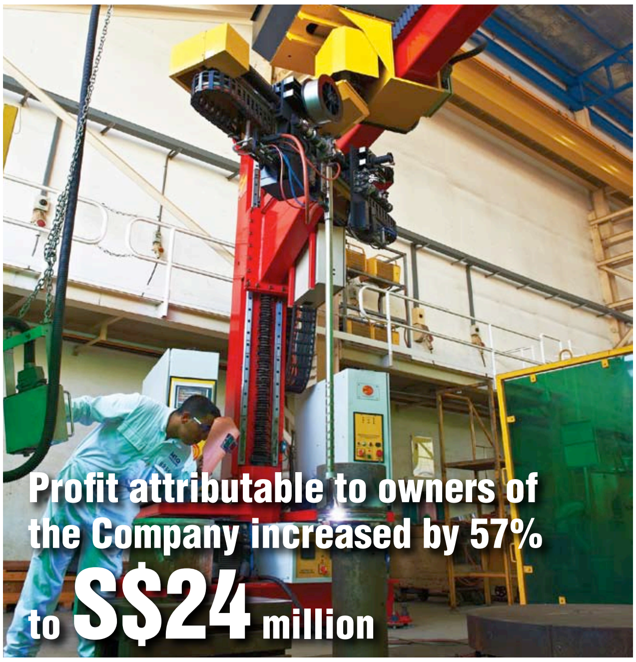
FY2013/2014

MTQ Corporation Limited

ANNUAL REPORT

Co. Reg. No. 196900057Z



OUR KEY ACHIEVEMENTS

- **Group revenue increased by 50% to S$313 million**
- **Gross profit increased by 42%**
- **Profit attributable to owners of the Company increased by 57% to S$24 million**
- **Strong operating cash flows strengthened financial position**
- **Shares in circulation will increase by 50% over two years after the bonus share issue in July 2014**

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CORPORATE PROFILE AND MILESTONES

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

2014	Expanded into design and manufacturing of proprietary and custom-built pipe support and pipe suspension through acquisition of Binder Group which has production facilities in Perth and Indonesia
2012	Acquisition of Neptune Marina Services Limited located in Perth, Western Australia, which provides engineering services with a focus in subsea and topside services and has operational presence in the UK and Asia
2011	Acquisition of Premier Group which repair and manufacture oilfield equipment as well as supply oilfield equipment and tools manufactured by some of the leading global brands
2009	Incorporated MTQ Oilfield Services W.L.L in Bahrain to provide services to the oil and gas industry in Bahrain and Gulf states
2003	Metalock (Singapore) Limited (originally known as Metalock (Singapore) Pte Ltd) renamed to MTQ Corporation Limited and expanded into fuel injection business in Australia
2002	Divestment of marine related businesses
1999	Listed on SGX Mainboard and expanded into sales and repair of turbochargers business in Australia
1988	Listed on SGX SESDAQ
1969	Metalock (Singapore) Pte Ltd was incorporated as private limited company in Singapore and subsequently embarked on oilfield engineering, fabrication and equipment rental businesses
1959	Commenced operations in Singapore as Metalock (Far East) Ltd to set up a branch specialising in repairs of marine equipment

VISION

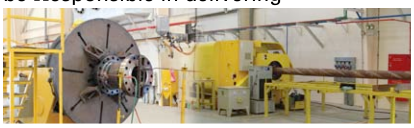
To be the leader in the fields that we operate.

MISSION

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

CORE VALUES

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



OUR SERVICES

With the addition of Binder Group to the Oilfield Engineering division, and together with the engineering capabilities of our accredited facilities at MTQ Engineering, Bahrain and Pemac, we are now able to offer complete manufacturing, repair and refurbishment services to the oil and gas industry. Our services include:

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

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

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

Our key certifications include:

- API
- DNV
- ASME

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

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

Within the Engine Systems division, some of the key product ranges that we support Australia-wide include:

- Bosch
- Denso
- Delphi
- Garrett
- IHI
- Schwitzer

CHAIRMAN'S STATEMENT

Overall prospects for our Oilfield Engineering business remain positive and encouraging, though the general macroeconomic environment remains uncertain. The key driver for our businesses is continued demand for drilling and exploration for oil and gas in our key regional markets of South-East Asia, Australia and the Middle East.

Kuah Kok Kim
Chairman

DEAR SHAREHOLDERS,

MTQ Group ("MTQ" or "the Group") has recorded a strong performance this year. For the financial year ended 31 March 2014, the Group increased revenue by 50% to S$313.3 million and boosted profit attributable to owners of the Company by 57% to S$24.2 million. This year saw a full year's recognition of the contributions from our Australian-based subsidiary, Neptune Marine Services Limited ("Neptune"). Positive contributions were recorded by most of the other business units, with Bahrain also improving its performance.

Overall prospects for our Oilfield Engineering business remain positive and encouraging, though the general macroeconomic environment remains uncertain. The key driver for our businesses is continued demand for drilling and exploration for oil and gas in our key regional markets of South-East Asia, Australia and the Middle East. Within Asia, with declining outputs in key countries, notably Indonesia and Malaysia, we have seen national oil companies stepping up new activity. Rig counts have also increased in the Middle East quite significantly in recent years, notably in Saudi Arabia. For our Oilfield Engineering services, this means that demand from drilling contractors and OEM equipment suppliers have been healthy. With new and ageing facilities actively in production, demand for the subsea maintenance-centric services provided by Neptune has also been forthcoming. Domestic industrial demand in Australia has been weak and that has hampered our growth aspirations in the Engine Systems business.

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

Manpower is another area where we have focused on. Retaining and developing manpower is a perennial issue facing all companies, but particularly in more traditional sectors that MTQ is operating in. We have managed to increase our engineering productivity in Singapore and grown in revenues and profits for this past year, which is a credit to the management team. In Bahrain, customers' recognition of our capabilities continues to grow and we continue to expand our revenue base. Our workforce is developing stronger competencies on the back of training and continuing experience and we remain positive as we look to move to achieving sustainability in profitability. We have further expanded our business scope through the acquisition of the Binder Group, a Perth-based oil and gas engineering group which focuses on the pipe support product range. We see good growth opportunities, both in existing product range and capitalising on the potential of its Indonesian manufacturing facility.

Our Australian Engine Systems operations remained profitable, but recorded tepid sales growth in recent years. The challenge of broadening our engagement with national OEMs and resource-centric companies remains an on-going one.

Overall, the Group's financial position remains healthy which allows us to plan ahead to support existing businesses as well as to explore opportunities. Our banks have been supportive in helping us to expand our footprint.

The Board is recommending a one-tier final dividend of 2.0 Singapore cents per ordinary share, which is subject to shareholders' approval at the forthcoming Annual General Meeting. The Board has also proposed a 1 for 5 bonus share offer to existing shareholders to reward them for their continuing support. Subject to regulatory approval, these new shares will be eligible for the proposed final dividend which will result in an effective full year dividend of 4.4 Singapore cents per share. Together with a similar exercise last year, this will have the effect of increasing the shares in circulation by 50% over 2 years, part of our on-going challenge in lifting trading liquidity.

I would like to thank all our customers and business partners for their continuous support, and express my heartfelt gratitude to the management team and staff for their hard work and dedication. I also want to make a specific mention to thank the members of the board for their service and counsel. As we grow our businesses, the challenge to achieve uniform and higher standards in the area of corporate governance is a goal we take seriously and recognise as important.

In passing, I recently read an article that listed the top ten SGX listed companies by total shareholder return from 1 January 2004 to 1 June 2014 and was pleasantly gratified to see MTQ's name featured, having delivered a total return of 1,190%* in that time. As investment horizons seem to get shorter, I think it is important to reflect on doing what is best for all shareholders in the long term. I want to thank all of you for your support. We remain optimistic about the prospects for the Group in the new year and will continue to focus on delivering long-term shareholder value while growing our businesses.

KUAH KOK KIM
Chairman

*Source: S&P Capital IQ

GROUP CEO'S STATEMENT

Overall, our Oilfield Engineering and Neptune Marine businesses are making good progress in helping MTQ Group to develop its presence as a specialist subsea service provider of choice in its chosen markets. Our strategy remains to develop a more comprehensive range of services, both geographically and functionally, so that our potential work scopes with our oil and gas customers can increase.

Kuah Boon Wee
Group Chief Executive Officer

BUSINESS REVIEW

OILFIELD SERVICES

MTQ Group ("MTQ" or "the Group") recorded an improved performance for the year in both the Oilfield Engineering segment as well as in the Neptune Marine segment.

OILFIELD ENGINEERING – QUALITY GROWTH

The Oilfield Engineering business comprises our engineering facilities in Pandan Loop and Loyang in Singapore, our facility in Bahrain and as from January, the Binder Group with facilities in Perth, Australia and Jakarta, Indonesia. General sentiment in our business areas is healthy, with offshore drilling and exploration activity continuing to remain robust. Activity is particularly strong in Saudi Arabia where rig counts have risen significantly over the last 12 months. Within South-East Asia, depleting reserves and falling outputs drive renewed focus on new drilling programmes, increasingly propelled by national oil companies.

Our Bahrain revenues continue to increase steadily. We have successfully built recognition of our capabilities from the key economic sectors of drilling contractors, drilling equipment suppliers and shipyards. We recorded revenue of S$8.5 million for the financial year though profitability for the year remained elusive, albeit with losses narrowing. However, the challenge of developing the necessary manpower expertise is an ongoing one as we enter into our fourth full year of operations. The amount of regular work we are now securing from established OEMs is a positive sign. Better performance will come from improved supervision and on-the-job experience.

In Singapore, our workshop activity in Loyang continues to operate at high levels of utilisation. Core strengths of quick turnarounds and quality execution continue to enable us to support our customer needs. However, reducing manufacturing manpower quotas reduce the effect of productivity gains from new capital equipment. Our agency business faces structural changes as two significant agency brands that we represent were sold to new owners during the year, with the likelihood that our role moving ahead will be that of a regional distributor. Nonetheless, this business continues to remain profitable and enquiry levels remain healthy.

Our facility in Pandan Loop recorded a strong year, with increases in both revenues and profits from prior year. We have undertaken a significant change in customer mix in the last 12 months as a result of changes in customer needs, but have continued to operate at high levels of utilisation. Productivity improvements have been made following investments in new higher-specification machining and cladding equipment, some of which have received the support of government grants.

The newest member of our division is the Binder Engineering group. While engineering is the focus of Binder, this business is more focused on downstream development opportunities, particularly with LNG processing plants. We concluded this transaction in January 2014 and we expect the market for its products to remain globally strong as LNG plants are still expected to increase in line with demand. The opportunity of gaining a foothold in Indonesia is another attraction for this investment.

NEPTUNE MARINE – REBUILDING PROFITABILITY

FY2014 represents the first full year of Neptune as part of the MTQ Group following it becoming a subsidiary in 4th Quarter FY2013. We are pleased to note that Neptune recorded a modestly profitable year on the back of revenues of S$159.6 million. This followed a significant period of losses in previous periods on the back of asset and goodwill write-downs. Steady contributions were recorded by most of the businesses, with notable improvements in the Diving, Survey and ROV business units.

The past year was very much a rebuilding year. Much management effort was spent on regaining the trust of our customers and retaining key management expertise. Good progress was made but much work remains. Our immediate focus areas will be on identifying the right opportunities for expansion and continued revenue growth. Importantly, improving the return on the work activities performed is imperative. The market remains challenging with much competition. However, Neptune's reputation over the last two years, a more structured approach to integrated opportunities and its stronger financial position, has enabled it to become qualified for larger tenders. Stronger internal systems have also given us a better understanding of our cost drivers which will support our drive for improved profitability.

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

ENGINE SYSTEMS – POISED FOR BETTER MARKETS

The Engine Systems business in Australia recorded a disappointing year with lower revenues and profits. Negative business sentiment affected this business with the general slowdown in the domestic industrial sector leading to a reduction in demand for its products and services. Pre-tax profits of S$2.2 million were recorded against revenues of S$48.9 million. Revenue growth in recent years has been tepid. We continue to seek growth opportunities in the resource sector where the outlook should improve moving ahead. An important aspect of our strategy in Australia is to try to develop stronger relationships and nation-wide service opportunities with key OEMs.

PEOPLE – EVER IMPORTANT

Finding good people continues to be an important priority for businesses, particularly in technical industries like oilfield services and engine systems where new joiners seem reluctant to embrace as compared to newer industries. Our overall headcount have increased this past year, mostly through acquisitions as illustrated in this report. Retaining and developing this pool of talent is important for companies like MTQ. We are pleased that staff retention, following the acquisition of Neptune, has been healthy and this has been an important area

GROUP CEO'S STATEMENT

of focus for the MTQ Corporate team. We will continue to look to strengthening our team in the area of human resources management.

In Singapore, the manpower crunch is a very real one facing businesses like ours, particularly within the engineering workshops. Given that government measures to restrict the growth of foreign workers in Singapore are set to remain, the Group has to work harder at retaining existing and attracting new employees. The Group remains committed to a policy of sharing the rewards with the workforce, so that interests are aligned across stakeholders. We embrace re-employment and are keen to enhance the working lives of our employees where we can. We will continue to invest in new equipment in our production capabilities to boost manpower productivity at our facilities where prudent. Government incentives remain helpful in these areas. Notwithstanding all these efforts, the reality of the manpower landscape is curtailing growth opportunities in Singapore, especially as we grapple with an ageing workforce.

In Bahrain, we have grown our staff strength to about 130 staff. Our strategy here remains to source local candidates and train them at our facility while augmenting overall numbers by recruitment from overseas for experienced and managerial positions. It has proven to be a challenge to attract the right sort of supervisory management we need and we continue to focus on finding people with the right calibre. We continue to tap on the Group resources while building the Bahrain team for the future.

As we develop a stronger Group management team for the future, aligning management with shareholder interests for the long term becomes critical. Expertise and experience is much prized within the industry, especially for senior positions. Following shareholders' approval for the MTQ Share Plan received last year, we expect to grant the shares to senior management later in the year.

The total staff strength for the Group is about 1,360, break down in geographical segments as follows:

COUNTRY	Headcount as at 31 March 2014	Headcount as at 31 March 2013
Singapore	285	282
Bahrain	129	102
Australia and UK	498	409
Indonesia	448	-
	1,360	**793**

SAFETY AND COMPLIANCE

Safety in the work place is important, for our customers and especially for our employees. It is with great pleasure that I am able to report that both our Pandan Loop facility and several of the Neptune businesses have achieved new records in hours worked between incidents. Recently, Neptune has won the "Safety Leadership" award at the 2014 Subsea Energy Australia Awards, ahead of many larger, more established competitors. The award is a testament to Nepture's safety leadership and positive and proactive safety culture and I congratulate all at Neptune for their exemplary efforts. Recognition from industry and customers, particularly in demanding markets like the UK and Australia, is especially gratifying. Nonetheless, the nature of our work in heavy oil and gas engineering poses inherent risks which need to be actively and consistently managed. In the course of this past year, our facilities have been successfully audited by industry bodies such as DNV, ISO and API. We have also been regularly audited by our customers to ensure compliance with industry regulations and procedures.

KUAH BOON WEE
Group Chief Executive Officer

To be the leader in the fields that we operate.

BOARD OF DIRECTORS

KUAH KOK KIM
Chairman

KUAH BOON WEE
Group Chief Executive Officer

NICHOLAS CAMPBELL COCKS
Lead Independent Director

CHEW SOO LIN
Independent Director

CHRISTOPHER HO HAN SIONG
Independent Director

HUANG YUAN CHIANG
Independent Director

ONG CHOO ENG
Independent Director

KUAH KOK KIM

Chairman

Mr. Kuah joined the Board on 1 January 1997, was appointed as Executive Chairman on 9 September 1997 and was the Chief Executive Officer of the Group until 30 June 2010. He was re-designated to Non-Executive Chairman on 1 October 2012 and was last re-elected as Director at MTQ's Annual General Meeting on 22 July 2011.

Mr. Kuah possesses extensive business experience which was accumulated through his many years of involvement in the marine logistics as well as oil and gas related industries.

KUAH BOON WEE

Group Chief Executive Officer

Mr. Kuah joined the Board on 10 October 2006 and was appointed Group Chief Executive Officer on 1 July 2010. He was re-elected as Director at MTQ's Annual General Meeting on 26 July 2013. A UK qualified chartered accountant with a university degree in mechanical engineering, he was previously a senior management executive of PSA International Pte Ltd, having served as CEO of PSA Singapore terminals.

NICHOLAS CAMPBELL COCKS

Lead Independent Director

Mr. Cocks joined the Board as a Director on 1 October 2010 and was last re-elected as Director at MTQ's Annual General Meeting on 22 July 2011. He was appointed as Lead Independent Director on 6 May 2013 and is also a member of the Remuneration Committee. Mr. Cocks graduated from Australian National University, Canberra with a degree in Commerce. Mr. Cocks is the Chief Executive Officer of Readymix Group and ResourceCo Asia.

CHEW SOO LIN

Independent Director

Mr. Chew joined the Board on 18 May 2012 and was last re-elected as Director at MTQ's Annual General Meeting on 27 July 2012. He was appointed as Chairman of the Audit Committee on 1 August 2012. Mr. Chew is a chartered accountant qualified in UK. Mr. Chew is currently the Executive Chairman of Khong Guan Flour Milling Limited.

CHRISTOPHER HO HAN SIONG

Independent Director

Mr. Ho joined the Board as a Director on 30 October 2007 and was last re-elected as Director at MTQ's Annual General Meeting on 26 July 2013. He is a member of the Audit Committee. Mr. Ho graduated from the University of Wisconsin at Madison, USA, in 1989, with a double degree in Computer Engineering and Computer Science. Mr. Ho is currently the Senior Vice President for Investments in Tai Tak Securities Pte Ltd.

HUANG YUAN CHIANG

Independent Director

Mr. Huang joined the Board on 8 August 2001 and was last re-elected as Director at MTQ's Annual General Meeting on 27 July 2012. He is Chairman of the Remuneration Committee and a member of the Audit Committee. Mr. Huang has degrees in Economics and Law and is a lawyer by training and was a banker by vocation. Mr. Huang also serves on the board of several listed companies.

ONG CHOO ENG

Independent Director

Mr. Ong joined the Board on 9 September 1997 and was last re-elected as Director at MTQ's Annual General Meeting on 27 July 2012. He is a member of the Remuneration Committee. Mr. Ong graduated with a Bachelor of Science (Honours) degree in Civil Engineering and a Master of Science degree in Advance Structural Engineering. Mr. Ong is a member of the Institution of Civil Engineers (UK) and Institution of Engineers (Singapore). Mr. Ong is currently the Group Managing Director of Hwa Hong Corporation Limited.

SENIOR MANAGEMENT

CORPORATE OFFICE

DOMINIC SIU MAN KIT

Group Chief Financial Officer and Company Secretary

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

TAN CHEE KEONG

Group Human Resources Director

Mr. Tan holds a Master of Science (Information Studies) and has over 14 years of experience working in Human Resources Management. He has worked for both Singapore-based Government Linked Corporations, as well as multinational companies with international operations.

OILFIELD ENGINEERING DIVISION

VINCENT TAN

Managing Director – MTQ Engineering Pte Ltd

Mr. Tan holds a Masters of Business Administration with Distinction and a Bachelor of Mechanical Engineering (Honours). He joined MTQ Engineering Pte Ltd in June 2012. Mr. Tan has over 15 years experience in general and operations management in the oil and gas industry. Prior to joining MTQ, Mr. Tan was the Director of Sales, Pacific Rim of National Oilwell Varco – Fiber Glass Systems Division.

IAN ROBERT HORTIN

Managing Director – Premier Sea & Land Pte Ltd

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

OILFIELD ENGINEERING DIVISION

SUMARDI BIN SIDI

General Manager – Pemac Pte Ltd

Mr. Sidi has over 20 years experience in welding and fabrication works servicing drilling contractors in the region. He has extensive knowledge and experience in quality control and assurance. Mr. Sidi is responsible for the oilfield engineering business located at Loyang Singapore.

