342)
Deferred tax liabilities	(1,831)	(1,688)
Bank borrowings and finance lease liabilities	(3,912)	(4,663)
Loans from a minority shareholder of a subsidiary company	(1,056)	(1,050)
	(13,430)	(13,743)

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

(b) ***Geographical segments***

	Singapore $'000	Australia $'000	Bahrain $'000	Total $'000
2010				
External sales	40,792	41,174	–	81,966
Non-current assets	20,637	11,771	620	33,028
2009				
External sales	54,811	35,056	–	89,867
Non-current assets	18,222	8,507	–	26,729

Non-current assets information presented above consist of goodwill, property, plant and equipment, investment securities, receivables and prepayments, as presented in the consolidated balance sheet.

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

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

Revenue from one major customer amount to $7,010,000 (2009: $6,171,000), arising from sales by the Oilfield Engineering segment.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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	
			2010 $'000	**2009** $'000	**2010** %	**2009** %
	Unquoted equity shares held by the Company :					
i	MTQ Engineering Pte Ltd (Republic of Singapore)	Providing engineering and manufacturing services to the oil and gas industry (Republic of Singapore)	1,312	1,312	100	100
i	MTQ Equipment Rental Pte. Ltd. (Republic of Singapore)	Providing oilfield equipment rental services (Republic of Singapore)	5,678	5,678	100	100
i	MTQ Fabrication Pte. Ltd. (Republic of Singapore)	Providing oilfield fabrication services (Republic of Singapore)	37	37	100	100
i	MTQ Investments Pte. Ltd. (Republic of Singapore)	Investment holding (Republic of Singapore)	542	542	100	100
i	Blossomvale Investments Pte. Ltd. (Republic of Singapore)	Securities trading (Republic of Singapore)	–•	–•	100	100
i	Violetbloom Investments Pte. Ltd. (Republic of Singapore)	Investment holding (Republic of Singapore)	–•	–•	100	100
i	Everfield Pte. Ltd. (Republic of Singapore)	Investment holding (Republic of Singapore)	–•	–•	100	100
i	MTQ Subsea Technology Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	4,679	4,679	77.5	77.5
ii	MTQ Engine Systems (Aust) Pty Ltd (Australia)	Sales and servicing of turbochargers and fuel injection parts and automotive performance parts (Australia)	5,295	5,295	100	100
ii	MTQ Holdings Pty Ltd (Australia)	Investment holding (Australia)	3,556	3,556	100	100
ii	MTQ Oilfield Services W.L.L. (Kingdom of Bahrain)	Service, manufacture and assemble oilfield equipment and related spare parts in the oil and gas industry (Kingdom of Bahrain)	837	–	99	–
	PT MTQ Engine Systems Indonesia (Indonesia)	Liquidated on 2 March 2010	–	174	–	100

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

32. Subsidiaries (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost 2010 $'000	Cost 2009 $'000	Percentage of equity held by the Group 2010 %	Percentage of equity held by the Group 2009 %
	Unquoted equity shares held by the Company :					
ii	MTQ Castings Sdn Bhd (previously known as 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
			27,794	27,131		
	Unquoted equity shares held by subsidiaries :					
iii	Dynamic Turbocharger Services (Australia) Pty Ltd (Australia)	Inactive (Australia)	–*	–*	100	100
ii	MTQ Oilfield Services W.L.L. (Kingdom of Bahrain)	Service, manufacture and assemble oilfield equipment and related spare parts in the oil and gas industry (Kingdom of Bahrain)	9	–	1	–
	PT MTQ Engine Systems Indonesia (Indonesia)	Liquidated on 2 March 2010	–	2	–	100
			9	2		

i Audited by Ernst & Young LLP, Singapore

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

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

During the financial year, the Group incorporated a wholly owned subsidiary, MTQ Oilfield Services W.L.L. on 7 June 2009 in the Kingdom of Bahrain with an initial share capital of $147,000 (US$100,000). The Group subsequently made additional capital contributions on 30 March 2010 to increase its investment cost to $846,000 (US$600,000).

Notes to the Financial Statements 31 March 2010

(In Singapore dollars)

33. Employee benefits

Employee share option plans

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

MTQ Corporation Executives' Share Option Scheme 2003

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

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

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

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

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

The principal terms of the Scheme are:

(i) <u>Scheme Size and Duration</u>

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

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

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

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

33. Employee benefits (cont'd)

Employee share option plans (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.