PAUL WILLIAM BENNETT

Group Managing Director – Binder Group Pty Ltd

Mr. Bennett has been with Binder Group for almost 16 years. He has extensive experience within the steel and metals distribution industry, having held senior management positions with Tubemakers of Australia Ltd and McKechnie Metals Ltd.

NEPTUNE

ROBIN KING

Chief Executive Officer – Neptune Marine Services Limited

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

ENGINE SYSTEMS DIVISION

LES HEALEY

Managing Director – MTQ Engine Systems (Aust) Pty Ltd

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

GROUP STRUCTURE

(AS AT 10 JUNE 2014)

MTQ Corporation Limited

MTQ Corporation Limited
- 100.0% MTQ Holdings Pty Ltd
- 100.0% MTQ Engine Systems (Aust) Pty Ltd
  - 100.0% Dynamic Turbocharger Services (Australia) Pty Ltd
- 100.0% MTQ Engineering Pte Ltd
  - 1.0% MTQ Oilfield Services W.L.L.
- 99.0% MTQ Oilfield Services W.L.L.
- 100.0% MTQ Equipment Rental Pte Ltd
- 100.0% MTQ Fabrication Pte Ltd
- 100.0% MTQ Castings Sdn Bhd
- 100.0% Violetbloom Investments Pte Ltd
- 100.0% Everfield Pte Ltd
- 100.0% Premier Sea & Land Pte Ltd
  - 100.0% Premier Estate Pte Ltd
- 100.0% Pemac Pte Ltd
- 100.0% Blossomvale Investments Pte Ltd
  - 25.0% Binder Group Pty Ltd
  - 86.8% Neptune Marine Services Limited
    - 100.0% Neptune Marine Services International Pty Ltd
      - 100.0% Neptune Delaware Holdings Inc
        - 100.0% Neptune Underwater Services (USA) LLC
    - 100.0% Neptune Asset Intergrity Services Pty Ltd
    - 100.0% Neptune Diving Services Pty Ltd
      - 100.0% Allied Diving Services Pty Ltd
    - 100.0% Neptune Fabrication Services Pty Ltd
    - 100.0% Neptune Subsea Engineering Pty Ltd
    - 100.0% Neptune Geomatics Pty Ltd
    - 100.0% Neptune Subsea Stabilisation Pty Ltd
    - 100.0% Neptune Asia Holdings Pte Ltd
      - 1.0% PT Neptune Subsea Stabilisation
      - 100.0% Neptune Access IRM Pte Ltd
      - 100.0% Neptune Marine Pacific Pte Ltd
      - 100.0% Neptune Marine Offshore Pte Ltd
      - 100.0% Neptune Subsea Services Sdn Bhd
      - 99.9% Neptune Marine Subsea Services Sdn Bhd
      - 100.0% Neptune Subsea Stabilisation Pte Ltd
        - 0.1% Neptune Marine Subsea Services Sdn Bhd
        - 99.0% PT Neptune Subsea Stabilisation
    - 100.0% Neptune Scotland Holdings Ltd
      - 100.0% Neptune Offshore Services Ltd
        - 100.0% Neptune Deeptech Symons Ltd
      - 100.0% Neptune Subsea Engineering Ltd
      - 100.0% Neptune ROV Services Holdings Ltd
        - 100.0% Neptune ROV Services Ltd
          - 100.0% Neptune ROV Services Pte Ltd
          - 100.0% Submersible Technology Services Sdn Bhd
          - 100.0% Submersible Technology Services (Middle East S.P.C.)
- 100.0% MTQ Binder Holdings Pte Ltd
  - 75.0%* Binder Group Pty Ltd
    - 100.0% Binder Engineering (Qld) Pty Ltd
    - 100.0% Binder Engineering (Vic) Pty Ltd
    - 100.0% Binder Engineering (NSW) Pty Ltd
    - 100.0% Binder Asia Pte Ltd
      - 10.0% Binder Holdings Pte Ltd
    - 90.0% Binder Holdings Pte Ltd
      - 50.0% PT Binder Indonesia

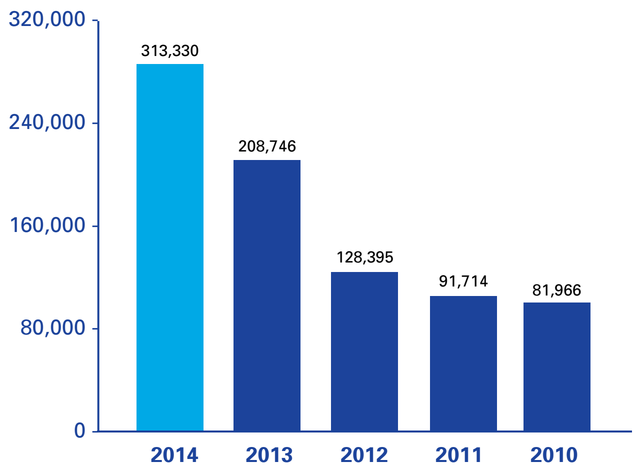
*75.0% of the issued shares of Binder Group Pty Ltd was transferred from Blossomvale Investments Pte Ltd to MTQ Binder Holdings Pte Ltd on 17 March 2014.

FIVE-YEARS FINANCIAL PROFILE

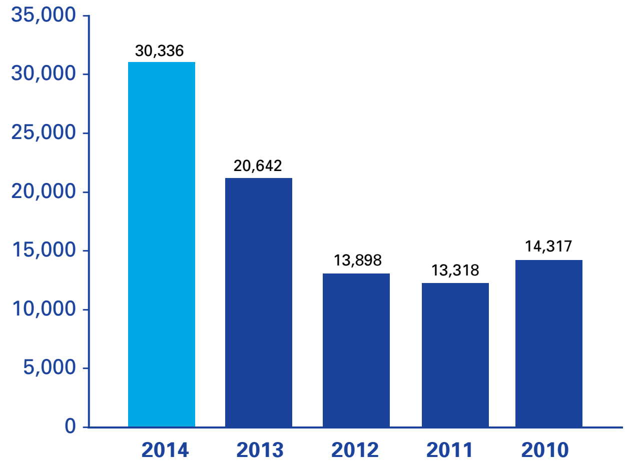
	2014	2013	2012	2011	2010
For the year (in S$'000)					
Revenue	313,330	208,746	128,395	91,714	81,966
EBITDA	43,297	30,603	21,068	17,409	17,775
Profit before tax	30,336	20,642	13,898	13,318	14,317
Profit after tax	24,947	16,639	14,607	10,743	12,027
Profit attributable to owners of the Company	24,175	15,397	14,607	10,631	12,034
For the year (in S$'000)					
Net current assets	83,631	85,888	26,865	37,034	44,796
Total assets	271,444	257,042	164,018	132,562	101,462
Total liabilities	130,838	136,283	77,886	54,839	28,146
Net debt/(cash) [1]	28,445	32,664	18,611	4,486	(16,402)
Shareholders' funds	130,951	110,356	86,692	78,283	73,988
Net tangible assets [2]	99,278	90,927	74,274	70,574	66,808
Financial Ratios					
Profit before tax margin (%)	9.68	9.89	10.82	14.52	17.47
Return on shareholders' funds (%) [3]	18.46	13.95	16.85	13.58	16.26
Interest cover (EBITDA / net interest expense)[4]	16.45 times	20.44 times	22.01 times	259.84 times	N.A
Net debt gearing ratio (%) [5]	16.83	21.29	17.77	5.46	N.A
Per share data					
Basic earnings (in Singapore cents) [6]	19.19	13.17	13.04	9.63	10.93
Net tangible assets (in Singapore cents) [7]	78.17	72.62	65.82	63.42	60.69
Net asset value (in S$) [8]	1.03	0.88	0.77	0.70	0.67
Dividend (in Singapore cents)	4.40 [9]	4.50 [9]	4.00	4.00	3.00
Dividend payout ratio (%) [10]	23.06	28.15	24.68	33.32	21.95

1 Net debt/(cash) 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 attributable to owners of the Company divided by shareholders' funds.
4 Net interest expense refers to interest expense less interest income. This ratio is not applicable for 2010 given that the Group's interest income exceeded its interest expense for the year ended 31 March 2010.
5 Net debt gearing is defined as the ratio of net debt to net capitalisation. Net capitalisation is the aggregate of net debt and total equity. This ratio is not applicable for 2010 given that the Group's cash exceeded its gross debt as at 31 March 2010 .
6 Basic earnings per share is defined as profit attributable to owners of the Company divided by weighted average number of issued shares.
7 Net tangible assets per share is defined as net tangible assets divided by total number of issued shares excluding treasury shares.
8 Net asset value is defined as shareholders' funds divided by total number of issued shares excluding treasury shares.
9 Headline dividend is 4.00 Singapore cents per share. The figures have been adjusted for the effect of bonus shares, which are entitled to the final dividends, issued in 2013 and proposed in 2014.
10 Dividend payout ratio is defined as total dividend declared and paid/payable in respect of the financial year divided by the profit attributable to owners of the Company.

REVENUE (S$'000)

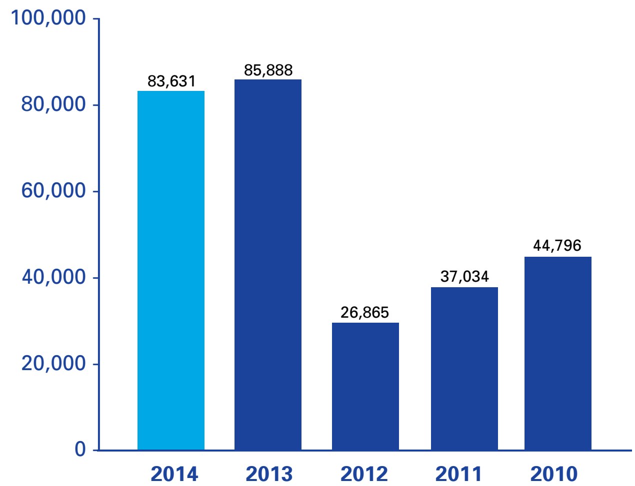


PROFIT BEFORE TAX (S$'000)

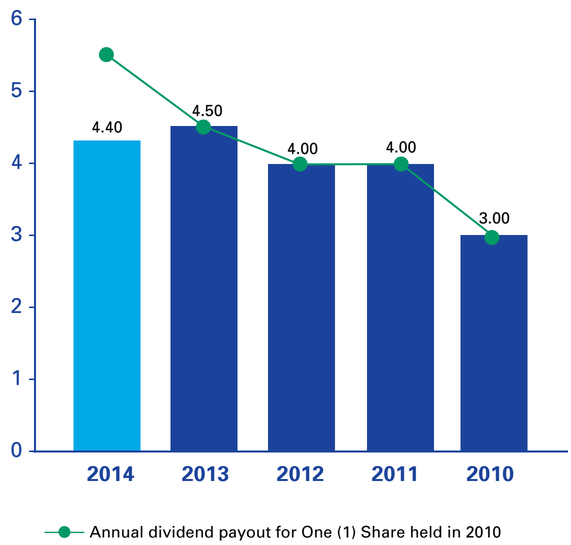


Net debt gearing ratio reduced from 21% to 17%

NET CURRENT ASSETS (S$'000)



DIVIDEND PER SHARE (CENTS)



FINANCIAL REVIEW

REVENUE FOR FY2014	S$313.3 MILLION
TOTAL ASSETS AS AT 31 MARCH 2014	S$271.4 MILLION
GROSS PROFIT IN FY2014	S$103.8 MILLION

REVENUE

In the financial year ended 31 March 2014 ("FY2014"), the Group recorded revenue of S$313.3 million, an increase of S$104.6 million or 50% from S$208.7 million in the financial year ended 31 March 2013 ("FY2013").

The growth in revenue was mainly driven by full year contribution from Neptune Marine ("Neptune") and organic growth within the Oilfield Engineering segment.

The Oilfield Engineering recorded an increase in revenue to S$104.6 million in FY2014. This is attributed to incremental growth within the segment with increased activity levels in Bahrain, as well as contributions from the newly acquired Binder Group in the last quarter of the financial year.

The Engine Systems division, on the other hand, recorded a decrease in revenue of 11% to S$48.9 million, hampered by the depreciation of the Australian Dollars and weaker demand.

PROFIT

Overall gross profit grew by 42% to S$103.8 million in FY2014. While Oilfield Engineering recorded an increase its gross profit margins, the inclusion of Neptune lowered the overall Group's gross profit margin to 33% from 35% in FY2013. Gross profit margin from the Engine Systems division was relatively consistent with FY2013.

Excluding the one-off accounting adjustment relating to the acquisition of Neptune in FY2013, staff costs and other operating expenses of the Group increased mainly due to the full year contribution by Neptune. Together as a percentage of revenue, they remained at 23% of the Group's revenue.

Finance costs increased by 88% to S$2.9 million in FY2014 mainly due to bank borrowings obtained for the financing of Neptune's acquisition in late FY2013.

In line with higher gross profits, the Group posted a 47% increase in pre-tax profit of S$30.3 million (FY2013: S$20.6 million) in FY2014.

Taxation expense in FY2014 increased by 35% to S$5.4 million from FY2013. The Group's effective tax rate of 18% (FY2013: 19%) has remained relatively consistent with FY2013 mainly due to tax incentives under the Productivity Innovation Credit Scheme and tax benefits arising from Neptune's unutilised tax losses for its Australian operations.

EARNINGS PER SHARE

Basic earnings per share for FY2014 was 19.19 Singapore cents, 46% higher than FY2013 due to the higher Group profit recorded in FY2014.

BALANCE SHEET

Total assets for the Group were S$271.4 million as at 31 March 2014, an increase of 6%. Net assets increased by S$19.8 million or 16% to S$140.6 million compared with FY2013.

Non-current assets increased by S$20.7 million from S$103.3 million to S$124.0 million mainly due to the acquisition during the year. The acquisition of Binder Group resulted in an increase in goodwill and investment in joint venture of S$13.8 million and S$2.3 million respectively.

The Group's total liabilities amounted to S$130.8 million, a decrease of 4% or S$5.4 million from FY2013.

Bank borrowings decreased by S$8.1 million mainly due to repayment of loans during the year as well as the revaluation of Australian dollar denominated loans.

Shareholders' funds amounted to S$131.0 million as at 31 March 2014, an increase of 19% compared to 31 March 2013 despite a net translation loss of S$1.1 million arising from translation of foreign subsidiaries.

DIVIDENDS

The Board of Directors is recommending a one-tier final dividend of 2.0 Singapore cents to be paid for FY2014. Subject to shareholders' approval for the payment of the final dividend at the forthcoming Annual General Meeting, dividend for FY2014, including the interim dividend of 2.0 Singapore cents paid (cash and scrip), will total to 4.0 Singapore cents per share (excluding the effect of the proposed bonus share issue mentioned below).

In addition, a bonus issue of one new ordinary share for every five existing ordinary shares held in the capital of the Company is proposed. The proposed bonus issue is subject to the approval of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of the bonus shares on the official list of the SGX-ST. Subject to regulatory approval, the Group expects that the bonus shares will be entitled to the proposed final dividend in respect of FY2014 which will result in an effective increase of 50% in dividends paid over that of two years ago.

CASH FLOWS

As at 31 March 2014, the Group's cash balances amounted to S$37.4 million.

The Group continued to generate strong operating cash flows. Higher cash from operating activities was a result of higher profits for the year and efficient working capital management. This was partially offset by higher interest and tax payments due to the enlarged Group.

The Group continues to invest in the businesses resulting in a capital expenditure of S$14.0 million. The acquisition of Binder was fully funded internally – a net amount of S$12.9 million was spent on acquiring 75% of Binder's shares, and the remaining 25% will be acquired in stages over the next two years.

Including the restructuring of the loans obtained from banks, the Group made a net repayment of S$5.0 million to the banks during the year.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Total bank borrowings and finance lease payables decreased by 10% to S$65.9 million as at 31 March 2014, while net debt position decreased by 13% to S$28.4 million. Consequently, net gearing ratio decreased from 21% to 17% during FY2014. The Group's gearing level remains healthy and there is headroom available to fund further growth.

The Company issued 1.8 million new ordinary shares in FY2014 as scrip dividends to eligible shareholders who elected to take up scrip in lieu of cash dividend under the MTQ Corporation Limited Scrip Dividend Scheme. 25.0 million new ordinary shares were also issued during the year pursuant to the bonus issue that was approved during the year.

FINANCIAL AND CORPORATE CALENDAR

2014

JULY

25	Annual General Meeting

JUNE

26	Despatch of Annual Report FY2013/14
11	Receipt of in-principle approval from SGX-ST and Notice of Books Closure date for the proposed bonus share issue on the basis of one bonus share for every five existing ordinary shares

MAY

21	Liquidation of wholly-owned subsidiary, Premier Sea & Land Limited
14	Proposed bonus issue on the basis of one bonus share for every five existing ordinary shares
05	Full Year FY2014 Results Announcement

FEBRUARY

17	Incorporation of wholly-owned subsidiary, MTQ Binder Holdings Pte Ltd
10	Third quarter FY2014 Results Announcement

JANUARY

14	Acquisition of all issued share capital of Binder Group Pty Ltd
07	Interim dividend for financial year ended 31 March 2014

2013

OCTOBER

30	Second quarter FY2014 Results Announcement

SEPTEMBER

19	Final dividend for financial year ended 31 March 2013

JULY

26	Annual General Meeting and Extraordinary General Meeting
24	First quarter FY2014 Results Announcement
12	Listing and quotation of bonus issue on the basis of one bonus share for every four existing ordinary shares

CORPORATE INFORMATION

BOARD OF DIRECTORS

KUAH KOK KIM
Chairman

KUAH BOON WEE
Group Chief Executive Officer

NICHOLAS CAMPBELL COCKS
Lead Independent Director

CHEW SOO LIN
Independent Director

CHRISTOPHER HO HAN SIONG
Independent Director

HUANG YUAN CHIANG
Independent Director

ONG CHOO ENG
Independent Director

AUDIT COMMITTEE

CHEW SOO LIN
Chairman

CHRISTOPHER HO HAN SIONG

HUANG YUAN CHIANG

REMUNERATION COMMITTEE

HUANG YUAN CHIANG
Chairman

NICHOLAS CAMPBELL COCKS

ONG CHOO ENG

COMPANY SECRETARY

DOMINIC SIU MAN KIT

REGISTERED OFFICE

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UNITED OVERSEAS BANK LIMITED

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

AUDITOR

ERNST & YOUNG LLP
Public Accountants and Certified Public Accountants

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Partner-in-Charge
PHILIP NG WENG KWAI
(since financial year ended 31 March 2011)

DIRECTORY OF PRINCIPAL OFFICES

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PEMAC PTE LTD

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Group Managing Director
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Facsimile : (61) 7 4725 6615

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

Strengthening Our Core

FINANCIAL REPORT

CORPORATE GOVERNANCE REPORT

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

This report sets out the Group's corporate governance practices with specific reference to the Code of Corporate Governance 2012 (the "Code") and subscribe fully to the principles and guidelines and recommendations in the Code where they are applicable. The Group has complied with the Code's principles and guidelines throughout the reporting period for the financial year ended 31 March 2014.

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

BOARD MATTERS

Principle 1 : The Board's Conduct of its Affairs

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

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

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

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

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

b) material acquisitions and disposals of assets;

c) corporate or financial restructuring and share issuances;

d) dividends and other returns to shareholders;

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

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

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

CORPORATE GOVERNANCE REPORT

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

To assist newly appointed Directors in discharging their duties, they are provided with an orientation on the background information about the Group's history, business operations, its strategic directions and governance practices. Upon the appointment of each new Director, the Company will provide a formal letter to the Director, which sets out the Director's duties and obligations. Incoming Directors are also given full access to the past years' annual reports and minutes of the Board meetings.

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

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

Attendance at Board and Board Committee Meetings

The attendance of Directors at the Board and Board Committee meetings during the financial year ended 31 March 2014 is set out as follows:

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

* Attendance by invitation

Principle 2 : Board Composition and Guidance

The Board presently comprises 7 directors, of which 6 are non-executive Directors. The Board adopts the Code's definition of an independent director and reviews the independence of each Director annually. For the purposes of the determination, the non-executive Directors provided declarations of their independence on an annual basis which were deliberated upon by the Board. Other than the Chairman, all the non-executive Directors are independent Directors. Both Mr. Ong Choo Eng and Mr. Huang Yuan Chiang have served on the Board for more than 9 continuous years. The Board is of the view that their length of service has not compromised these Directors' objectivity and commitment in discharging their duties as directors, after considering the following factors (a) shareholding interest, (b) gift or financial assistance, (c) past association, (d) business dealings and (e) financial independence.

CORPORATE GOVERNANCE REPORT

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

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

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

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

Principle 3 : Chairman and Chief Executive Officer

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

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

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

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

Principle 4 : Board Membership
Principle 5 : Board Performance

The Company does not have a Nominating Committee. The Board retains the responsibility for the identification, review and appointment of suitable candidates to join the Board as its members, taking into consideration (a) the candidate's skill, experience and ability to perform, (b) the needs of the Board, (c) the candidate's other commitments and (d) the independence of the candidate.

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

CORPORATE GOVERNANCE REPORT

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

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

Director	Present Directorships in Other Listed Companies	Past Directorships in Other Listed Companies Held Over the Preceding 3 Years	Principal Commitments
Kuah Kok Kim	–	–	–
Kuah Boon Wee	– The Hour Glass Limited	–	–
Nicholas Campbell Cocks	–	–	Mr. Cocks is the Chief Executive Officer of Readymix Group and ResourceCo Asia. He also sits on the board of Forest Adventure Pte Ltd.
Chew Soo Lin	– Asia-Pacific Strategic Investments Limited – Duty Free International Limited – Khong Guan Flour Milling Limited	–	Mr. Chew is the Executive Chairman of Khong Guan Flour Milling Limited and sits on the board of certain subsidiaries of Khong Guan Flour Milling Limited.
Christopher Ho Han Siong	–	–	Mr. Ho is the Senior Vice President for Investments in Tai Tak Securities Pte Ltd and sits on the board of certain subsidiaries of Tai Tak Group.
Huang Yuan Chiang	– Hwa Hong Corporation Limited – Kluang Rubber Company (Malaya) Berhad – Kuchai Development Bhd – Mercator Lines (Singapore) Limited – Sungei Bagan Rubber Company (Malaya) Bhd	–	–
Ong Choo Eng	– Hwa Hong Corporation Limited – Singapore Reinsurance Corporation	–	Mr. Ong is the Group Managing Director of Hwa Hong Corporation Limited.

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

CORPORATE GOVERNANCE REPORT

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

Director	Appointment	Date of Initial Appointment	Date of Last Re-election
Kuah Kok Kim[1]	Chairman	01.01.1997	22.07.2011
Kuah Boon Wee	Executive Director	10.10.2006	26.07.2013
Nicholas Campbell Cocks[1]	Lead Independent Director	01.10.2010	22.07.2011
Chew Soo Lin	Independent Director	18.05.2012	27.07.2012
Christopher Ho Han Siong	Independent Director	30.10.2007	26.07.2013
Huang Yuan Chiang	Independent Director	08.08.2001	27.07.2012
Ong Choo Eng	Independent Director	09.09.1997	27.07.2012

[1] Mr. Kuah Kok Kim and Mr. Nicholas Campbell Cocks are due for re-election at the forthcoming Annual General Meeting.

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

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

As part of the Board effectiveness evaluation for the financial year ended 31 March 2014, all the Directors are requested to complete a Board Evaluation Questionnaire designed to seek their view on the various aspects of the Board performance. The completed evaluation forms are to be returned to the Lead Independent Director for collation and consolidated responses were presented to the Board for discussion and determining areas for improvement and enhancement of the Board effectiveness.

Principle 6 : Access to information

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

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

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

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)
Nicholas Campbell Cocks
Ong Choo Eng

The Remuneration Committee consists of 3 non-executive Directors, all of whom are independent Directors. The Remuneration Committee is guided by its terms of reference that had been amended to be in line with the Code.

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

In setting the remuneration packages, the Remuneration Committee takes into account the performance of the Group, as well as individual Directors and key executives. In addition to linking rewards to the Group and individual performance, the remuneration packages are also designed to align their interests with those of shareholders.

Following the expiry of the MTQ Corporation Executives' Share Option Scheme 2003 on 13 April 2013, the Group has adopted a new compensation scheme known as the MTQ Share Plan (the "Share Plan"), for its employees approved by the members of the Company at the Extraordinary General Meeting held on 26 July 2013.

The remuneration scheme for the executive Director is linked to performance, service record, experience and scope of responsibility. Performance is measured against the profits or objectives set in the Group's business plan and strategy. The non-executive Directors are paid directors' fees, of which amount is dependent on their level of responsibilities. Each non-executive Director is paid a basic fee. In addition, non-executive Directors who serve as members of the Audit Committee and Remuneration Committee are paid an additional fee for such services in view of the heavier responsibilities. The Chairman of each Board Committee is also paid a higher fee compared with members of the Board Committee in view of the higher responsibility carried by that office.

The non-executive Directors do not have service contracts. The service contract for the executive Director does not contain onerous removal clauses. The terms of service contract, including any early termination compensations clauses, have been reviewed and approved by the Board.

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

CORPORATE GOVERNANCE REPORT

The remunerations paid to the Directors are set out below:

Name of Director	Fixed Component[1]	Variable Component[2]	Provident Fund[3]	Benefits[4]	Consultancy Fees[5]	Directors' Fees[6]	Total (S$'000)
Kuah Kok Kim[7]	–	–	–	–	71%	29%	214
Kuah Boon Wee[7]	21%	77%	1%	1%	–	–	1,864
Nicholas Campbell Cocks	–	–	–	–	–	100%	33
Chew Soo Lin	–	–	–	–	–	100%	48
Christopher Ho Han Siong	–	–	–	–	–	100%	38
Huang Yuan Chiang	–	–	–	–	–	100%	48
Ong Choo Eng	–	–	–	–	–	100%	33

1 Fixed Component refers to base salary for the financial year ended 31 March 2014.

2 Variable Component refers to cash bonuses awarded for performance for the financial year ended 31 March 2014 and Annual Wage Supplement earned.

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

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

5 Consultancy Fees refer to fees for consultancy services provided during the financial year ended 31 March 2014.

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

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

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

Name of Key Executive	Fixed Component[1]	Variable Component[2]	MTQ Share Plan[3]	LTI and RPR Plans[4]	Provident Fund[5]	Benefits[6]	Total
Between S$1,750,001 and S$2,000,000							
Robin King	36%	36%	4%	14%	7%	3%	100%
Between S$750,001 and S$1,000,000							
Vincent Allegre	47%	23%	3%	16%	7%	4%	100%
Between S$500,001 and S$750,000							
Sumardi Bin Sidi	29%	64%	1%	–	2%	4%	100%
Ian Robert Hortin	25%	16%	1%	–	2%	56%	100%
Between S$250,001 and S$500,000							
Dominic Siu Man Kit	52%	35%	3%	–	2%	8%	100%

1 Fixed Component refers to base salary for the financial year ended 31 March 2014.

2 Variable Component refers to cash bonuses awarded for performance for the financial year ended 31 March 2014 and Annual Wage Supplement earned.

3 The figures are based on the amounts recognised in the profit or loss for the financial year ended 31 March 2014 and may not be indicative of the actual vesting value of the Company's shares at vesting dates which are subject to pre-determined performance targets set by the Remuneration Committee. Further information on the MTQ share Plan is set out in the Directors' Report section.

4 LTI and RPR Plans represent Long Term Incentive Plan and Retention Performance Rights that are adopted by Neptune Marine Services Limited ("Neptune"). The figures are based on the amounts recognised in the profit or loss for the financial year ended 31 March 2014, and may not be indicative of the actual vesting value of Neptune's shares at vesting dates, which are subject to the vesting conditions. Further information on the LTI and RPR Plans has been disclosed in Neptune's Annual Report which is publicly available.

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

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

CORPORATE GOVERNANCE REPORT

The total amount paid to the top 5 executives for the financial year ended 31 March 2014 is S$3.9 million.

Other than Mr. Kuah Kok Kim, and Mr. Kuah Boon Wee, no employee of the Company and its subsidiaries was an immediate family member of a Director or the Group CEO and whose remuneration exceeded S$50,000 during the financial year ended 31 March 2014.

ACCOUNTABILITY AND AUDIT

Principle 10 : Accountability

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

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

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

Principle 11 : Audit Committee
Principle 12 : Internal Controls
Principle 13 : Internal Audit

Audit Committee

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

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

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

The Audit Committee meets at least four times a year and plays a key role in assisting the Board to ensure that the financial reporting and internal accounting controls of the Group meet the highest standards.

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

CORPORATE GOVERNANCE REPORT

In addition, the Audit Committee reviews the scope and results of the audit and its cost effectiveness, and on an annual basis, the independence and objectivity of the external auditors of the Group. In doing so, the Audit Committee has also taken into account the nature and extent of non-audit services provided by them and has confirmed that the non-audit services provided by the external auditors would not affect their independence. A breakdown of the fees for audit and non-audit services paid to the auditors for the financial year ended 31 March 2014 are found on page 75 of this Annual Report.

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

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

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

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

- That the Group's financial records have been properly maintained and the financial statements for the financial year ended 31 March 2014 give a true and fair view of the Group's business operations and finances; and

- That the effectiveness of the Group's risk management systems and internal control systems in place is adequate and effective in addressing the material risks in the Group.

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

The Audit Committee has reviewed and is satisfied:

- with the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management policies and systems;

- with the adequacy and effectiveness of the internal audit function;

- that the internal audit function is adequately resourced, and has appropriate standing within the Company and the Group, and

- that the independence of the external auditor has not been compromised in relation to the non-audit services provided.

Based on the internal controls and risk management framework established and maintained by Management, work performed by the internal and external auditors, regular audits conducted by independent parties for industrial accreditation and customer quality controls and reviews performed by Management, the Board and the various Board Committees, the Board with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks were adequate as at 31 March 2014.

CORPORATE GOVERNANCE REPORT

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

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

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

The Audit Committee has recommended to the Board the re-appointment of Ernst & Young LLP as the external auditors of the Company for the financial year ending 31 March 2015.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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

The Group is committed to treat all shareholders fairly and equitably to facilitate the exercise of the shareholders' ownership rights and continually review and update such governance arrangements. The Group strives for timeliness and transparency in its disclosures to the shareholders and the public and will continue to disseminate any price-sensitive information on a comprehensive, accurate and timely basis through SGX-ST via SGXNET. Such information will be simultaneously posted on our corporate website at www.mtq.com.sg and investor portal, www.shareinvestor.com. The Group has engaged an external public relations firm which organises the media and analyst briefings upon release of its quarterly financial results and various investor road shows.

Shareholders are invited to attend the general meetings to put forth any questions or share their views regarding the proposed resolutions and the Group's business and affairs. Shareholders are informed of shareholders' meetings through notices contained in annual reports or circulars sent to all shareholders. These notices are also published in the Business Times and posted onto the SGXNET. If any shareholder is unable to attend, the Articles of Association of the Company have made provisions for shareholders to appoint a proxy or proxies to attend and vote on their behalf. The Company is however, not implementing absentia voting methods such as mail, e-mail or fax until the security, integrity and other pertinent issues have been addressed satisfactorily.

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

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

The Board noted that with effect from 1 August 2015, the Company is required by SGX-ST Listing Rules to conduct the voting of all resolutions put to general meetings by poll. Until such time, voting at general meetings will be by show of hands unless a poll is demanded during the general meeting.

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

CORPORATE GOVERNANCE REPORT

DEALINGS IN SECURITIES

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

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

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

- the period commencing one month before the announcement of the Company's financial statements for its full financial year.

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

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

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

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

INTERESTED PERSON TRANSACTIONS
(SGX-ST Listing Rule 907)

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

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of SGX-ST. Interested person transactions carried out during the financial year are as follows:

Name of interested person	**Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000**	**Aggregate value of all Interested Person Transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000**
Between Subsidiary and:		
Readymix Concrete (B) Sdn Bhd	122	N.A

DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of MTQ Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2014.

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND DEBENTURES

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

	Direct interest			Deemed interest		
The Company	**At 1.4.2013**	**At 31.3.2014**	**At 21.4.2014**	**At 1.4.2013**	**At 31.3.2014**	**At 21.4.2014**
(Ordinary shares)						
Kuah Kok Kim	24,183,681	30,667,713	30,667,713	–	–	–
Kuah Boon Wee	2,738,403	3,525,630	3,525,630	–	–	–
Huang Yuan Chiang	100,000	126,908	126,908	–	–	–

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

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

DIRECTORS' REPORT

SHARE PLAN

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

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

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

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

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

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

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

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

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

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

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

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

(collectively known as the "Participants").

DIRECTORS' REPORT

SHARE PLAN (CONT'D)

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

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

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

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

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

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

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

(c) No Awards have been granted nor released since the commencement date to the end of the financial year ended 31 March 2014 under the Share Plan.

(d) None of the directors of the Company is a participant of the Share Plan since the commencement date to the end of the financial year ended 31 March 2014.

(e) No eligible participant has received 5% or more of the total number of the new ordinary shares available under the Share Plan and the total number of existing ordinary shares delivered pursuant to the settlement of the Awards under the Share Plan.

DIRECTORS' REPORT

OPTIONS TO ACQUIRE SHARES IN THE COMPANY

(a) The Group had in place the MTQ Corporation Executives' Share Option Scheme 2003 (the "Scheme") for granting of options that were 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 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"). The Scheme has expired on 13 April 2013.

Unlike the Previous Scheme, the Scheme, *inter alia*, allowed for the participation of executives who met the eligibility criteria but who were also controlling shareholders. Although both the Previous Scheme and the Scheme have expired, any subsisting and outstanding share options granted under the Previous Scheme and the Scheme continue to be exercisable in accordance with the terms of the schemes.

The Previous Scheme and the Scheme were administered by the Remuneration Committee appointed by the Directors of the Company.

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

(b) The principal terms of the Scheme were:

(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 duration of the Scheme was 10 years commencing from the date of its adoption, that is, 10 years commencing from 14 April 2003. The Scheme has expired on 13 April 2013.

Termination and expiry of the Scheme shall not affect options which have been granted before the termination and expiry of the Scheme, 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 were 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 SGX-ST); and
- subject to the conditions in the following paragraphs, Directors and employees of the Company and its subsidiaries who were controlling shareholders of the Company (as defined in the Listing Manual of the SGX-ST).

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

DIRECTORS' REPORT

OPTIONS TO ACQUIRE SHARES IN THE COMPANY (CONT'D)

(ii) ***Eligibility to Participate in the Scheme (Cont'd)***

In respect of any person who was a Director or employee of the Company or its subsidiaries, and who was 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 was in force, except that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information was 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 was 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 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, had been approved to participate in the Scheme.

(d) There were no share options granted, exercised or cancelled during the financial year ended 31 March 2014 under the Previous Scheme and the Scheme. Share options granted, exercised and cancelled during the financial year ended 31 March 2013 and outstanding as at 31 March 2013 were as follows:

	No. of options						
Date of grant	**At 1.4.2012**	**Granted**	**Exercised**	**Lapsed/ Cancelled**	**At 31.3.2013**	**Exercise price**	**Expiry date**
31.7.2003	30,000	–	(30,000)	–	–	$0.43	30.7.2013

(e) The participants of the Previous Scheme and the Scheme who are Directors of the Company as at 31 March 2014 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)	–

Note: The terms of the options granted under 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 Scheme.

(g) The holders of the options under the Scheme have no right to participate, by virtue of these options, in any share issue of any other company in the Group.

(h) No options have been granted at a discount.

DIRECTORS' CONTRACTUAL BENEFITS

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

DIRECTORS' REPORT

AUDIT COMMITTEE

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

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

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

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

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

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

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

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

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

- Reviewed the nature and extent of non-audit services provided by the external auditors;

- Recommended to the Board of Directors the external auditors to be nominated, approved the compensation of the external auditors, and reviewed the scope and results of the audit;

- Reported actions and minutes of the Audit Committee to the Board of Directors with such recommendations as the Audit Committee considers appropriate; and

- Reviewed interested person transactions in accordance with the requirements of the Listing Manual of SGX-ST.

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

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

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

DIRECTORS' REPORT

AUDITOR

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

On behalf of the Board of Directors,

Kuah Boon Wee
Director

Chew Soo Lin
Director

Singapore
16 June 2014

STATEMENT BY DIRECTORS

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

(a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

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

On behalf of the Board of Directors,

Kuah Boon Wee
Director

Chew Soo Lin
Director

Singapore
16 June 2014

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2014
Independent Auditor's Report to the Members of MTQ Corporation Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of MTQ Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 44 to 137, which comprise the balance sheets of the Group and the Company as at 31 March 2014, the statements of changes in equity of the Group and the Company, and the consolidated statement of comprehensive income and consolidated statement cash f ows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2014

Independent Auditor's Report to the Members of MTQ Corporation Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and 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 2014 and the results, changes in equity and cash f ows of the Group and the changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
16 June 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2014

(In Singapore dollars)

	Note	2014 $'000	2013 $'000 (Restated)
Revenue	3	313,330	208,746
Cost of sales		(209,522)	(135,767)
Gross profit		103,808	72,979
Other income	4	2,187	1,973
Staff costs		(45,728)	(26,752)
Other operating expenses		(27,126)	(26,012)
Profit from operating activities	5	33,141	22,188
Finance costs	6	(2,910)	(1,546)
Share of results of a joint venture company		105	–
Profit from operations before taxation		30,336	20,642
Taxation	7	(5,389)	(4,003)
Profit for the financial year, net of tax		24,947	16,639
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of subsidiaries		(5,438)	13
Net gain/(loss) on hedge of net investment in foreign operation		3,929	(561)
Net change in fair value of available-for-sale financial assets		–	(387)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss upon disposal		–	253
Net change in fair value of available-for-sale financial assets reclassified to profit or loss upon obtaining control	13	–	4,803
Foreign currency reserve reclassified to profit or loss upon liquidation of a subsidiary		(219)	401
Other comprehensive income for the financial year, net of tax		(1,728)	4,522
Total comprehensive income for the financial year		23,219	21,161
Profit for the financial year attributable to:			
Owners of the Company		24,175	15,397
Non-controlling interests		772	1,242
		24,947	16,639
Total comprehensive income attributable to:			
Owners of the Company		22,903	20,018
Non-controlling interests		316	1,143
		23,219	21,161
Earnings per share attributable to owners of the Company			
– Basic	8	19.19 cents	13.17 cents
– Diluted	8	19.18 cents	13.17 cents

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

BALANCE SHEETS

As at 31 March 2014

(In Singapore dollars)