(In Singapore dollars)

33. Employee benefits (cont'd)

Employee share option plans (cont'd)

(iv) Exercise Period

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

- the tenth anniversary of the date of grant in the case of executive directors and employees of the Company or its 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.

(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	**1.4.2009** '000	**Granted** '000	**Exercised** '000	**Cancelled** '000	**31.3.2010** '000	**Expiry date**	**Exercise price per share**
31.7.2003	30	–	–	–	30	30.7.2013	$0.43

	No. of options						
Date of grant	**1.4.2008** '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

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.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

34. Related party disclosure

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

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

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

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

Only directors of the Company and its 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(a).

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 is exposed to financial risks arising from its operations and the use of financial instruments. The Group's principal financial instruments other than quoted securities comprise bank loans, finance leases, hire purchase contracts and cash and short-term deposits. All financial transactions with the banks are governed by banking facilities duly accepted with Board of Directors ("Board") resolutions, with banking mandates which define the permitted financial instruments and facilities limits, approved by the Board. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Board 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.

Notes to the Financial Statements

31 March 2010

(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, including derivatives with positive fair values; and
- a nominal amount of $19,051,000 (2009: $18,131,000) 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 $6,496,000 (2009: $6,853,000) (Note 30(c)).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the balance sheet date is as follows:

	Group			
	2010		2009	
	$'000	% of total	$'000	% of total
By country				
Singapore	4,251	20	7,438	46
Australia	6,415	31	4,654	29
Indonesia	6,907	33	1,584	10
United States of America	50	–	766	5
Malaysia	270	1	426	3
Others	3,175	15	1,165	7
	21,068	100	16,033	100
By industry sectors				
Oil and gas	15,454	73	11,762	74
Automotive	4,578	21	3,725	23
Marine and shipping	356	2	311	2
Mining	340	2	64	–
Others	340	2	171	1
	21,068	100	16,033	100

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

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

Credit risk concentration profile (cont'd)

As at the balance sheet date, approximately 85% (2009: 34%) 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 16 (Trade and other receivables).

(b) *Foreign currency risk*

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and Australian dollar (AUD). The foreign currencies in which these transactions are denominated are mainly United States dollars (USD). Approximately 20% (2009: 37%) of the Group's sales are denominated in foreign currencies whilst almost 80% (2009: 74%) of the costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivable and trade payable balances at the balance sheet date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The currency mix of the cash and cash equivalents of the Group and Company as at the balance sheet date are set out in Note 19(b).

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.

As at 31 March 2010, the Group has authorised and committed S$21,387,000 (US$15,266,000) for production facility and workshop equipment under a subsidiary in the Kingdom of Bahrain.

Notes to the Financial Statements
31 March 2010

(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			
	2010		2009	
	Effect on profit net of tax $'000	Effect on equity $'000	Effect on profit net of tax $'000	Effect on equity $'000
USD				
- strengthened 3% (2009: 3%)	268	204	– #	– #
- weakened 3% (2009: 3%)	(394)	(330)	– #	– #
AUD				
- strengthened 3% (2009: 3%)	89	98	78	126
- weakened 3% (2009: 3%)	(89)	(98)	(78)	(126)

Amount denotes a balance less than $1,000

(c) *Liquidity risk*

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

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

The following tables detail the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date, based on contractual undiscounted repayment obligations:

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

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

	2010			
	Total contractual cash flow $'000	**1 year or less** $'000	**1 to 5 years** $'000	**More than 5 years** $'000
Group				
Non-derivative financial instruments:				
Financial assets				
Investment securities (held-for-trading)	1,523	1,523	–	–
Trade and other receivables	21,713	21,456	230	27
Fixed deposits	14,607	14,607	–	–
Cash and cash equivalents	5,707	5,707	–	–
Investment securities (available-for-sale)	7,042	–	7,042	–
	50,592	43,293	7,272	27
Financial liabilities				
Trade and other payables	(12,887)	(12,887)	–	–
Long term bank borrowings	(3,458)	(1,775)	(1,683)	–
Finance lease payable	(598)	(178)	(420)	–
Loans from a minority shareholder of a subsidiary company	(1,056)	–	–	(1,056)
	(17,999)	(14,840)	(2,103)	(1,056)
Derivative financial instruments:				
Equity derivatives	636	636	–	–
Forward currency contracts - gross payments	(4,203)	(4,203)	–	–
Forward currency contracts - gross receipts	4,201	4,201	–	–
	634	634	–	–
Total net undiscounted assets/(liabilities)	33,227	29,087	5,169	(1,029)