	Note	Group 2014 $'000	Group 2013 $'000 (Restated)	Company 2014 $'000	Company 2013 $'000
Non-current assets					
Goodwill	9	31,673	19,406	–	–
Intangible assets	10	–	23	–	–
Investment property	11	–	–	1,038	1,029
Property, plant and equipment	12	81,519	77,224	624	422
Investment in subsidiaries	13	–	–	44,763	62,316
Investment in joint venture	14	2,320	–	–	–
Receivables	16	3,766	1,590	76,981	60,406
Prepayments	16	7	7	–	–
Deferred tax assets	23	4,703	5,066	–	–
		123,988	103,316	123,406	124,173
Current assets					
Inventories	17	29,031	29,307	–	–
Trade and other receivables	18	78,308	79,975	15,362	9,594
Prepayments	16	2,685	2,749	73	24
Investment securities	15	–	784	–	–
Cash and cash equivalents	19	37,432	40,911	2,669	6,809
		147,456	153,726	18,104	16,427
Current liabilities					
Trade and other payables	20	49,605	52,103	3,594	17,322
Finance lease payable	21	807	564	–	–
Bank borrowings	22	6,501	8,944	3,544	3,491
Provisions	24	2,104	1,247	–	–
Provision for taxation		4,808	4,980	168	232
		63,825	67,838	7,306	21,045
Net current assets/(liabilities)		83,631	85,888	10,798	(4,618)
Non-current liabilities					
Other payables	20	4,598	–	6,247	6,220
Finance lease payable	21	553	352	–	–
Bank borrowings	22	58,016	63,715	12,029	15,338
Deferred tax liabilities	23	2,608	2,552	106	178
Provisions	24	1,238	1,826	76	72
		67,013	68,445	18,458	21,808
Net assets		140,606	120,759	115,746	97,747
Equity attributable to owners of the Company					
Share capital	25	34,108	31,740	34,108	31,740
Treasury shares	25	–	–	–	–
Reserves	26	96,843	78,616	81,638	66,007
Shareholders' funds		130,951	110,356	115,746	97,747
Non-controlling interests		9,655	10,403	–	–
Total equity		140,606	120,759	115,746	97,747

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 2014

(In Singapore dollars)

		Attributable to owners of the Company								
Group	**Note**	**Share capital $'000**	**Treasury shares $'000**	**Foreign currency translation reserve $'000**	**Retained earnings $'000**	**Fair value adjustment reserve $'000**	**Other reserves $'000**	**Share-holders' funds $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance as at 1 April 2012		29,857	(3,992)	1,313	64,201	(4,669)	(18)	86,692	(560)	86,132
Profit for the financial year, net of tax		–	–	–	15,397	–	–	15,397	1,242	16,639
Exchange difference on translation of subsidiaries		–	–	112	–	–	–	112	(99)	13
Net loss on hedge of net investment in foreign operation		–	–	(561)	–	–	–	(561)	–	(561)
Net change in fair value of available-for-sale financial assets		–	–	–	–	(387)	–	(387)	–	(387)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss upon disposal		–	–	–	–	253	–	253	–	253
Net change in fair value of available-for-sale financial assets reclassified to profit or loss upon obtaining control	13	–	–	–	–	4,803	–	4,803	–	4,803
Foreign currency reserve reclassified to profit or loss upon liquidation of a subsidiary		–	–	401	–	–	–	401	–	401
Total comprehensive income for the financial year		–	–	(48)	15,397	4,669	–	20,018	1,143	21,161

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 2014

(In Singapore dollars)

		Attributable to owners of the Company								
Group	Note	Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Fair value adjustment reserve $'000	Other reserves $'000	Share-holders' funds $'000	Non-controlling interests $'000	Total equity $'000
Dividends paid on ordinary shares	27	–	–	–	(3,637)	–	–	(3,637)	–	(3,637)
Issuance of ordinary shares pursuant to scrip dividend scheme	25	1,947	–	–	–	–	–	1,947	–	1,947
Share issuance expense	25	(64)	–	–	–	–	–	(64)	–	(64)
Sale of treasury shares		–	3,976	–	–	–	2,187	6,163	–	6,163
Transfer of treasury shares pursuant to exercise of share options	25	–	16	–	–	–	(4)	12	–	12
Employee equity benefits expenses		–	–	–	–	–	100	100	–	100
Total contributions by and distribution to owners		1,883	3,992	–	(3,637)	–	2,283	4,521	–	4,521
Liquidation of a subsidiary		–	–	–	–	–	–	–	560	560
Acquisition of a subsidiary	13	–	–	–	–	–	–	–	18,608	18,608
Acquisition of non-controlling interests without a change in control	13	–	–	–	–	–	(875)	(875)	(9,348)	(10,223)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	(875)	(875)	9,820	8,945
Balance as at 31 March 2013		31,740	–	1,265	75,961	–	1,390	110,356	10,403	120,759

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 2014

(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 reserves $'000	Shareholders' funds $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company								
Balance as at 1 April 2013, as previously reported		31,740	–	1,090	82,129	–	3,671	118,630	13,148	131,778
Adjustments to initial accounting for business combination		–	–	175	(6,168)	–	(2,281)	(8,274)	(2,745)	(11,019)
Balance as at 1 April 2013, restated		31,740	–	1,265	75,961	–	1,390	110,356	10,403	120,759
Profit for the financial year, net of tax		–	–	–	24,175	–	–	24,175	772	24,947
Exchange difference on translation of subsidiaries		–	–	(4,982)	–	–	–	(4,982)	(456)	(5,438)
Net gain on hedge of net investment in foreign operation		–	–	3,929	–	–	–	3,929	–	3,929
Foreign currency reserve reclassified to profit or loss upon liquidation of a subsidiary		–	–	(219)	–	–	–	(219)	–	(219)
Total comprehensive income for the financial year		–	–	(1,272)	24,175	–	–	22,903	316	23,219
Dividends paid on ordinary shares	27	–	–	–	(5,031)	–	–	(5,031)	–	(5,031)
Issuance of ordinary shares pursuant to scrip dividend scheme	25	2,434	–	–	–	–	–	2,434	–	2,434
Share issuance expense	25	(66)	–	–	–	–	–	(66)	–	(66)
Settlement of share-based payment		–	–	–	–	–	(234)	(234)	(35)	(269)
Employee equity benefits expenses		–	–	–	–	–	659	659	92	751
Total contributions by and distribution to owners		2,368	–	–	(5,031)	–	425	(2,238)	57	(2,181)

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 2014

(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 reserves $'000	Shareholders' funds $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company								
Acquisition of non-controlling interests without a change in control	13	–	–	–	–	–	(70)	(70)	(1,121)	(1,191)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	(70)	(70)	(1,121)	(1,191)
Balance as at 31 March 2014		34,108	–	(7)	95,105	–	1,745	130,951	9,655	140,606

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 2014

(In Singapore dollars)

Company	Note	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Other reserves $'000	Total equity $'000
Balance as at 1 April 2012		29,857	(3,992)	49,486	(18)	75,333
Profit for the financial year, net of tax		–	–	17,993	–	17,993
Total comprehensive income for the financial year		–	–	17,993	–	17,993
Dividends paid on ordinary shares	27	–	–	(3,637)	–	(3,637)
Sale of treasury shares		–	3,976	–	2,187	6,163
Issuance of ordinary shares pursuant to scrip dividend scheme	25	1,947	–	–	–	1,947
Share issuance expense	25	(64)	–	–	–	(64)
Transfer of treasury shares pursuant to exercise of share options	25	–	16	–	(4)	12
Total transactions with owners in their capacity as owners		1,883	3,992	(3,637)	2,183	4,421
Balance as at 31 March 2013		31,740	–	63,842	2,165	97,747
Balance as at 1 April 2013		31,740	–	63,842	2,165	97,747
Profit for the financial year, net of tax		–	–	20,524	–	20,524
Total comprehensive income for the financial year		–	–	20,524	–	20,524
Dividends paid on ordinary shares	27	–	–	(5,031)	–	(5,031)
Employee equity benefits expenses		–	–	–	138	138
Issuance of ordinary shares pursuant to scrip dividend scheme	25	2,434	–	–	–	2,434
Share issuance expense	25	(66)	–	–	–	(66)
Total transactions with owners in their capacity as owners		2,368	–	(5,031)	138	(2,525)
Balance as at 31 March 2014		34,108	–	79,335	2,303	115,746

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 2014

(In Singapore dollars)

	Note	2014 $'000	2013 $'000 (Restated)
Cash flows from operating activities:			
Profit from operations before taxation		30,336	20,642
Adjustments for:			
Depreciation of property, plant and equipment	12	10,310	7,147
Amortisation of intangible assets	10	19	1,317
Gain on disposal of property, plant and equipment	4	(53)	(794)
Net fair value loss on held-for-trading investment securities	3	39	104
Loss on disposal of available-for-sale financial assets, net	5	–	248
Net change in fair value of available-for-sale financial assets reclassified to profit or loss upon obtaining control	5	–	4,803
Fixed assets written off		–	3
(Gain)/loss on liquidation of a subsidiary	4,5	(224)	256
Employee equity benefits expense	31	757	100
Interest income	4	(278)	(49)
Interest expense	6	2,910	1,546
Dividend income	4	–	(34)
Share of results of a joint venture company	14	(105)	–
Gain on disposal of held-for-trading investment securities	3	(225)	–
Operating cash flows before changes in working capital		43,486	35,289
Decrease/(increase) in receivables and prepayments		3,955	(19,539)
Decrease in inventories and work-in-progress		2,079	154
(Decrease)/increase in payables		(7,256)	11,265
Currency realignment		(1,239)	(408)
Cash generated from operations		41,025	26,761
Interest income received		278	49
Interest expense paid		(2,933)	(1,456)
Taxes paid, net		(6,112)	(3,510)
Net cash generated from operating activities		32,258	21,844

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 2014

(In Singapore dollars)

	Note	2014 $'000	2013 $'000 (Restated)
Cash flows from investing activities:			
Dividends received		–	34
Purchase of property, plant and equipment		(13,968)	(4,056)
Acquisition of subsidiaries	13	(12,878)	(30,033)
Proceeds from disposal of property, plant and equipment		1,469	1,938
Proceeds from disposal of investment in quoted shares, net of brokerage		970	4,460
Investment in equity securities, net of brokerage		–	(2,156)
Proceeds from liquidation of a subsidiary		35	(15)
Acquisition of non-controlling interests		(1,511)	(9,904)
Loans granted to staff		(39)	(168)
Loans repaid by staff		55	107
Net cash used in investing activities		(25,867)	(39,793)
Cash flows from financing activities:			
Dividends paid	27	(2,597)	(1,690)
Share issuance expense	25	(66)	(64)
Proceeds from bank borrowings		38,341	47,341
Proceeds from exercise of employee share options, net of transaction costs		–	12
Proceeds from sale of treasury shares		–	6,163
Repayment of bank borrowings		(43,384)	(19,845)
Repayment of finance lease		(618)	(492)
Settlement of share-based payment		(269)	–
Net cash (used in)/generated from financing activities		(8,593)	31,425
Net (decrease)/increase in cash and cash equivalents		(2,202)	13,476
Cash and cash equivalents at 1 April	19	40,911	27,314
Effect of exchange rate changes on cash and cash equivalents		(1,277)	121
Cash and cash equivalents at 31 March	19	37,432	40,911

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

1. CORPORATE INFORMATION

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

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

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 36 *Recoverable Amount Disclosures for Non-financial Assets*	1 January 2014
Amendments to FRS 39 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
Amendments to FRS 110, FRS 112 and FRS 27: *Investment Entities*	1 January 2014
Amendments to FRS 110, FRS 111 and FRS 112 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance*	1 January 2014
Improvements to FRSs	1 July 2014

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

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

Except for FRS 112, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 112 is described below.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when applied in financial year 2015.

2.4 ***Significant accounting estimates and judgments***

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

(a) *Judgments made in applying accounting policies*

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

Income taxes

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

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

(b) *Key sources of estimation uncertainty*

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

Impairment of goodwill

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

Depreciation of property, plant and equipment

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

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

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

Impairment of loans and receivables

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

Where there is objective evidence of impairment, the amount and timing of future cash f ows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

2.5 *Foreign currency*

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

(a) *Transactions and balances*

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

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

(b) *Consolidated financial statements*

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

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

2.6 *Basis of consolidation and business combinations*

Basis of consolidation from 1 April 2010

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

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

Basis of consolidation from 1 April 2010 (Cont'd)

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

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

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

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

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

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

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

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

Basis of consolidation prior to 1 April 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

– Acquisition of non-controlling interests, prior to 1 April 2010, was accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

– Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 April 2010 were not reallocated between non-controlling interest and the owners of the Company.

– Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 April 2010 has not been restated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

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

Business combinations from 1 April 2010

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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

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

Business combinations prior to 1 April 2010

In comparison to the above mentioned requirements, the following differences were applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash f ows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outf ow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

2.7 *Transactions with non-controlling interests*

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

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

2.8 *Revenue recognition*

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

Revenue from trading sales is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, 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 by reference to the stage of completion at the end of the reporting period. Stage of completion is assessed by reference to the ratio of labour hours and costs incurred to-date to the estimated total labour hours and costs for each contract, with due consideration given to the inclusion of only those costs that ref ect work performed. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

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

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

Interest income is recognised using the effective interest method.

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

Revenue from sale of held-for-sale investment securities is recognised at point of sale where the contractual right to the cash f ows from the securities is established.

2.9 *Employee benefits*

Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

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

Employee leave entitlements

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

Equity compensation plan

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

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

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

2.10 ***Leases***

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, even if that right is not explicitly specified in an arrangement.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

2.10 ***Leases (Cont'd)***

As lessee (Cont'd)

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

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

As lessor

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

2.11 ***Borrowing costs***

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

2.12 ***Income taxes***

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

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

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

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

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

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

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

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

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

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

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

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

(c) *Sales tax*

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

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

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

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

2.13 ***Intangible assets***

(a) *Goodwill*

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

2.13 *Intangible assets (Cont'd)*

(b) *Other intangible assets*

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

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

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

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

2.14 *Investment properties*

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

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

2.15 ***Property, plant and equipment***

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

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Leasehold buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold buildings at the end of the reporting period.

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

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis or a diminishing value basis over the estimated useful lives of the assets as follows:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

2.16 *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.

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

2.17 *Joint venture*

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in the joint venture using the equity method and are recognised initially at the fair value.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that joint control commences until the date that it ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.18 *Impairment of non-financial assets*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

2.18 ***Impairment of non-financial assets (Cont'd)***

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

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

2.19 ***Inventories***

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

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

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

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

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

2.20 ***Financial instruments***

(a) *Financial assets*

<u>Initial recognition and measurement</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

2.20 ***Financial instruments (Cont'd)***

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

Subsequent measurement

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

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

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

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

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

(ii) Loans and receivables

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

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

De-recognition

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

Regular way purchase or sale of a financial asset

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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

2.20 ***Financial instruments (Cont'd)***

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

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

De-recognition

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

(c) *Offsetting of financial instruments*

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

2.21 ***Impairment of financial assets***

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

(a) *Financial assets carried at amortised cost*

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

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

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

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

(a) *Financial assets carried at amortised cost (Cont'd)*

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

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

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

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

(b) *Financial assets carried at cost*

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

2.22 *Cash and cash equivalents*

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

2.23 *Provisions*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

2.24 *Dividend*

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

2.25 *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.

2.26 *Treasury shares*

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

2.27 *Hedge accounting*

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

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

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

Hedges of net investments

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

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

2.28 *Contingencies*

A contingent liability is:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

2.28 ***Contingencies (Cont'd)***

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

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

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

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

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

2.29 ***Segment reporting***

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

2.30 ***Government grants***

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

Government grants related to income

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

2.31 ***Financial guarantee***

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014
(In Singapore dollars)

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

2.32 ***Related parties***

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant inf uence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company;

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a) (i) has significant inf uence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. REVENUE

	Group	
	2014	**2013**
	$'000	**$'000**
Services, repair and contract revenue	256,866	145,306
Trading sales	48,017	50,157
Equipment rental income	8,261	13,387
Net fair value loss on held-for-trading investment securities	(39)	(104)
Gain on disposal of held-for-trading investment securities	225	–
	313,330	208,746

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

4. OTHER INCOME

	Group 2014 $'000	Group 2013 $'000 (Restated)
Dividends	–	34
Interest income	278	49
Gain on disposal of property, plant and equipment	53	794
Gain on liquidation of a subsidiary	224	–
Commission received	916	492
Gain on disposal of scraps	122	103
Government grants	239	171
Rental income	235	77
Other income	120	253
	2,187	1,973

5. PROFIT FROM OPERATING ACTIVITIES

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

	Group 2014 $'000	Group 2013 $'000
(a) ***Manpower costs***		
Directors' remuneration:		
– Salaries, wages and bonuses	1,839	1,929
– Defined contribution plan expense	10	12
– Others	19	49
Other key management personnel:		
– Salaries, wages and bonuses	4,529	2,782
– Defined contribution plan expense	304	148
– Share-based payments	561	81
– Others	607	478
Other employees' remuneration:		
– Salaries, wages and bonuses	83,307	43,610
– Defined contribution plan expense	6,379	3,678
– Share-based payments	196	19
– Others	7,396	3,333
	105,147	56,119

Manpower costs of $59,419,000 (2013: $29,367,000) have been included in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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5. PROFIT FROM OPERATING ACTIVITIES (CONT'D)

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

		Group	
		2014 $'000	2013 $'000 (Restated)
(b) *Other operating expenses*			
(Write-back of)/allowance for impairment of trade receivables	18	(962)	263
Bad debts written-off		24	31
Amortisation of intangible assets	10	19	1,317
Depreciation of property, plant and equipment	12	1,924	1,969
Directors' fees paid to Directors of the Company		260	189
Allowance for inventory obsolescence	17	239	373
Loss/(gain) on exchange		16	(204)
Consultancy fees paid to a Director of the Company		152	75
Legal and professional fees		2,673	2,357
Non-audit fees paid to:			
– Auditors of the Company		62	91
– Auditors of subsidiaries		62	27
Audit fees paid to:			
– Auditors of the Company		464	372
– Auditors of subsidiaries		571	448
Loss on liquidation of a subsidiary		–	256
Loss on disposal of available-for-sale financial assets		–	248
Net change in fair value of available-for-sale financial asset reclassified to profit or loss upon obtaining control	13	–	4,803
Utilities expenses		2,122	1,198
Operating lease expenses		6,336	3,834
(c) *Cost of sales*			
Operating lease expenses		10,744	12,681
Depreciation of property, plant and equipment	12	8,386	5,178

6. FINANCE COSTS

	Group	
	2014 $'000	2013 $'000
Interest on:		
– Bank loans	2,831	1,491
– Finance lease payables	77	53
– Others	2	2
	2,910	1,546

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

7. TAXATION

(a) *Major components of income tax expense*

	Group 2014 $'000	Group 2013 $'000
Statement of comprehensive income		
Current income tax		
– Current income taxation	5,968	5,153
– Over provision in respect of previous years	(504)	(477)
– Withholding tax expense	317	32
	5,781	4,708
Deferred income tax		
– Movements in temporary differences	75	(827)
– (Over)/under provision in respect of previous years	(467)	122
	(392)	(705)
Tax expense recognised in the statement of comprehensive income	5,389	4,003

(b) *Relationship between tax expense and accounting profit*

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2014 and 31 March 2013 are as follows:

	Group 2014 $'000	Group 2013 $'000 (Restated)
Profit before taxation	30,336	20,642
Tax at Singapore statutory tax rate of 17% (2013: 17%)	5,157	3,509
Effect of difference in effective tax rates of other countries	2,261	1,988
Non-deductible expenses	2,187	2,203
Income not subject to taxation	(2,423)	(1,616)
Effect of partial tax exemption and tax incentives	(1,402)	(871)
Deferred tax assets not recognised	3,774	553
Benefits from previously unrecognised tax losses	(3,382)	(1,500)
(Over)/under provision in respect of previous years		
– current tax	(504)	(477)
– deferred tax	(467)	122
Withholding tax expense	317	32
Others	(129)	60
Tax expense recognised in the statement of comprehensive income	5,389	4,003

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

8. EARNINGS PER SHARE

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

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

The following tables ref ect the profit and share data used in the computation of basic and diluted earnings per share for the financial years ended 31 March 2014 and 31 March 2013:

	Group	
	2014 **$'000**	**2013** **$'000** **(Restated)**
Profit net of tax attributable to owners of the Company	24,175	15,397

	Number of shares	
	2014 **$'000**	**2013** **$'000** **(Restated)**
Weighted average number of ordinary shares for basic earnings per share computation*	125,960	116,890
Effects of dilution:		
– Employee share-based payment scheme	111	–
Weighted average number of ordinary shares for diluted earnings per share computation	126,071	116,890

* The weighted average number of shares took into account the weighted average effect of changes in treasury shares transactions (Note 25) in the previous year and 1,799,000 ordinary shares (2013: 2,407,000) issued under the scrip dividend scheme (Note 25) during the year. During the year, the Company issued 25,042,000 shares pursuant to the bonus issue of one new ordinary share for every four shares existed as at 8 July 2013. As a result, the number of ordinary shares used for the calculations of earnings per share has been adjusted for retrospectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

9. GOODWILL

	Note	Group $'000
At 1 April 2012		12,346
Acquisitions through business combination	13	7,031
Currency realignment		29
At 31 March 2013, as restated		19,406
At 1 April 2013, as previously reported		12,276
Restatement due to adjustment to initial accounting for business combination:		
– *Acquisitions through business combination*	13	7,031
– *Currency realignment*		99
At 1 April 2013, as restated		19,406
Acquisitions through business combination	13	13,485
Currency realignment		(1,218)
At 31 March 2014		31,673

On 14 January 2014, the Group acquired Binder Group Pty Limited and its subsidiaries ("Binder Group"). As part of the acquisition, the Group has identified a provisional goodwill of $13,485,000 as at the date of acquisition. The carrying amount of the provisional goodwill will be adjusted on a retrospective basis when the final allocation of purchase price has been completed. Information on the acquisition of Binder Group has been disclosed in Note 13.

On 14 December 2012, the Group acquired Neptune Marine Services Limited ("Neptune"). With the completion of the allocation of purchase price during the financial year, a goodwill arising from the acquisition of Neptune amounting to $7,031,000 was recognised and retrospectively adjusted for. Information on the acquisition of Neptune has been disclosed in Note 13.

Impairment testing of goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

9. GOODWILL (CONT'D)

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

	Group	
	2014	**2013**
	$'000	**$'000**
		(Restated)
Premier Group	4,560	4,560
Engine Systems (excluding Highway Diesel)	6,512	7,245
Highway Diesel	422	471
Neptune	6,409	7,130
Binder Group (provisional)	13,770	–
	31,673	19,406

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

The cash flow projections for the first year are derived from financial budgets for the year ending 31 March 2015. Cash flows for a further 4 years are extrapolated using growth rates ranging from 0.0% to 4.5% (2013: 0.0% to 5.0%), based on management's knowledge and past experience of the businesses.

The terminal value of the CGUs was estimated by extrapolating the projected cash flow in the 5th year through perpetuity at growth rates ranging from 0.0% to 2.0% (2013: 0.0% to 1.0%) and discounting it. Post-tax discount rates ranging from 10.5% to 11.7% (2013: 8.8% to 15.0%) have been applied to discount the projected cash flows.

Based on the impairment assessment, the recoverable amounts of the CGUs are found to be higher than their carrying amounts.

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

NOTES TO THE FINANCIAL STATEMENTS

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10. INTANGIBLE ASSETS

	Customer contracts $'000	Non-compete clause $'000	Provisional intangible assets $'000	Total $'000
Group				
Cost:				
At 1 April 2012	596	150	–	746
Acquisition through business combination (Note 13)	1,263	–	–	1,263
Currency realignment	18	(1)	–	17
At 31 March 2013, as restated	1,877	149	–	2,026
At 1 April 2013, as previously reported	596	149	18,149	18,894
Restatement due to adjustments to initial accounting for business combination:				
– *Acquisition through business combination (Note 13)*	1,263	–	(18,149)	(16,886)
– *Currency realignment*	18	–	–	18
At 1 April 2013, as restated	1,877	149	–	2,026
Currency realignment	(130)	(15)	–	(145)
At 31 March 2014	1,747	134	–	1,881
Accumulated amortisation:				
At 1 April 2012	596	78	–	674
Amortisation for the year	1,269	48	–	1,317
Currency realignment	12	–	–	12
At 31 March 2013, as restated	1,877	126	–	2,003
At 1 April 2013, as previously reported	596	126	–	722
Restatement due to adjustments to initial accounting for business combination:				
– *Amortisation for the year*	1,269	–	–	1,269
– *Currency realignment*	12	–	–	12
At 1 April 2013, as restated	1,877	126	–	2,003
Amortisation for the year	–	19	–	19
Currency realignment	(130)	(11)	–	(141)
At 31 March 2014	1,747	134	–	1,881
Net carrying amount:				
At 31 March 2014	–	–	–	–
At 31 March 2013	–	23	–	23

During the previous financial year ended 31 March 2013, the Group increased its equity stake in its available-for-sale financial asset, Neptune Marine Services Limited. On 14 December 2012, Neptune became a subsidiary of the Group. As part of the acquisition, the Group had identified provisional intangible assets arising from Neptune and its subsidiaries of $18.1 million. With the completion of the purchase price allocation during the current financial year, the intangible asset was reduced to $1,263,000. The recognised intangible asset relates to the order backlog and customer contracts which existed as at the date of acquisition and has been fully amortised as at 31 March 2013.

Information on the acquisition of Neptune has been disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

11. INVESTMENT PROPERTY

	Company $'000
Balance sheet:	
Cost	
At 1 April 2012	7,247
Improvements	11
Disposals	(3)
At 31 March 2013 and 1 April 2013	7,255
Improvements	55
At 31 March 2014	7,310
Accumulated depreciation	
At 1 April 2012	6,181
Depreciation	46
Disposals	(1)
At 31 March 2013 and 1 April 2013	6,226
Depreciation	46
At 31 March 2014	6,272
Net carrying amount	
At 31 March 2014	1,038
At 31 March 2013	1,029

	Company	
	2014 $'000	2013 $'000
Statement of comprehensive income:		
Rental income from investment properties charged to subsidiaries	3,035	2,817
Direct operating expenses (including repairs and maintenance) arising from rental generating properties	1,328	1,407

The fair value of the investment property held by the Company as at 31 March 2014 amounted to $7,376,000 (2013: $7,081,000). During the financial year ended 31 March 2014 and 31 March 2013, the valuation was performed by management using income approach. Management made reference to fair market rental for similar property in the vicinity. The following assumptions were considered in determining the fair value of the property being valued:

– Escalation rate: 5.5% (2013: 5.5%)
– Discount rate: 3.1% (2013: 4.0%)
– Rental rate per meter square per annum: $40.01 (2013: $40.01)

The investment property held by the Company as at 31 March 2014 is as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold buildings $'000	Plant, workshop, ROV, vessels and rental equipment $'000	Furniture and fixtures, office equipment and motor vehicles $'000	Assets under construction $'000	Total $'000
Cost					
At 1 April 2012	28,324	45,599	13,565	376	87,864
Currency realignment	(172)	(523)	(58)	12	(741)
Additions	11	2,459	953	729	4,152
Acquisition through business combination (Note 13)	–	26,122	3,400	939	30,461
Disposals/write-offs	(3)	(1,913)	(385)	–	(2,301)
Transfers	–	232	365	(597)	–
At 31 March 2013 and 1 April 2013	28,160	71,976	17,840	1,459	119,435
Currency realignment	217	(559)	(1,194)	(143)	(1,679)
Additions	20	3,635	1,078	11,761	16,494
Acquisition through business combination (Note 13)	–	399	507	28	934
Disposals/write-offs	–	(2,769)	(947)	–	(3,716)
Transfers	87	2,935	648	(3,670)	–
At 31 March 2014	28,484	75,617	17,932	9,435	131,468
Accumulated depreciation					
At 1 April 2012	6,597	20,578	9,528	–	36,703
Currency realignment	(5)	(421)	(59)	–	(485)
Depreciation	519	5,046	1,582	–	7,147
Disposals/Write-offs	–	(849)	(305)	–	(1,154)
At 31 March 2013 and 1 April 2013	7,111	24,354	10,746	–	42,211
Currency realignment	10	451	(733)	–	(272)
Depreciation	537	7,947	1,826	–	10,310
Disposals/Write-offs	–	(1,591)	(709)	–	(2,300)
Transfers	–	5	(5)	–	–
At 31 March 2014	7,658	31,166	11,125	–	49,949
Net carrying amount					
At 31 March 2014	20,826	44,451	6,807	9,435	81,519
At 31 March 2013	21,049	47,622	7,094	1,459	77,224

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

Company	Workshop equipment $'000	Furniture and fixtures, office equipment and motor vehicles $'000	Asset under construction $'000	Total $'000
Cost				
At 1 April 2012	209	1,671	93	1,973
Additions	–	171	21	192
Transfer	–	114	(114)	–
At 31 March 2013 and 1 April 2013	209	1,956	–	2,165
Additions	–	552	6	558
Disposal/Written-off	–	(318)	–	(318)
Transfer	–	6	(6)	–
At 31 March 2014	209	2,196	–	2,405
Accumulated depreciation				
At 1 April 2012	209	1,379	–	1,588
Depreciation	–	155	–	155
At 31 March 2013 and 1 April 2013	209	1,534	–	1,743
Depreciation	–	231	–	231
Disposal	–	(193)	–	(193)
At 31 March 2014	209	1,572	–	1,781
Net carrying amount				
At 31 March 2014	–	624	–	624
At 31 March 2013	–	422	–	422

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

Location	Description	Area sq. m.	Tenure	Net carrying amount 2014 $'000	Net carrying amount 2013 $'000
Leasehold building					
182 Pandan Loop, Singapore 128373 *	Office building and workshop	14,271	27 years lease from 16 September 2009	1,038	1,029
Bahrain International Investment Park, H100, Kingdom of Bahrain	Office building and workshop	40,000	50 years from 1 September 2009	13,492	13,607
54 Loyang Way Singapore 508747	Office building and workshop	6,912	57 years lease from 1 March 1995	6,250	6,413

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

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

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

	Net carrying amount	
	2014	2013
	$'000	$'000
Leasehold buildings	13,492	13,607
Assets under construction	82	–
Furniture and fixtures, office equipment and motor vehicles	2,348	2,595
Plant and workshop equipment	10,862	11,250

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

During the year, the Group acquired property, plant and equipment with an aggregate cost of $963,000 (2013: $96,000), by means of finance leases.

The carrying amount of property, plant and equipment held under finance lease as at 31 March 2014 was $1,060,000 (2013: $1,410,000) (Note 21).

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

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

Included in the Group's assets under construction are $8,977,000 (2013: $1,443,000) relating to the construction and refurbishment of plant and equipment, and $372,000 (2013: Nil) relating to network upgrade as at 31 March 2014.

(e) ***Capitalisation of borrowing costs***

No borrowing costs have been capitalised for the financial years ended 31 March 2014 and 31 March 2013 as there are no borrowing costs directly attributable to the acquisition or construction of the Group's assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

13. INVESTMENT IN SUBSIDIARIES

	Note	Company 2014 $'000	Company 2013 $'000
Unquoted shares, at cost:			
At 1 April		62,884	58,490
Additional investment in a subsidiary		2,249	–
Transfer of investments from a subsidiary		–	21,967
Repayment of capital contribution by subsidiaries		(5,472)	(12,894)
Liquidation of a subsidiary		(14,385)	(4,679)
At 31 March	30	45,276	62,884
Allowance for impairment in value of investments		(5,858)	(5,858)
		39,418	57,026
Intercompany indebtedness:			
Amounts due from subsidiaries			
– Non-trade		5,777	5,722
Allowance for impairment of intercompany indebtedness		(432)	(432)
		5,345	5,290
Total investment in subsidiaries		44,763	62,316

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

(b) On 8 March 2013, investments in Premier Sea & Land Pte Ltd and Pemac Pte Ltd held by Premier Sea & Land Limited, a subsidiary of the Company, were transferred to the Company.

(c) Movement in allowance for impairment in value of investments:

	Company 2014 $'000	Company 2013 $'000
At 1 April	5,858	10,537
Utilised upon liquidation of a subsidiary	–	(4,679)
At 31 March	5,858	5,858

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For the financial year ended 31 March 2014

(In Singapore dollars)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Intercompany indebtedness

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

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

	Company	
	2014	**2013**
	$'000	**$'000**
Amounts due from subsidiaries – nominal value	452	446
Less: Allowance for impairment	(432)	(432)
	20	14
Allowance for impairment of intercompany indebtedness:		
At 1 April	432	2,858
Utilised upon liquidation of a subsidiary	–	(2,426)
At 31 March	432	432

Business acquisitions

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

On 14 January 2014, the Company's subsidiary, Blossomvale Investments Pte Ltd ("Blossomvale"), entered into a Share Purchase Agreement to acquire 100% of the issued shares of Binder Group. The acquisition of 75% of Binder Group's issued shares was completed as at acquisition date, and the acquisition of the remaining 25% of the issued shares will be completed in stages over the next two years.

Blossomvale has the option to accelerate the non-cancellable obligation to acquire the remaining 25% of the issued shares. Accordingly, the Group has present ownership interest and consolidates 100% of Binder Group from the date of acquisition. The obligation to purchase the remaining 25% of the issued shares has been recognised as a financial liability by the Group at fair value initially and remeasured at amortised cost within trade and other payables on the balance sheet.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Business acquisitions (Cont'd)

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

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

	Note	Group $'000
Property, plant and equipment	12	934
Investment in joint venture	14	2,169
Inventories		2,104
Trade and other receivables		4,424
Cash and cash equivalents		3,652
Tax recoverable		23
Bank borrowings		(807)
Trade and other payables		(3,203)
Provisions	24	(374)
Finance leases		(207)
Deferred tax liabilities	23	(236)
Total identifiable net assets at fair value		8,479
Provisional goodwill arising from acquisition	9	13,485
Total investment in subsidiary at acquisition date		21,964

	Group $'000
Effect of acquisition of Binder Group on cash flows	
Total investment in subsidiary at acquisition date	21,964
Remaining 25% consideration not paid	(5,434)
Purchase consideration settled in cash	16,530
Less: Cash and cash equivalents of subsidiary acquired	(3,652)
Net cash outf ows on acquisition of a subsidiary	12,878

Provisional accounting of the acquisition of Binder Group

On the date of acquisition, the fair value of the assets and liabilities amounting to $8,479,000 was determined on a provisional basis. Provisional goodwill arising from this acquisition, the carrying amount of the assets and liabilities, and the amortisation of the intangible assets (if any) will be adjusted accordingly on a retrospective basis when the final allocation of purchase price is completed.

Trade and other receivables acquired

Gross amounts of trade and other receivables acquired amounted to $5,149,000. As at acquisition date, $725,000 of the contractual cash f ows pertaining to trade receivables are not expected to be collected. Accordingly, an allowance for impairment of $725,000 has been recognised as at acquisition date (Note 18).

Transaction costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Business acquisitions (Cont'd)

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

Impact of the acquisition on profit or loss

From the acquisition date, Binder Group has contributed $5,442,000 and $445,000 to the Group's revenue and profit for the financial year respectively. Had the business combination taken place on 1 April 2013, the Group's revenue and profit would have been increased by $35,066,000 and $2,236,000 respectively for the financial year.

(b) *Neptune Marine Services Limited ("Neptune")*

On 1 November 2012, the Company's subsidiary, Blossomvale Investments Pte Ltd ("Blossomvale"), made an offer (the "Offer") for all the issued ordinary shares in the capital of Neptune, other than those already acquired by Blossomvale, at an offer price of A$0.032 per share. As at the date of Offer, the Group held an equity interest of 19.24% in Neptune and accounted for it as an available-for-sale financial asset. The Offer was approved by shareholders of the Company at an Extraordinary General Meeting held on 20 November 2012. On 14 December 2012, being the initial Offer close date, Blossomvale's equity interest in Neptune increased to 71.76%. Accordingly, Neptune became a subsidiary of the Group. The Offer close date was extended to 5 April 2013.

Neptune and its subsidiaries (the "Neptune Group") provide engineering services to offshore oil and gas, marine and renewable energy industries which are complementary to the Group's focus on subsea engineering. This will create opportunities to cross-sell services to the customers of the Group and the Neptune Group and will strengthen engagement with common customers.

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of Neptune's net identifiable assets. As at the acquisition date, the fair value of the identifiable assets and liabilities of Neptune were:

	Note	Group $'000 (Restated)
Property, plant and equipment	12	30,461
Intangible assets – customers contracts	10	1,263
Deferred tax assets	23	3,384
Inventories		5,058
Trade and other receivables		36,504
Cash and cash equivalents		9,749
Tax recoverable		111
Trade and other payables		(18,156)
Provisions	24	(291)
Finance leases		(400)
Deferred tax liabilities	23	(1,876)
Total identifiable net assets at fair value		65,807
Non-controlling interest measured at the non-controlling interest's proportion share of Neptune's net identifiable assets		(18,608)
Goodwill arising from acquisition	9	7,031
Total investment in subsidiary at acquisition date		54,230

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Business acquisitions (Cont'd)

(b) *Neptune Marine Services Limited ("Neptune") (Cont'd)*

	Group $'000
Effect of acquisition of Neptune on cash flows	
Total consideration, including costs previously recognised as available-for-sale financial asset	59,033
Cumulative fair value loss previously recognised in other comprehensive income	(4,803)
Total investment in subsidiary at acquisition date	54,230
Cost of investment reclassified from available-for-sale financial asset	(14,448)
Purchase consideration settled in cash	39,782
Less: Cash and cash equivalents of subsidiaries acquired	(9,749)
Net cash outf ows on acquisition of a subsidiary	30,033

Accounting of the acquisition of Neptune

As at 31 March 2013, the fair value of the assets and liabilities on the date of acquisition was determined on a provisional basis as the allocation of purchase price had not been finalised. With the completion of the allocation of purchase price in current financial year, the following adjustments to the initial accounting for the business combination were made retrospectively:

– Intangible asset was reduced to $1,263,000 (Note 10).

– There was no longer a gain on bargain purchase of $5,086,000. Instead, a goodwill arising from acquisition of Neptune amounting to $7,031,000 was recognised (Note 9).

– The deemed loss on disposal of available-for-sale financial asset of $4,803,000, which was presented net of the provisional gain on bargain purchase within "Other income" in the Group's profit or loss in the prior year's financial statements, has now been reclassified to "Other operating expense" (Note 5(b)).

– The fair value of the non-controlling interests acquired subsequent to gain of control changed accordingly, resulting in a premium paid on acquisition of non-controlling interests instead of discount paid on acquisition of non-controlling interests.

Net change in fair value of available-for-sale financial asset

In the previous financial year ended 31 March 2013, the Group recognised a deemed loss on disposal of available-for-sale financial asset of $4,803,000 as a result of reclassifying the cumulative loss previously recognised in other comprehensive income to profit or loss upon the acquisition of Neptune. The deemed loss on disposal was recognised within "Other operating expenses" in the Group's profit or loss for the year ended 31 March 2013.

Trade and other receivables acquired

Gross amounts of trade and other receivables acquired amounted to $38,088,000. As at acquisition date, $1,584,000 of the contractual cash f ows pertaining to trade receivables are not expected to be collected. Accordingly, an allowance for impairment of $1,584,000 has been recognised as at acquisition date (Note 18).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

Business acquisitions (Cont'd)

(b) *Neptune Marine Services Limited ("Neptune") (Cont'd)*

Transaction costs

Transaction costs related to the acquisition of $1,183,000 have been recognised in the 'Other operating expenses' line item in the Group's profit or loss for the financial year ended 31 March 2013.

Goodwill arising from acquisition

As part of the acquisition of Neptune, goodwill was recognised as the Group expected that the acquisition will create opportunities to cross-sell services to the customers of the Group and the Neptune Group as well as strengthen engagement with common customers.

Impact of the acquisition on profit or loss

From the acquisition date, Neptune Group has contributed revenue of $58,925,000 and loss of $818,000 to the Group's revenue and profit for the financial year ended 31 March 2013. Had the business combination taken place on 1 April 2012, the Group's revenue would have been increased by $90,462,000 and profit would have been reduced by $81,101,000 for the financial year then ended.