Notes to the Financial Statements 31 March 2010

(In Singapore dollars)

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

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

	2009			
	Total contractual cash flow $'000	**1 year or less** $'000	**1 to 5 years** $'000	**More than 5 years** $'000
Group				
Non-derivative financial instruments				
Financial assets				
Investment securities (held-for-trading)	1,628	1,628	–	–
Trade and other receivables	16,526	16,265	239	22
Fixed deposits	14,988	14,988	–	–
Cash and cash equivalents	6,996	6,996	–	–
Investment securities (available-for-sale)	4,146	–	4,146	–
	44,284	39,877	4,385	22
Financial liabilities				
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	(6,346)	(6,346)	–	–
Forward currency contracts - gross receipts	6,233	6,233	–	–
	(113)	(113)	–	–
Total net undiscounted assets/ (liabilities)	27,507	26,955	1,580	(1,028)

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

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

	2010			
	Total contractual cash flow $'000	**1 year or less** $'000	**1 to 5 years** $'000	**More than 5 years** $'000
Company				
Financial assets				
Trade and other receivables	24,414	24,294	93	27
Fixed deposits	1,902	1,902	–	–
Cash and cash equivalents	1,259	1,259	–	–
	27,575	27,455	93	27
Financial liabilities				
Trade and other payables	(5,031)	(1,272)	–	(3,759)
Total net undiscounted assets/ (liabilities)	22,544	26,183	93	(3,732)

	2009			
	Total contractual cash flow $'000	**1 year or less** $'000	**1 to 5 years** $'000	**More than 5 years** $'000
Company				
Financial assets				
Trade and other receivables	26,939	26,878	55	6
Cash and cash equivalents	219	219	–	–
	27,158	27,097	55	6
Financial liabilities				
Trade and other payables	(4,463)	(1,793)	–	(2,670)
Total net undiscounted assets/(liabilities)	22,695	25,304	55	(2,664)

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

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

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

The table below shows the contractual expiry by maturity of the Group and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2010			
	Total contractual cash flow $'000	**1 year or less** $'000	**1 to 5 years** $'000	**More than 5 years** $'000
Group				
Issued financial guarantees to external parties	75	75	–	–
Company				
Issued financial guarantees to external parties	75	75	–	–
Issued guarantees for bank facilities utilised by subsidiaries	6,496	6,496	–	–

	2009			
	Total contractual cash flow $'000	**1 year or less** $'000	**1 to 5 years** $'000	**More than 5 years** $'000
Group				
Issued financial guarantees to external parties	206	206	–	–
Company				
Issued financial guarantees to external parties	106	106	–	–
Issued guarantees for bank facilities utilised by subsidiaries	6,853	6,853	–	–

Notes to the Financial Statements

31 March 2010

(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	
	2010 $'000	**2009** $'000
SGD		
- 50 basis points increase (2009: 20 basis points increase)	36	20
- 50 basis points decrease (2009: 20 basis points decrease)	(36)	(20)
AUD		
- 50 basis points increase (2009: 20 basis points increase)	14	4
- 50 basis points decrease (2009: 20 basis points decrease)	(14)	(4)
USD		
- 50 basis points increase (2009: 20 basis points increase)	1	4
- 50 basis points decrease (2009: 20 basis points decrease)	(1)	(4)

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's cash and cash equivalents, trade and other receivables, trade and other payables, bank borrowings and finance lease payable where applicable. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as compared to prior year.

Notes to the Financial Statements 31 March 2010

(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, available-for-sale or equity derivative financial assets.