Acquisition of non-controlling interests

On 31 December 2012 and 31 March 2013, Blossomvale acquired additional 6.46% and 7.05% equity interest in Neptune respectively from its non-controlling interests for a total cash consideration of $10,223,000, resulting in a total of 85.27% interest in Neptune as at 31 March 2013. On 5 April 2013, Blossomvale acquired an additional 1.55% equity interest in Neptune for a total consideration of $1,191,000 resulting in ownership of 86.82% equity interest in Neptune as at the end of the Offer. Including the consideration paid up to the date of acquisition of Neptune, the total consideration paid for Neptune as at the end of the Offer is $70,447,000.

The carrying values of the net assets of Neptune as at 31 December 2012, 31 March 2013 and 5 April 2013 were $65,807,000, $72,259,000 and $72,259,000 respectively. The difference between the consideration and the carrying value of the additional interest acquired was recognised as "Premium paid on acquisition of non-controlling interests" in "Other reserves" within equity.

The following summarises the effect of the change in the Group's ownership interest in Neptune on the equity attributable to owners of the Company:

	Purchase consideration for acquisition of non-controlling interests $'000	**Decrease in equity attributable to non-controlling interests $'000**	**Decrease in equity attributable to owners of the Company $'000**
On 31 December 2013	4,904	4,252	652
On 31 March 2013	5,319	5,096	223
As at 31 March 2013	10,223	9,348	875
On 5 April 2013	1,191	1,121	70
As at 31 March 2014	11,414	10,469	945

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

14. INVESTMENT IN JOINT VENTURE

The Group has 50% (2013: nil) equity interest in a jointly-controlled entity, PT Binder Indonesia that is held through a subsidiary. The joint venture[1] is incorporated in Indonesia[1] and manufactures proprietary and custom-built pipe support and pipe suspension solutions.

	Group 2014 $'000
Unquoted shares, at costs:	
At 1 April 2012, 31 March 2013 and 1 April 2013	–
Acquisition through business combination (Note 13)	2,169
Share of results of joint venture	105
Currency realignment	46
At 31 March 2014	2,320

[1] Audited by Tasnum Ali Widjanarko & Rekan

The Group's commitments in respect of its interest in PT Binder Indonesia are disclosed in Note 28.

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interest in the jointly-controlled entity are as follows:

	Group 2014 $'000
Assets and liabilities:	
Current assets	4,623
Non-current assets	143
Total assets	4,766
Current liabilities	1,224
Non-current liabilities	980
Total liabilities	2,204
Income and expenses:	
Income	1,494
Expenses	(1,389)
	105

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

15. INVESTMENT SECURITIES

	Group	
	2014	2013
	$'000	$'000
Current assets		
Held for trading financial assets		
– Equity investments, quoted (ASX)	–	784
	–	784

Investment securities were investment in equity instruments that are quoted on the Australian Securities Exchange (ASX) and were carried at fair value.

Investment securities as at 31 March 2013 were denominated in the Australian dollars and entirely disposed during the year.

16. RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Non-current				
Amounts due from subsidiaries				
– Interest-free loans	–	–	63,709	43,878
– Interest-bearing loan	–	–	15,573	18,829
Allowance for amounts due from subsidiaries	–	–	(2,301)	(2,301)
	–	–	76,981	60,406
Loans due from joint venture	561	–	–	–
Deposits	3,076	1,445	–	–
Staff loans, at amortised cost	129	145	–	–
Receivables	3,766	1,590	76,981	60,406

Interest-bearing loan to a subsidiary is funded by bank borrowings – Facility 1 (Note 22). It is denominated in United States dollars and bears interest at the rate of 1.5% (2013: 1.5%) above the Bank's Swap Rate. During the year, the Company resolved to convert $2,249,000 (US$1,782,000) of the interest-free loan to share capital of the subsidiary.

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

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

16. RECEIVABLES AND PREPAYMENTS (CONT'D)

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

	Company	
	2014	**2013**
	$'000	**$'000**
Amounts due from subsidiaries – nominal value	35,322	36,156
Less: Allowance for impairment	(2,301)	(2,301)
	33,021	33,855
Allowance for impairment:		
At 1 April	2,301	1,912
Charge for the year	–	389
At 31 March	2,301	2,301

Prepayments

		Group		Company	
	Note	**2014**	**2013**	**2014**	**2013**
		$'000	**$'000**	**$'000**	**$'000**
Current					
Advances to suppliers (non-trade)		673	950	–	–
Prepaid staff benefits		–	4	–	–
Other prepayments		2,012	1,795	73	24
		2,685	2,749	73	24
Non-current					
Prepaid staff benefits		7	7	–	–
Staff loans and prepaid staff benefits					
Staff loans at amortised costs:					
Current, classified under trade and other receivables	18	65	46	–	–
Non-current, classified under receivables and prepayments		129	145	–	–
		194	191	–	–
Prepaid staff benefits:					
Non-current		7	7	–	–
Current		–	4	–	–
		7	11	–	–

The interest-free staff loans are extended to certain staff of the Company and its subsidiaries to purchase cars. These loans are repayable by monthly instalments over seven years with the last repayment due in Year 2020 (2013: Year 2020). The individuals concerned had entered into agreements with the Company or the respective subsidiaries to assign all rights of ownership of the cars to the Company or the subsidiaries until full settlement of the loans. The staff loans are carried at amortised cost. The difference between the amortised cost and gross loan receivables is recognised as prepaid staff benefits.

NOTES TO THE FINANCIAL STATEMENTS

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17. INVENTORIES

	Group 2014 $'000	Group 2013 $'000
Balance sheet:		
First-in-first-out basis		
– Raw materials	6,237	4,761
– Work-in-progress	3,771	7,389
– Finished goods	6,101	5,284
– Engines and spares	722	339
– Goods-in-transit	8	–
	16,839	17,773
Weighted average basis		
– Raw materials	721	–
– Finished goods	10,899	11,125
– Work-in-progress	351	92
– Goods-in-transit	221	317
	12,192	11,534
Total inventories at lower of cost and net realisable value	29,031	29,307
Inventories are stated after deducting allowance for inventory obsolescence of:		
– first-in-first-out basis	556	556
– weighted average basis	1,672	1,624
	2,228	2,180
Statement of comprehensive income:		
Allowance for inventory obsolescence as part of other operating expenses (Note 5(b))	239	373

The costs of inventories recognised in cost of sales amounted to $123,519,000 (2013: $99,336,000).

NOTES TO THE FINANCIAL STATEMENTS

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18. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade receivables		77,868	79,118	–	–
Staff loans, current	16	65	46	–	–
Sundry deposits		194	209	–	5
Sundry receivables		134	602	27	24
Amounts due from subsidiaries					
– Trade		–	–	14,484	9,229
– Dividend receivable		–	–	851	336
Trade amounts due from joint venture		47	–	–	–
		78,308	79,975	15,362	9,594

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

– Trade receivables	1,747	2,759	–	–

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

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Singapore dollars	14,087	8,780	15,172	9,258
Australian dollars	27,475	41,702	168	336
United States dollars	23,282	20,957	21	–
Bahraini dinar	32	6	1	–
British pounds	12,501	8,530	–	–
Euro	925	–	–	–
Others	6	–	–	–
	78,308	79,975	15,362	9,594

Trade receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS

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18. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $32,375,000 (2013: $47,234,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Trade receivables past due but not impaired:		
Lesser than 30 days	17,578	24,957
30 to 60 days	5,898	12,244
61 to 90 days	1,408	5,187
More than 90 days	7,491	4,846
	32,375	47,234

Receivables that are impaired

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

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

		Group			
		Individually impaired		**Collectively impaired**	
	Note	**2014**	**2013**	**2014**	**2013**
		$'000	**$'000**	**$'000**	**$'000**
Trade receivables – nominal value		1,139	2,151	608	608
Less : Allowance for impairment		(1,139)	(2,151)	(608)	(608)
		–	–	–	–
Allowance for impairment:					
At 1 April		2,151	994	608	75
Acquisition through business combination	13	725	1,584	–	–
Exchange differences		(721)	–	–	–
(Write-back of)/allowance for impairment	5(b)	(962)	(270)	–	533
Utilised		(54)	(157)	–	–
At 31 March		1,139	2,151	608	608

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19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fixed deposits	338	444	–	–
Cash at banks and in hand	37,094	40,467	2,669	6,809
	37,432	40,911	2,669	6,809

Cash at banks earns interest at f oating rates based on daily bank deposit rates ranging from nil% to 2.5% (2013: nil% to 2.85%) per annum. Fixed deposits are made for varying periods of between one week and three months (2013: one week and three months) depending on the immediate cash requirements of the Group, at a weighted average interest rate of 3.57% (2013: 4.48%) per annum. At the end of the reporting period, fixed deposits of $338,000 (2013: $444,000) are held as security for lease of premises.

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore dollars	12,725	17,794	1,590	6,475
Australian dollars	11,066	10,024	1	1
United States dollars	11,756	11,112	1,075	330
Bahraini Dinar	458	338	1	1
British Pounds	1,384	1,524	–	–
Others	43	119	2	2
	37,432	40,911	2,669	6,809

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Trade payables	19,505	22,611	–	–
Sundry payables	1,282	664	26	65
Accrual for staff-related costs	14,743	13,972	3,196	2,523
Sundry accruals	9,997	14,856	344	315
Other payables	1,009	–	–	–
Trade amounts due to joint venture	3,069	–	–	–
Non-trade amounts owing to subsidiaries	–	–	28	14,419
	49,605	52,103	3,594	17,322
Non-current				
Interest-free loans owing to subsidiaries	–	–	6,247	6,220
Other payables	4,598	–	–	–

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For the financial year ended 31 March 2014

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20. TRADE AND OTHER PAYABLES (CONT'D)

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current				
Singapore dollars	12,791	14,185	3,572	2,931
Australian dollars	21,601	27,257	–	–
United States dollars	9,628	6,965	16	14,385
Bahraini Dinar	729	393	6	6
Euro	127	173	–	–
Japanese Yen	1,198	231	–	–
British Pounds	3,429	2,782	–	–
Others	102	117	–	–
	49,605	52,103	3,594	17,322
Non-current				
Singapore dollars	–	–	6,247	6,220
Australian dollars	4,598	–	–	–

Trade payables

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

Sundry payables

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

Other payables

Other payables relate to the non-cancellable obligation to acquire the remaining 25% of the issued shares of Binder Group (Note 13).

Amounts owing to subsidiaries

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

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

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21. FINANCE LEASE PAYABLE

At 31 March 2014 and 31 March 2013, the Group has obligations for certain workshop equipment under finance leases (Note 12(c)).

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

	Group					
	2014			2013		
	Minimum lease payments $'000	Finance charges $'000	Present value of minimum lease payments $'000	Minimum lease payments $'000	Finance charges $'000	Present value of minimum lease payments $'000
Within 1 year	862	(55)	807	598	(34)	564
After 1 year but within 5 years	585	(32)	553	387	(35)	352
Total	1,447	(87)	1,360	985	(69)	916

The average discount rate implicit in the finance lease is between 0.2% to 13.5% (2013: 4.0% to 15.0%) per annum. The finance leases are denominated in Australian dollars, British Pounds and United States dollars.

22. BANK BORROWINGS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Bank borrowings, current portion				
Secured (Facility 1)	3,544	3,491	3,544	3,491
Secured (Facility 2)	2,144	2,111	–	–
Secured (Facility 3)	–	3,342	–	–
Secured (Facility 4)	813	–	–	–
	6,501	8,944	3,544	3,491
Bank borrowings, non-current portion				
Secured (Facility 1)	12,029	15,338	12,029	15,338
Secured (Facility 3)	3,081	550	–	–
Secured (Facility 5)	7,986	10,610	–	–
Secured (Facility 6)	–	37,217	–	–
Secured (Facility 7)	34,920	–	–	–
	58,016	63,715	12,029	15,338
	64,517	72,659	15,573	18,829

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

Singapore dollars	5,601	5,900	–	–
Australian dollars	38,813	41,109	–	–
United States dollars	20,103	25,650	15,573	18,829
	64,517	72,659	15,573	18,829

NOTES TO THE FINANCIAL STATEMENTS

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22. BANK BORROWINGS (CONT'D)

Secured bank borrowings:

Facility 1

The United States dollars denominated long term bank loans are repayable over quarterly instalments of between US$188,000 and US$575,000 (approximately $238,000 and $729,000) starting from December 2012 with last instalment due on 31 December 2022. Interest is payable at the rate of 1.50% above the Bank's Swap Rate. The facility is used to fund an interest-bearing loan to a subsidiary (Note 16).

The facility is secured by the following:

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

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

– registered charge over the book debts of the Company; and

– corporate guarantee from a subsidiary of the Company.

Facility 2

The United States dollars denominated long term bank loan is repayable on 28 May 2014. Interest is payable at the rate of 1.75% per annum over the bank's prevailing Cost of Funds.

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

Facility 3

The Australian dollars denominated long term bank loans outstanding as at 31 March 2013 were repayable over monthly instalments of A$25,000 to A$47,000 (approximately $32,000 to $59,000). Interest was payable at the rate of 1.50% per annum over the Australian Bank Bill Rate. During the year, the Group refinanced the facility. The Australian dollars loan as at 31 March 2014 is now repayable on 31 August 2016. Interest is payable at the rate of 1.90% per annum and over the Australian Bank Bill Rate.

The facility is secured by the following:

– fixed and f oating charge over all assets of a subsidiary; and

– corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS

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22. BANK BORROWINGS (CONT'D)

Facility 4

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

The facility is secured by the following:

– fixed and f oating charge over all assets of a subsidiary; and

– personal guarantee by a director (and two former directors) of a subsidiary with counter indemnity by the Company; and

– Second mortgage over the personal property of a director of a subsidiary with counter indemnity by the Company.

Facility 5

The multi-currency dollars denominated long term bank loan is repayable on 27 April 2015. Interest is payable at the rate of 2.35% per annum over the prevailing Swap Offer or LIBOR rates depending on the currency being drawn.

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

Facility 6

The Australian dollars denominated bank loan has been repaid on 17 March 2014. Interest was payable at the rate of 2.75% per annum over the bank's prevailing Cost of Funds. The facility was used solely to fund the acquisition of a subsidiary, Neptune Marine Services Limited.

The facility was secured by the following:

– a registered equitable charge over all scripless shares of the subsidiary; and

– corporate guarantee from the Company.

Facility 7

The Australian dollars denominated bank loan is used to refinance Facility 6 and is repayable on 17 March 2017. Interest is payable at the rate of 2.00% per annum over the Bank Bill Swap Bid Rate.

The facility is secured by corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS

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23. DEFERRED TAX ASSETS/(LIABILITIES)

		Group		Company	
	Note	2014 $'000	2013 $'000	2014 $'000	2013 $'000
At 1 April		2,514	160	(178)	13
Currency realignment		(575)	141	–	–
Charge to profit or loss during the financial year	7	392	705	72	(191)
Acquisition through business combination	13	(236)	1,508	–	–
At 31 March		2,095	2,514	(106)	(178)

Deferred tax as at 31 March relates to the following:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Deferred tax assets				
Unabsorbed capital allowances and unutilised tax losses	3,019	3,281	–	–
Employee benefits	1,807	1,037	12	23
Other provisions	1,810	2,433	–	–
Transaction costs on equity issue of a subsidiary	611	1,346	–	–
Others	390	116	–	–
	7,637	8,213	12	23

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Deferred tax liabilities				
Excess of net book value over tax written down value of property, plant and equipment	(4,067)	(4,328)	(118)	(201)
Revaluation on investment	(367)	–	–	–
Unrealised foreign exchange gain	(631)	(876)	–	–
Others	(477)	(495)	–	–
	(5,542)	(5,699)	(118)	(201)
Deferred tax assets/ (liabilities), net	2,095	2,514	(106)	(178)

NOTES TO THE FINANCIAL STATEMENTS

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23. DEFERRED TAX ASSETS/(LIABILITIES) (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	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred tax assets	4,703	5,066	–	–
Deferred tax liabilities	(2,608)	(2,552)	(106)	(178)
Deferred tax assets/ (liabilities), net	2,095	2,514	(106)	(178)

At the end of the reporting period, the Group had unutilised tax losses of approximately $146,438,000 (2013: $68,574,000) and unabsorbed capital allowances of approximately $16,455,000 (2013: $12,848,000), net of amounts transferred under the group relief transfer system, that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the countries where the companies reside.

The potential tax benefit of approximately $45,416,000 (2013: $21,791,000) from these unutilised tax losses and unabsorbed capital allowances has not been recognised in the financial statements due to the uncertainty of their recoverability.

24. PROVISIONS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current	2,104	1,247	–	–
Non-current	1,238	1,826	76	72
	3,342	3,073	76	72

NOTES TO THE FINANCIAL STATEMENTS

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24. PROVISIONS (CONT'D)

Represented by:

	Make good provision $'000	Maintenance warranty $'000	Long-service leave $'000	Total $'000
Group				
At 1 April 2012	736	275	1,489	2,500
Currency realignment	(95)	(4)	(8)	(107)
Acquisition through business combination (Note 13)	–	–	291	291
Provisions during the year	71	172	255	498
Utilised during the year	–	(109)	–	(109)
At 31 March 2013 and 1 April 2013	712	334	2,027	3,073
Currency realignment	(65)	(34)	(198)	(297)
Acquisition through business combination (Note 13)	–	–	374	374
Provisions during the year	30	157	267	454
Utilised during the year	–	(142)	(120)	(262)
At 31 March 2014	677	315	2,350	3,342

	Make good provision 2014 $'000	2013 $'000
Company		
At 1 April	72	70
Accretion of interest	4	2
At 31 March	76	72

Make good provision

In accordance with certain lease agreements, provisions are recognised for expected cost required to be incurred to reinstate the leased premises to their original condition upon the expiry of the leases at various dates till 2036. The provisions are based on quotations received from contractors. Assumptions made by management included variables such as inf ation 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 inf ation. 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 Group has made estimates in respect of the expected performance of the products, number of customers who will utilise the maintenance warranties, frequency of warranty claims and the costs of fulfilling the maintenance warranties. Historical experience and current knowledge of the performance of products has been used in determining this provision.

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24. PROVISIONS (CONT'D)

Provision for long service leave

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

25. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	2014		2013	
	No. of shares '000	$'000	No. of shares '000	$'000
Ordinary shares issued and fully paid				
At 1 April	100,168	31,740	97,761	29,857
Issuance of shares pursuant to scrip dividend scheme	1,799	2,434	2,407	1,947
Share issuance expense	–	(66)	–	(64)
Issuance of shares pursuant to bonus issue	25,042	–	–	–
At 31 March	127,009	34,108	100,168	31,740
Treasury shares				
At 1 April	–	–	(7,482)	(3,992)
Sale of treasury shares	–	–	7,452	3,976
Reissue of shares pursuant to employee share option plans	–	–	30	16
At 31 March	–	–	–	–

During the financial year ended 31 March 2014, the Company issued 1,799,000 (2013: 2,407,000) and 25,042,000 shares pursuant to the scrip dividend scheme and the bonus issue of one new ordinary share for every four existing shares held in the capital of the Company respectively. The issuance of shares pursuant to the bonus issue was at nil consideration and without capitalisation of the Company's reserves.

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

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

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

During the previous financial year ended 31 March 2013, the Company transferred 30,000 treasury shares to its employee pursuant to the share option plans at exercise price of $0.43 each.

NOTES TO THE FINANCIAL STATEMENTS

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25. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

During the previous financial year ended 31 March 2013, the Company sold 7,452,000 treasury shares at a weighted average price of $0.85 each.

The outstanding options to subscribe for ordinary shares of the Company granted under the employee share option plans is disclosed in Note 31.

Proposed bonus issue

On 14 May 2014, the Company proposed a bonus issue of one new ordinary share (the "Bonus Share") for every five existing shares held in the capital of the Company (the "Proposed Bonus Issue") held as at a book closure date (the "Book Closure Date") to be determined by the Directors for the purpose of determining the entitlements of shareholders. Based on the number of issued ordinary shares as at 31 March 2014, up to 25,401,883 Bonus Shares will be issued pursuant to the Proposed Bonus Issue. The actual number of Bonus Shares to be issued will depend on the total number of issued shares in the capital of the Company as at the Book Closure Date.