As at the balance sheet date, the Group and the Company have quoted securities as follows:-

	Group		Company	
	2010 $'000	**2009** $'000	**2010** $'000	**2009** $'000
Held for trading financial assets at fair value	1,523	1,628	–	–
Available-for-sale financial assets at fair value	7,042	4,146	–	–
Equity derivative	636	–	–	–

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 $180,000 (2009: $135,000) higher/lower, arising as a result of higher/lower fair value gains on held for trading investment in equity instrument and equity derivatives, and the Group's fair value adjustment reserve equity would have been $584,000 (2009: $344,000) higher/lower, arising as a result of increase/decrease in the fair value of equity instruments classified as available-for-sale.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

36. Classification of financial instruments and their fair values

Fair values of financial instruments

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

(a) ***Financial instruments carried at fair value***

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Note	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Group					
2010					
Financial assets					
Held for trading financial assets					
- Quoted securities	13	1,523	–	–	1,523
Available-for-sale financial assets					
- Quoted securities	13	7,042	–	–	7,042
Derivatives	18				
- Forward currency contracts		–	– #	–	–
- Equity derivatives		636	–	–	636
As at 31 March 2010		9,201	– #	–	9,201

Amount denotes balance less than $1,000

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(In Singapore dollars)

36. Classification of financial instruments and their fair values (cont'd)

(a) ***Financial instruments carried at fair value (cont'd)***

Determination of fair value

Quoted equity securities (Note 13): Fair value is determined directly by reference to their published market bid price at the balance sheet date.

Forward currency contracts (Note 18): Forward currency contracts are valued using valuation techniques with market observable inputs. The fair value of forward currency contracts is determined using forward exchange market rates for contracts with similar maturity profiles at the balance sheet date.

Equity derivatives (Note 18): Fair value is determined directly by reference to their published market bid price at the balance sheet date.

(b) ***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.

(c) ***Financial instruments whose fair values are not determinable***

The fair value of non-current amounts due from/(to) subsidiaries (Note 12 and Note 20), and loans from a minority shareholder of a subsidiary company (Note 23), are not determinable as the timing of the future cash flows arising from the repayment cannot be determined reliably.

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains an appropriate capital structure in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2010 and 31 March 2009.

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 owners of the parent. The Group's strategy, which was unchanged from the previous financial year, is to maintain gearing ratios on net debt-to-equity ratio of not exceeding 2.0 times.

Notes to the Financial Statements

31 March 2010

(In Singapore dollars)

37. Capital management (cont'd)

	Note	Group 2010 $'000	Group 2009 $'000
Bank borrowings	22	3,373	4,448
Finance lease payable	21	539	215
Less: Cash and fixed deposits	19	(20,314)	(21,984)
Net cash surplus		(16,402)	(17,321)
Shareholders' fund		73,988	57,495
Net debt gearing ratio #		–	–

As at 31 March 2010, the Group had no net debt as its cash and cash equivalents exceeded its bank borrowings and finance lease payable.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 March 2010 and 31 March 2009.

38. Subsequent event

On 12 April 2010, the Group's subsidiary company, MTQ Engine Systems (Aust) Pty Ltd, entered into an agreement to sell the land and building at 32 Raynham Street, Salisbury, Queensland, with a net carrying value of $519,000 (Note 11), for A$975,000 (S$1,252,000).

39. Comparative information

Certain comparatives in the financial statements have been changed from the previous year to be consistent with the current year's presentation.

40. Authorisation for issue of financial statements

The financial statements of MTQ Corporation Limited and its subsidiaries for the financial year ended 31 March 2010 were authorised for issue in accordance with a resolution of the Directors on 4 June 2010.

Shareholding Statistics

As at 14 June 2010

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	20	2.03	6,629	0.01
1,000 - 10,000	670	68.16	3,314,983	3.76
10,001 - 1,000,000	282	28.69	20,235,334	22.98
1,000,001 & above	11	1.12	64,502,171	73.25
Total	983	100.00	88,059,117	100.00

Top Twenty Shareholders	No. of Shares	% of Shares
Kuah Kok Kim	22,474,000	25.52
Kurt R M Lindblad	17,887,652	20.31
Tai Tak Securities Pte Ltd	7,900,000	8.97
Singapore Warehouse Co Pte Ltd	5,500,000	6.25
Citibank Nominees Singapore Pte Ltd	2,823,647	3.21
Samuel Bernard Sassoon	1,500,000	1.70
Kim Eng Securities Pte. Ltd.	1,475,000	1.68
Kuah Boon Wee	1,404,000	1.59
United Overseas Bank Nominees Pte Ltd	1,228,656	1.40
DBS Nominees Pte Ltd	1,196,216	1.36
HSBC (Singapore) Nominees Pte Ltd	1,113,000	1.26
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
Phillip Securities Pte Ltd	612,000	0.69
Choy Bianca	599,992	0.68
Wong Siew Keong	577,000	0.65
OCBC Nominees Singapore Pte Ltd	568,741	0.65
John Henry Thibodeaux	527,000	0.60
Total	70,739,396	80.33