The Bonus Shares will be issued as fully paid at nil consideration to entitled shareholders, without capitalisation of the Company's reserves. The Bonus Shares, when allotted and issued, will rank *pari passu* in all respects with the existing ordinary shares in the capital of the Company and with each other, except that the Bonus Shares will not be entitled to any dividends, rights, allotments or other distributions, the record date of which falls on a date before the date on which the Bonus Shares are allotted and issued.

The Proposed Bonus Issue is subject to the approval of the Singapore Exchange Securities Trading Limited (SGX-ST) for the listing and quotation of the Bonus Shares on the official list of the SGX-ST.

26. RESERVES

		Group		Company	
	Note	2014 $'000	2013 $'000 (Restated)	2014 $'000	2013 $'000
Retained earnings		95,105	75,961	79,335	63,842
Foreign currency translation reserve		(7)	1,265	–	–
Other reserves					
– Gain on sale/transfer of treasury shares		2,165	2,165	2,165	2,165
– Premium paid on acquisition of non-controlling interests	13	(945)	(875)	–	–
– Employee equity benefit reserve		525	100	138	–
		1,745	1,390	2,303	2,165
		96,843	78,616	81,638	66,007

Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising from the translation of assets and liabilities of foreign operations for inclusion in the consolidated financial statements. The foreign currency translation reserve is also used to record the effect of hedging of net investments in foreign operations.

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26. RESERVES (CONT'D)

Gain on sale/transfer of treasury shares

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

Premium paid on acquisition of non-controlling interests

The premium paid on acquisition of non-controlling interests arises from the acquisition of additional equity interest in Neptune during the year while retaining control. Information on the acquisition of non-controlling interests has been disclosed in Note 13.

Employee equity benefit reserve

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

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

27. DIVIDENDS

	Group and Company	
	2014	**2013**
	$'000	**$'000**
Declared and paid during the financial year:		
Paid in respect of the previous financial year:		
– Final dividend of 2.0 cents per ordinary share under the scrip dividend scheme, tax-exempt (one-tier) (2013: 2.0 cents per ordinary share under the scrip dividend scheme, tax-exempt (one-tier))		
– Paid in Cash	965	852
– Paid in Scrip (Ordinary Shares)	1,539	954
	2,504	1,806
Paid in respect of the current financial year:		
– Interim dividend of 2.0 cents per ordinary share under the scrip dividend scheme, tax-exempt (one-tier) (2013: 2.0 cents per ordinary share under the scrip dividend scheme, tax-exempt (one-tier)):		
– Paid in Cash	1,632	838
– Paid in Scrip (Ordinary Shares)	895	993
	2,527	1,831
	5,031	3,637
Total paid in Cash	2,597	1,690
Total paid in Scrip (Ordinary Shares) (Note 25)	2,434	1,947
	5,031	3,637

NOTES TO THE FINANCIAL STATEMENTS

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27. DIVIDENDS (CONT'D)

	Group and Company	
	2014	2013
	$'000	$'000
Proposed but not recognised as a liability as at 31 March:		
After the end of the reporting period, the Directors proposed the following dividends:		
Final dividend of 2.0 cents per ordinary share* under the scrip dividend scheme, tax exempt (one-tier) (2013: 2.0 cents per ordinary share under the scrip dividend scheme, tax exempt (one-tier))	3,048	2,504

* The proposed dividends are in respect of all shares in issue, including the Bonus Shares pursuant to the Proposed Bonus Issue (Note 25)

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

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

28. COMMITMENTS AND CONTINGENCIES

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

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

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Within one year	6,394	5,311	526	484
After one year but not more than five years	7,398	9,911	2,103	1,933
More than five years	31,297	30,696	9,471	8,704
	45,089	45,918	12,100	11,121

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28. COMMITMENTS AND CONTINGENCIES (CONT'D)

(b) ***Capital expenditure***

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Authorised and committed	859	3,531	–	–
Share of joint venture's capital commitments	28	–	–	–
	887	3,531	–	–

(c) ***Contingent liabilities***

Corporate guarantees issued by the Company for bank facilities granted to subsidiaries	–	–	48,944	53,830
Guarantees issued to external parties	5,155	1,517	103	112

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

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

(d) ***Other commitments***

Financial support

The Company has provided letters of financial support to certain subsidiaries that it will not demand repayment of the amounts owing by such subsidiaries unless such repayment will not jeopardise the ability of these subsidiaries to meet their obligations as and when they fall due. The total amount owing from these subsidiaries is $68,179,000 (2013: $68,423,000).

NOTES TO THE FINANCIAL STATEMENTS

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29. INFORMATION BY SEGMENT ON THE GROUP'S OPERATIONS

(a) ***Operating segments***

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

(i) *Investment holding*

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

(ii) *Oilfield engineering*

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

(iii) *Engine systems*

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

(iv) *Neptune*

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

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

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

Transfer pricing between business segments are 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.

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

	Investment holding $'000	Engine systems $'000	Oilfield engineering $'000	Neptune $'000	Others $'000	Eliminations $'000	Note $'000	Per consolidated financial statements $'000
2014								
Revenue:								
External sales	186	48,894	104,604	159,646	–	–		313,330
Inter-segment sales	8,340	–	4,038	73	–	(12,451)	A	–
Total sales	8,526	48,894	108,642	159,719	–	(12,451)		313,330
Results:								
Interest income	6	42	1	229	–	–		278
Depreciation and amortisation	(450)	(1,229)	(3,999)	(4,651)	–	–		(10,329)
Allowance for inventory obsolescence	–	(239)	–	–	–	–		(239)
Write-back of allowance for impairment of trade receivables	–	47	664	251	–	–		962
Bad debts written-off	–	(24)	–	–	–	–		(24)
Finance costs	(5)	(174)	(724)	(2,007)	–	–		(2,910)
Segment profit/(loss) before tax and share of results of joint venture	13,220	2,237	30,685	5,852	(27)	(21,736)	B	30,231
Share of results of joint venture	–	–	105	–	–	–		105
Taxation	79	(394)	(3,308)	(1,766)	–	–		(5,389)
Assets and liabilities:								
Additions to non-current assets	955	804	4,399	10,336	–	–		16,494
Acquisition of non-current assets through business combination	–	–	16,588	–	–	–		16,588
Segment assets	12,112	28,112	126,452	100,064	1	–		266,741
Deferred tax assets								4,703
								271,444
Segment liabilities	(9,548)	(7,713)	(20,547)	(19,726)	(11)	–		(57,545)
Provision for taxation								(4,808)
Deferred tax liabilities								(2,608)
Bank borrowings and finance lease liabilities								(65,877)
								(130,838)

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For the financial year ended 31 March 2014

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

	Investment holding $'000	Engine systems $'000	Oilfield engineering $'000	Neptune $'000	Others $'000	Eliminations $'000	Note	Per consolidated financial statements $'000
2013 (Restated)								
Revenue:								
External sales	(104)	55,231	94,694	58,925	–	–		208,746
Inter-segment sales	6,964	–	2,290	–	–	(9,254)	A	–
Total sales	6,860	55,231	96,984	58,925	–	(9,254)		208,746
Results:								
Interest income	4	45	–	–	–	–		49
Depreciation and amortisation	(399)	(1,528)	(4,117)	(2,420)	–	–		(8,464)
Allowance for inventory obsolescence	–	(163)	(210)	–	–	–		(373)
Write-back of/(Allowance for) impairment of trade receivables	–	26	32	(321)	–	–		(263)
Bad debts recovered/ (written-off), net	–	6	–	(37)	–	–		(31)
Finance costs	(5)	(302)	(702)	(537)	–	–		(1,546)
Segment profit/(loss) before tax	24,562	3,526	26,692	(760)	(18)	(33,360)	B	(20,642)
Taxation	(157)	(989)	(2,799)	(58)	–	–		(4,003)
Assets and liabilities:								
Additions to non-current assets	214	716	1,885	1,337	–	–		4,152
Acquisition of non-current assets through business combination	–	–	–	(38,755)	–	–		(38,755)
Segment assets	17,409	33,225	95,620	105,720	2	–		251,976
Deferred tax assets								5,066
								257,042
Segment liabilities	(3,604)	(8,804)	(13,970)	(28,790)	(8)	–		(55,176)
Provision for taxation								(4,980)
Deferred tax liabilities								(2,552)
Bank borrowings and finance lease liabilities								(73,575)
								(136,283)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

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

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

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

	Group 2014 $'000	Group 2013 $'000
Unallocated corporate income	(35)	(23)
Allowance for impairment of intersegment receivables	–	389
Intersegment dividend income	(21,701)	(33,726)
	(21,736)	(33,360)

(b) ***Geographical segments***

	Singapore $'000	Australia $'000	Bahrain $'000	United Kingdom $'000	Indonesia $'000	Others $'000	Total $'000
2014							
External sales	111,711	155,754	8,455	37,410	–	–	313,330
Non-current assets	34,546	49,050	21,734	7,862	2,320	–	115,512
2013							
External sales	95,373	101,491	4,839	7,043	–	–	208,746
Non-current assets	26,670	39,076	22,749	8,135	–	23	96,653

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

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

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

For the financial years ended 31 March 2014 and 31 March 2013, there was no single external customer who contributed to 10% or more to the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

30. SUBSIDIARIES

The subsidiaries as at 31 March are:

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Effective interest in equity held by the Company	
			2014 $'000	2013 $'000	2014 %	2013 %
	Unquoted equity shares held by the Company					
i	MTQ Engineering Pte Ltd (Republic of Singapore)	Providing engineering and manufacturing services to the oil and gas industry (Republic of Singapore)	1,312	1,312	100	100
i	MTQ Equipment Rental Pte Ltd (Republic of Singapore)	Providing oilfield equipment rental services (Republic of Singapore)	5,678	5,678	100	100
i	MTQ Fabrication Pte Ltd (Republic of Singapore)	Providing oilfield fabrication services (Republic of Singapore)	37	37	100	100
i	Blossomvale Investments Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	– ♦	– ♦	100	100
i	Violetbloom Investments Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	– ♦	– ♦	100	100
i	Everfield Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	– ♦	– ♦	100	100
i	MTQ Binder Holdings Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	– ♦	–	100	–
ii	MTQ Engine Systems (Aust) Pty Ltd (Australia)	Sales and servicing of turbochargers and fuel injection parts and automotive performance parts (Australia)	5,295	5,295	100	100
ii	MTQ Holdings Pty Ltd (Australia)	Investment holding (Australia)	3,556	3,556	100	100
ii	MTQ Oilfield Services W.L.L. (Kingdom of Bahrain)	Service, manufacture and assemble oilfield equipment and related spare parts in the oil and gas industry (Kingdom of Bahrain)	7,045	4,796	99	99

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

30. SUBSIDIARIES (CONT'D)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Cost		Effective interest in equity held by the Company	
			2014 $'000	2013 $'000	2014 %	2013 %
	Unquoted equity shares held by the Company (Cont'd)					
ii	MTQ Castings Sdn Bhd (previously known as Metalock Castings Sdn Bhd) (Malaysia)	Inactive (Malaysia)	5,858	5,858	100	100
iv	Premier Sea & Land Limited (Hong Kong)	Investment holding (Hong Kong)	–	14,385	100	100
i	Premier Sea & Land Pte Ltd (Republic of Singapore)	Trading of oilfield industry materials and supplies machinery and equipment and rental of machinery and equipment (Republic of Singapore)	14,189	16,491	100	100
i	Pemac Pte Ltd (Republic of Singapore)	Manufacture of high pressure piping, general steel fabrication works repairing of oilfield equipment and fabrication of pressure vessels (Republic of Singapore)	2,306	5,476	100	100
			45,276	62,884		

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group	
			2014 %	2013 %
	Quoted equity shares held by a subsidiary			
ii	Neptune Marine Services Limited (Australia)	Investment holding (Australia)	86.82	85.27
	Unquoted equity shares held by the subsidiaries			
iii	Dynamic Turbocharger Services (Australia) Pty Ltd (Australia)	Inactive (Australia)	100	100
ii	MTQ Oilfield Services W.L.L. (Kingdom of Bahrain)	Service, manufacture and assemble oilfield equipment and related spare parts in the oil and gas industry (Kingdom of Bahrain)	100	100
i	Premier Estate Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

30. SUBSIDIARIES (CONT'D)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group 2014 %	2013 %
	Unquoted equity shares held by the subsidiaries (Cont'd)			
iii	Neptune Marine Services International Pty Ltd (Australia)	Investment holding (Australia)	86.82	85.27
ii	Neptune Asset Integrity Services Pty Ltd (Australia)	Providing a range of specialist access solutions for the provision of inspection, repair and maintenance services (Australia)	86.82	85.27
ii	Neptune Diving Services Pty Ltd (Australia)	Providing commercial diving and inspection, repair and maintenance services to the oil and gas, shipping, defence and marine infrastructure industries (Australia)	86.82	85.27
iii	Neptune Fabrication Services Pty Ltd (Australia)	Inactive (Australia)	86.82	85.27
iii	Neptune Subsea Engineering Pty Ltd (Australia)	Providing a range of specialist subsea engineering services to the oil and gas sector (Australia)	86.82	85.27
iii	Neptune Geomatics Pty Ltd (Australia)	Providing a range of hydrographic survey, geophysical and positioning services internationally to the oil and gas sector (Australia)	86.82	85.27
iii	Neptune Subsea Stabilisation Pty Ltd (Australia)	Design, manufacture, supply and install a range of pipeline stabilisation and protection systems (Australia)	86.82	85.27
iii	Allied Diving Services Pty Ltd (Australia)	Inactive (Australia)	86.82	85.27
iii	Neptune Delaware Holdings Inc (United States of America)	Investment holding (United States of America)	86.82	85.27
iii	Neptune Underwater Services (USA) LLC (United States of America)	Inactive (United States of America)	86.82	85.27
i	Neptune Asia Holdings Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	86.82	85.27
i	Neptune Marine Pacific Pte Ltd (Republic of Singapore)	Specialise in the provision of remotely operated vehicles (ROV) services and tooling solutions for both shallow and deepwater applications (Republic of Singapore)	86.82	85.27

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

30. SUBSIDIARIES (CONT'D)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group 2014 %	2013 %
	Unquoted equity shares held by the subsidiaries (Cont'd)			
i	Neptune Access IRM Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	86.82	85.27
i	Neptune Marine Offshore Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	86.82	85.27
i	Neptune Subsea Stabilisation Pte Ltd (Republic of Singapore)	Design, manufacture, supply and install a range of pipeline stabilisation and protection systems (Republic of Singapore)	86.82	85.27
ii	PT Neptune Subsea Stabilisation (Indonesia)	Design, manufacture, supply and install a range of pipeline stabilisation and protection systems (Indonesia)	86.82	85.27
ii	Submersible Technology Services Middle East S.P.C. (Kingdom of Bahrain)	Specialise in the provision of quality remotely operated vehicle (ROV) services and tooling solutions for both shallow and deepwater applications (Kingdom of Bahrain)	86.82	85.27
ii	Neptune Scotland Holdings Ltd (United Kingdom)	Investment holding (United Kingdom)	86.82	85.27
ii	Neptune Offshore Services Ltd (United Kingdom)	Providing a range of manufacturing solutions encompassing the design, manufacture, machining, assembly and testing of a wide range of equipment (United Kingdom)	86.82	85.27
ii	Neptune Subsea Engineering Ltd (United Kingdom)	Providing a range of specialist subsea engineering services internationally to the oil and gas sector(United Kingdom)	86.82	85.27
ii	Neptune ROV Services Holdings Ltd (United Kingdom)	Investment holding (United Kingdom)	86.82	85.27
iii	Neptune Deeptech Symons Ltd (United Kingdom)	Inactive (United Kingdom)	86.82	85.27
ii	Neptune ROV Services Ltd (United Kingdom)	Specialise in the provision of quality remotely operated vehicle (ROV) services and tooling solutions for both shallow and deepwater applications (United Kingdom)	86.82	85.27

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

30. SUBSIDIARIES (CONT'D)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group 2014 %	2013 %
	Unquoted equity shares held by the subsidiaries (Cont'd)			
ii	Neptune Subsea Services Sdn Bhd (Malaysia)	Providing a range of subsea inspection, repair and maintenance works (Malaysia)	86.82	85.27
i	Neptune ROV Services Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	86.82	85.27
ii	Submersible Technology Services Sdn Bhd (Malaysia)	Inactive (Malaysia)	86.82	85.27
ii	Neptune Marine Subsea Services Sdn Bhd (Brunei)	Providing a range of underwater and subsea works including diving, remotely operated vehicle services, underwater inspection, maintenance and repair services; and supply of subsea stabilisation products and services to the offshore industry (Brunei)	86.82	85.27
v	Binder Group Pty Ltd (Australia)	Design and manufacturing of proprietary and custom-built pipe support and pipe suspension solutions (Australia)	100	–
iii	Binder Engineering (VIC) Pty Ltd (Australia)	Inactive (Australia)	100	–
iii	Binder Engineering (QLD) Pty Ltd (Australia)	Inactive (Australia)	100	–
iii	Binder Engineering (NSW) Pty Ltd (Australia)	Inactive (Australia)	100	–
vi	Binder Asia Pte Ltd (Singapore)	Trading of proprietary and custom-built pipe support and pipe suspension solutions (Singapore)	100	–
iii	Binder Holdings Pte Ltd (Singapore)	Inactive (Singapore)	100	–

i Audited by Ernst & Young LLP, Singapore
ii Audited by member firms of Ernst & Young Global in their respective countries
iii Not required to be audited under the law in its country of incorporation
iv The entity has been liquidated on 21 February 2014
v Audited by PricewaterhouseCoopers LLP, Australia
vi Audited by Thong & Lim Consultants Pte Ltd
♦ The cost of investments in each of these subsidiaries is less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

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31. EMPLOYEE BENEFITS

MTQ Share Plan

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

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

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

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

The principal terms of the Share Plan are:

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

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

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

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

(ii) <u>Eligibility to participate in the Scheme</u>

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

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

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

(collectively known as the "Participants").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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31. EMPLOYEE BENEFITS (CONT'D)

MTQ Share Plan (Cont'd)

(iii) Grant of Awards

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

– the participants;

– the Award date;

– the number of fully paid ordinary shares which are the subject of the Award;

– the performance targets and the period during which the targets are to be satisfied;

– the extent to which the fully paid ordinary shares which are the subject of that Award shall be released on the prescribed performance targets being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;

– the vesting date; and

– any other condition as the Remuneration Committee may determine.

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

(iv) Operation of Share Plan

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

– issuing new ordinary shares of the Company as fully paid;

– delivering existing ordinary shares (including, to the extent permitted by law, treasury shares); and/or

– paying the aggregate market price in cash in lieu of allotment or transfer of some or all of the new or existing ordinary shares

No Awards have been granted nor released since the commencement date to the end of the financial year ended 31 March 2014 under the Share Plan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

31. EMPLOYEE BENEFITS (CONT'D)

Employee share option plans

MTQ Corporation Executives' Share Option Scheme 2003

The Group had in place the MTQ Corporation Executives' Share Option Scheme 2003 (the "Scheme") for granting of options that were 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 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"). The Scheme has expired on 13 April 2013.

Unlike the Previous Scheme, the Scheme, inter alia, allowed for the participation of executives who met the eligibility criteria but who were also controlling shareholders. Although the Previous Scheme and the Scheme have expired, any subsisting and outstanding share options granted under the Previous Scheme and the Scheme continue to be exercisable in accordance with the terms of the schemes.

The Previous Scheme and the Scheme were administered by the Remuneration Committee appointed by the Directors of the Company.

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

The principal terms of the Scheme are:

(i) Scheme Size and Duration

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

The duration of the Scheme was 10 years commencing from the date of its adoption, that is, 10 years commencing from 14 April 2003. The Scheme has expired on 13 April 2013.