Shareholding Statistics

As at 14 June 2010

SUBSTANTIAL SHAREHOLDERS AS AT 14 JUNE 2010

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No of shares	%	No of shares	%
Kuah Kok Kim	22,474,000	25.52	-	-
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[1]	8.97
Singapore Warehouse Company (Private) Limited	5,500,000	6.25	-	-
Hwa Hong Corporation Limited	-	-	5,500,000[2]	6.25
Ong Holdings (Private) Limited	-	-	5,500,000[3]	6.25

1 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.

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

3 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 14 June 2010, approximately 33.86% 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

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

NOTICE IS HEREBY GIVEN that the 41st Annual General Meeting of MTQ Corporation Limited ("the Company") will be held at Carlton Hotel, Esplanade Room 2, Level 4, 76 Bras Basah Road, Singapore 189558, on Friday, 23 July 2010 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 2010 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 2010. (2009: 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. Ian Wayne Spence (Retiring under Article 91) **(Resolution 3)**

   Mr. Kuah Boon Wee (Retiring under Article 91) **(Resolution 4)**

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

4. To re-appoint Ernst & Young 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 $180,000 (2010: S$180,000) for the financial year ending 31 March 2011, 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**

   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,

Notice of Annual General Meeting

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

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

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

(3) (until 31 December 2010 or such other expiration date as may be determined by Singapore Exchange Securities Trading Limited), the limit on the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) of fifty per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company set out in sub-paragraph (1) above, shall be increased to 100%, for purposes of enabling 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 to the shareholders of the Company) at a discount ('the Discount") not exceeding ten per centum (10%) to the weighted average price ("the Price") for trades done on the Singapore Exchange Securities Trading Limited ("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 in exercising the authority conferred by this Resolution:-

(a) 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

Notice of Annual General Meeting

(b) the Company may, until 31 December 2010 or such other expiration date as may be determined by SGX-ST, increase the Discount to an amount exceeding ten per cent (10%) but not more than twenty per cent (20%) of the Price for shares to be issued,

unless revoked or varied by the Company in general meeting, such authority shall continue in force until (a) the conclusion of the next Annual General Meeting of the Company, or (b) 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 2010

Notice of Annual General Meeting

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 2011 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 subject to timeline stated below.

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 until 31 December 2010. The effectiveness of these measures will be reviewed by the SGX-ST at the end of the period. 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 until 31 December 2010. The effectiveness of these measures will be reviewed by SGX-ST at the end of the period. 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.

Proxy Form

(Please see notes overleaf before completing this Form)

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

IMPORTANT:
1. For investors who have used their CPF monies to buy MTQ Corporation Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

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 Calton Hotel, Esplanade Room 2, Level 4, 76 Bras Basah Road, Singapore 189558 on Friday, 23 July 2010 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 2010		
2	Payment of proposed final dividend		
3	Re-election of Mr. Ian Wayne Spence as a Director		
4	Re-election of Mr. Kuah Boon Wee as a Director		
5	Re-appointment of Messrs Ernst & Young LLP as Auditors		
6	Approval of Directors' fees for FY2011 amounting to $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 ____________ 2010

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

____

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

Fold along this line and glue overleaf

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 182 Pandan Loop, Singapore 128373 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

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

Fold along this line and glue overleaf

Affix
Postage
Stamp

The Company Secretary
MTQ CORPORATION LIMITED
182 Pandan Loop
SIngapore 128373

Fold along this line and glue overleaf

Survey Form

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

We hope you have enjoyed reading our Annual Report 2009/2010. 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 the 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 :

Fold along this line and glue overleaf

Affix
Postage
Stamp

The Company Secretary
MTQ CORPORATION LIMITED
182 Pandan Loop
SIngapore 128373

Fold along this line and glue overleaf

Fold along this line and glue overleaf

MTQ Corporation Limited
Co. Reg. No. 196900057Z

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Website: www.mtq.com.sg