Termination or expiry of the 2003 Share Option Scheme shall not affect options which have been granted before the termination and expiry of the Scheme, 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 were 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 SGX-ST; and

– subject to the conditions in the following paragraphs, Directors and employees of the Company and its subsidiaries who were controlling shareholders of the Company (as defined in the Listing Manual of the SGX-ST).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

31. EMPLOYEE BENEFITS (CONT'D)

Employee share option plans (Cont'd)

(ii) Eligibility to participate in the Scheme (Cont'd)

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

In respect of any person who was a Director or employee of the Company or its subsidiaries, and who was 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 was in force, except that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information was 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 was 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.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

31. EMPLOYEE BENEFITS (CONT'D)

Employee share option plans (Cont'd)

(v) Subscription Price

The subscription price for each share 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.

Only one of the controlling shareholders, namely, Mr Kuah Kok Kim, has been approved to participate in the Scheme.

There were no share options granted, exercised or cancelled during the financial year ended 31 March 2014 under the Previous Scheme and the Scheme. Share options granted, exercised and cancelled during the financial year ended 31 March 2013 and outstanding as at 31 March 2013 were as follows:

	No. of options						
Date of grant	**At 1.4.2012**	**Granted**	**Exercised**	**Lapsed/ cancelled**	**At 31.3.2013**	**Exercise price**	**Expiry date**
31.7.2003	30,000	–	(30,000)	–	–	$0.43	30.7.2013

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

Neptune's incentive option scheme

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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31. EMPLOYEE BENEFITS (CONT'D)

Neptune's incentive option scheme (Cont'd)

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

All options granted to key management personnel confer a right of one ordinary share in Neptune for every option held.

The number and weighted average exercise price of the options granted under the Neptune Scheme is as follows:

	Group			
	2014		**2013**	
	Number of Options	**Weighted Average Exercise Price A$**	**Number of Options**	**Weighted Average Exercise Price A$**
Outstanding at the beginning of the year/ date of acquisation	5,306,347	0.64	5,306,347	0.64
Granted during the year	–	–	–	–
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired during the year	(1,086,347)	0.85	–	–
Outstanding at the end of the year	4,220,000	0.48	5,306,347	0.64
Exercisable at the end of the year	4,100,000	0.48	5,171,350	0.64

The options outstanding at 31 March 2014 had a weighted average exercise price of A$0.48 (2013: A$0.64) and a weighted average remaining contractual life of 1.51 years (2013: 1.20 years). Exercise prices range from A$0.40 to A$0.51 in respect of options outstanding at 31 March 2014 (2013: A$0.01 to A$1.23).

In 2010, options issued were calculated by using a Binomial option pricing model applying the following inputs:

Date options issued	1/08/2010
Weighted average exercise price	A$0.58
Weighted average life of the option (years)	5.00
Underlying share price	A$0.28
Expected share price volatility	71%
Risk free interest rate	4.50%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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31. EMPLOYEE BENEFITS (CONT'D)

Neptune's long term incentive plan ("LTI")

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

During the period no additional rights were granted. A total of 22,088,354 LTI rights are still outstanding as at 31 March 2014.

The LTIs have contractual lives of four years with no cash settlement alternatives. LTI rights granted to two key management personnel were subject to accelerated vesting due to change of control during the previous financial year. All issued rights are now fully vested as a result of the acquisition by the Company. As the performance rights were issued during the takeover bid which was fixed at A$0.032 (current market price), the performance rights as such were valued at the bid price, as the share price is in this instance already determined.

Neptune's retention performance rights ("RPR")

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

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

No retention rights were granted during the year. During the year, Neptune bought back 7,182,074 of its unlisted rights at A$0.032 per right. The acquired unlisted rights were subsequently cancelled. 1,313,999 rights were cancelled as the relevant employees have resigned during the year. At 31 March 2014, 5,992,074 (2013: 14,488,147) rights remain outstanding.

Expenses relating to share-based payments

The total expenses recognised relating to the share-based payment transactions included within staff costs in the profit or loss amounted to $757,000 (2013: $100,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

32. RELATED PARTY DISCLOSURE

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

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place during the financial year on terms agreed by the parties concerned:

	2014 $'000	2013 $'000
Company		
Subsidiaries		
– Dividend income	21,701	19,355
– Consultancy and management fee income	4,244	3,086
– Rental income from investment properties	3,035	2,817
– Interest on loans	331	425

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

Key management personnel are defined as persons who have authority and responsibility for planning, directing and controlling the activities of the Group.

Details of their remuneration have been disclosed in Note 5(a).

No options have been granted to the Directors of the Company and the key management personnel during the financial year.

(c) ***Interested party transactions***

During the year, purchases made by a subsidiary of the Group from a company, in which a director has effective control, amounted to $122,000 (2013: Nil). There was no outstanding balance arising from these transactions as at 31 March 2014.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

The key financial risks faced by the Group include credit risk, foreign currency risk, liquidity risk and interest rate risk. The Board reviews and agrees policies and procedures for the management of these risks, which are executed by the key management personnel of the Group. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting, other than the hedge of net investment in foreign operations as disclosed in Note 35.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including quoted investment securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products and services are made to customers with appropriate credit history and has internal mechanisms to monitor the granting of credit and management of credit exposures. The Group has made allowances, where necessary, for potential losses on credits extended.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by:

– the carrying amount of each class of financial assets recognised in the balance sheets

– corporate guarantees provided by the Company for bank facilities granted to subsidiaries as at the end of the reporting period is $48,944,000 (2013: $53,830,000) (Note 28(c)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

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

Credit risk concentration profile

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

	Group			
	2014		2013	
	$'000	% of total	$'000	% of total
By country				
Singapore	16,451	21	16,525	21
Australia	29,664	38	41,383	52
Indonesia	2,998	4	2,837	4
Malaysia	4,694	6	3,034	4
Brunei	1,050	1	25	–*
Thailand	235	–*	470	1
India	592	1	177	–*
Vietnam	53	–*	1,551	2
United States	2,595	3	12	–*
Bahrain	619	1	2,461	3
United Kingdom	14,848	19	7,175	8
Saudi Arabia	1,922	3	1,472	2
Others	2,147	3	1,996	3
	77,868	100	79,118	100
By industry sectors				
Oil and gas	71,774	92	73,880	93
Automotive	3,746	5	4,641	6
Marine and shipping	624	1	180	–*
Mining	227	–*	417	1
Others	1,497	2	–	–
	77,868	100	79,118	100

* Less than 1%.

At the end of the reporting period, approximately 19% (2013: 38%) of the Group's trade receivables were due from five major customers who are leading providers of products and services to the global upstream oil and gas industry.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents and quoted investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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

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

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18 (Trade and other receivables).

(b) ***Foreign currency risk***

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD and Australian dollar (AUD). The foreign currencies in which these transactions are denominated are mainly United States dollars (USD), British Pounds (GBP), AUD and SGD. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures. As at 31 March 2014, approximately 38% (2013: 19%) of the Group's trade and other receivables and 31% (2013: 20%) of the Group's trade and other payables are denominated in foreign currencies.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The currency mix of the cash and cash equivalents of the Group and Company as at the end of the reporting period are set out in Note 19.

The Group enters into foreign exchange forward contracts and holds foreign currencies where appropriate, to hedge against its foreign exchange risk in anticipated purchase or sale transactions denominated in foreign currencies. The Group's treasury policy prescribes only "plain vanilla" 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 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. The Group has not engaged in foreign exchange hedging during the financial years ended 31 March 2013 and 31 March 2014, other than the hedge of net investment in foreign operations as disclosed in Note 35.

In addition to transactional exposure, the Group is also exposed to foreign currency exchange movements arising from its net investment in foreign operations. The Group does not have any formal policy with respect to such foreign currency exposure as its investments are long term in nature, and management of such foreign currency exposure is considered on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

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

Sensitivity analysis for foreign currency risk

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

	Group			
	2014		2013	
	Effect on profit before tax $'000	Effect on equity $'000	Effect on profit before tax $'000	Effect on equity $'000
USD				
– strengthened 3% (2013: 3%)	(194)	313	(316)	253
– weakened 3% (2013: 3%)	194	(313)	316	(253)
AUD				
– strengthened 3% (2013: 3%)	(165)	(1,048)	31	(1,117)
– weakened 3% (2013: 3%)	165	1,048	(31)	1,117
SGD				
– strengthened 3% (2013: 3%)	(6)	(64)	(56)	(55)
– weakened 3% (2013: 3%)	6	64	56	55
GBP				
– strengthened 3% (2013: 3%)	13	–	–	839
– weakened 3% (2013: 3%)	(13)	–	–	(839)

(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 f exibility by monitoring its net operating cash f ow through the review of its working capital requirements regularly, and maintaining an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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

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

Analysis of financial instruments by remaining contractual maturities

The tables below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period, based on contractual undiscounted repayment obligations:

	Total contractual cash flow $'000	**1 year or less $'000**	**1 to 5 years $'000**	**More than 5 years $'000**
Group				
2014				
Non-derivative financial liabilities				
Trade and other payables	(54,203)	(49,605)	(4,598)	–
Bank borrowings	(71,246)	(8,884)	(56,386)	(5,976)
Finance lease payable	(1,447)	(862)	(585)	–
Contractual undiscounted financial liabilities	(126,896)	(59,351)	(61,569)	(5,976)
2013				
Non-derivative financial liabilities				
Trade and other payables	(52,103)	(52,103)	–	–
Bank borrowings	(77,324)	(11,871)	(58,509)	(6,944)
Finance lease payable	(985)	(598)	(387)	–
Contractual undiscounted financial liabilities	(130,412)	(64,572)	(58,896)	(6,944)

	Total contractual cash flow $'000	**1 year or less $'000**	**1 to 5 years $'000**	**More than 5 years $'000**
Company				
2014				
Non-derivative financial liabilities				
Trade and other payables	(9,841)	(3,594)	–	(6,247)
Bank borrowings	(16,733)	(3,802)	(6,955)	(5,976)
Contractual undiscounted financial liabilities	(26,574)	(7,396)	(6,955)	(12,223)
2013				
Non-derivative financial liabilities				
Trade and other payables	(23,542)	(17,322)	–	(6,220)
Bank borrowings	(20,353)	(3,822)	(9,587)	(6,944)
Contractual undiscounted financial liabilities	(43,895)	(21,144)	(9,587)	(13,164)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

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

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

	Total contractual cash flow $'000	1 year or less $'000
Group		
2014		
Issued financial guarantees to external parties	5,155	5,155
2013		
Issued financial guarantees to external parties	1,517	1,517

	Total contractual cash flow $'000	1 year or less $'000
Company		
2014		
Issued guarantees for bank facilities utilised by subsidiaries	48,944	48,944
Issued financial guarantees to external parties	103	103
2013		
Issued guarantees for bank facilities utilised by subsidiaries	53,830	53,830
Issued financial guarantees to external parties	112	112

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

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

(d) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash f ows of the Group's financial instruments will f uctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its cash and bank balances placed with reputable banks as well as bank borrowings. Bank borrowings are contracted with the objectives of minimising interest burden by carefully evaluating the relative benefits between fixed rate and variable rate whilst maintaining an acceptable debt maturity profile.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the interest rates, with all other variables held constant:

	Effect on Group's profit before tax	
	2014	2013
	$'000	$'000
50 basis points increase (2013: 50 basis points increase)	(323)	(363)
50 basis points decrease (2013: 50 basis points decrease)	323	363

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's cash and cash equivalents, bank borrowings and finance lease payable where applicable. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

34. FINANCIAL INSTRUMENTS

Classification of financial instruments

	Note	Loans and receivables $'000	Financial liabilities at amortised cost $'000	Total $'000
Group				
2014				
Assets				
Receivables	16	3,766	–	3,766
Trade and other receivables	18	78,308	–	78,308
Cash and cash equivalents	19	37,432	–	37,432
Total financial assets		119,506	–	119,506
Total non-financial assets				151,938
Total assets				271,444
Liabilities				
Trade and other payables	20	–	(54,203)	(54,203)
Finance lease payable	21	–	(1,360)	(1,360)
Bank borrowings	22	–	(64,517)	(64,517)
Total financial liabilities		–	(120,080)	(120,080)
Total non-financial liabilities				(10,758)
Total liabilities				(130,838)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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34. FINANCIAL INSTRUMENTS (CONT'D)

Classification of financial instruments (Cont'd)

	Note	Loans and receivables $'000	Financial assets at fair value through profit or loss $'000	Financial liabilities at amortised cost $'000	Total $'000
Group					
2013					
Assets					
Investment securities	15	–	784	–	784
Receivables	16	1,590	–	–	1,590
Trade and other receivables	18	79,975	–	–	79,975
Cash and cash equivalents	19	40,911	–	–	40,911
Total financial assets		122,476	784	–	123,260
Total non-financial assets					133,782
Total assets					257,042
Liabilities					
Trade and other payables	20	–	–	(52,103)	(52,103)
Finance lease payable	21	–	–	(916)	(916)
Bank borrowings	22	–	–	(72,659)	(72,659)
Total financial liabilities		–	–	(125,678)	(125,678)
Total non-financial liabilities					(10,605)
Total liabilities					(136,283)

	Note	Loans and receivables $'000	Financial liabilities at amortised cost $'000	Total $'000
Company				
2014				
Assets				
Receivables	16	76,981	–	76,981
Trade and other receivables	18	15,362	–	15,362
Cash and cash equivalents	19	2,669	–	2,669
Total financial assets		95,012	–	95,012
Total non-financial assets				46,498
Total assets				141,510
Liabilities				
Trade and other payables	20	–	(9,841)	(9,841)
Bank borrowings	22	–	(15,573)	(15,573)
Total financial liabilities		–	(25,414)	(25,414)
Total non-financial liabilities				(350)
Total liabilities				(25,764)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

34. FINANCIAL INSTRUMENTS (CONT'D)

Classification of financial instruments (Cont'd)

	Note	Loans and receivables $'000	Financial liabilities at amortised cost $'000	Total $'000
Company				
2013				
Assets				
Receivables	16	60,406	–	60,406
Trade and other receivables	18	9,594	–	9,594
Cash and cash equivalents	19	6,809	–	6,809
Total financial assets		76,809	–	76,809
Total non-financial assets				63,791
Total assets				140,600
Liabilities				
Trade and other payables	20	–	(23,542)	(23,542)
Bank borrowings	22	–	(18,829)	(18,829)
Total financial liabilities		–	(42,371)	(42,371)
Total non-financial liabilities				(482)
Total liabilities				(42,853)

Fair values of financial instruments

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

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

Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability

There have been no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 March 2014 and 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

34. FINANCIAL INSTRUMENTS (CONT'D)

Fair values of financial instruments (Cont'd)

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

Determination of fair value

Quoted equity securities (Note 15): Fair value was determined by direct reference to their published market bid price at the end 31 March 2013.

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

Management has determined that the carrying amount of cash and cash equivalents (Note 19), trade and other receivables (Notes 16 and 18), trade and other payables (Note 20) finance lease payable (Note 21) and bank borrowings (Note 22) based on their notional amounts, reasonably approximate their fair values either due to their short-term nature or that they are f oating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(c) ***Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The fair value of non-current amounts due from/(to) subsidiaries (Notes 16 and 20) are not determinable as the timing of the future cash f ows arising from the repayment cannot be estimated reliably.

35. HEDGE ACCOUNTING

Hedge of net investments in foreign operations

Included in loans at 31 March 2014 was a borrowing of AUD30,000,000 (2013: AUD28,739,000), which has been designated as a hedge of the net investment in the Neptune Group and is being used to hedge the Group's exposure to foreign exchange risk on the investment. Gains or losses on the retranslation of this borrowing are transferred to equity to offset any gains or losses on translation of the net investments in the subsidiary. There was no ineffectiveness in the years ended 31 March 2014 and 31 March 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

(In Singapore dollars)

36. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings, sell assets or reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2014 and 31 March 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by net capitalisation. The Group includes within its net debt, bank borrowings and finance lease payable, less cash and cash equivalents. Net capitalisation refers to net debt plus shareholders' funds and non-controlling interests.

		Group	
	Note	**2014** **$'000**	**2013** **$'000** **(Restated)**
Bank borrowings	22	64,517	72,659
Finance lease payable	21	1,360	916
Less: Cash and cash equivalents	19	(37,432)	(40,911)
Net debt		28,445	32,664
Shareholders' funds		130,951	110,356
Add: Non-controlling interests		9,655	10,403
Net capitalisation		169,051	153,423
Net debt gearing ratio		17%	21%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 March 2014 and 31 March 2013.

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2014 were authorised for issue in accordance with a resolution of the Directors on 16 June 2014.

SHAREHOLDERS' INFORMATION

As at 10 June 2014

Issued and Fully Paid-Up Capital	:	S$ 34,347,076.86
Number of Issued Shares	:	127,009,416
Class of Shares	:	Ordinary Share
Voting Rights	:	One Vote Per Share

The Company does not have any Treasury Share as at 10 June 2014.

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 999	64	6.15	21,366	0.02
1,000 - 10,000	557	53.51	2,678,958	2.11
10,001 - 1,000,000	405	38.90	28,386,360	22.35
1,000,001 and above	15	1.44	95,922,732	75.52
	1,041	100.00	127,009,416	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 10 JUNE 2014

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Kuah Kok Kim	30,667,713	24.15	–	–
Maclean Investments Limited	22,359,565[1]	17.60	–	–
Tai Tak Securities Pte Ltd	10,680,786	8.41	–	–
Singapore Warehouse Company (Private) Ltd.	6,875,000	5.41	–	–
OCBC Trustee Limited	–	–	22,359,565[2]	17.60
Kurt Robert Malkolm Lindblad	–	–	22,359,565[2]	17.60
Tai Tak Estates Sdn Bhd	–	–	10,680,786[3]	8.41
SG Investments Pte Ltd	–	–	10,680,786[4]	8.41
Ho Han Leong Calvin	12,500	0.01	10,680,786[5]	8.41
Hwa Hong Corporation Limited	–	–	6,875,000[6]	5.41

1 Maclean Investments Limited ("Maclean") through its custodian, Bank of Singapore Nominees Pte Ltd, holds 22,359,565 shares in the Company.

2 OCBC Trustee Limited ("OTL") is the trustee of a trust known as The Limpa Trust ("the Trust") constituted by the Settlor, Mr. Kurt Robert Malkolm Lindblad. Maclean is the investment holding vehicle of the Trust and is 100% owned by OTL in its capacity as trustee of the Trust. OTL is deemed to be interested in the shares held by Maclean. Under the terms of the Trust, Mr. Kurt Robert Malkolm Lindblad is deemed to be interested in the shares that are held by Maclean.

3 Tai Tak Estates Sdn Bhd is deemed to be interested in shares held by Tai Tak Securities Pte Ltd by virtue of section 7 of the Companies Act.

4 SG Investments Pte Ltd is deemed to be interested in the shares held by Tai Tak Securities Pte Ltd by virtue of section 7 of the Companies Act.

5 Mr. Ho Han Leong Calvin is deemed to be interested in the shares held by Tai Tak Securities Pte Ltd by virtue of section 7 of the Companies Act.

6 Hwa Hong Corporation Limited is deemed to be interested in the shares held by Singapore Warehouse Company (Private) Ltd. by virtue of section 7 of the Companies Act.

Note:
The above percentage is calculated based on the Company's issued share capital of 127,009,416 shares.

SHAREHOLDERS' INFORMATION

As at 10 June 2014

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	KUAH KOK KIM	30,667,713	24.15
2	BANK OF SINGAPORE NOMINEES PTE. LTD.	22,359,565	17.60
3	TAI TAK SECURITIES PTE LTD	10,680,786	8.41
4	CITIBANK NOMINEES SINGAPORE PTE LTD	7,176,199	5.65
5	SINGAPORE WAREHOUSE CO PTE LTD	6,875,000	5.41
6	DBS NOMINEES (PRIVATE) LIMITED	3,976,398	3.13
7	KUAH BOON WEE	3,525,630	2.78
8	UOB KAY HIAN PRIVATE LIMITED	2,098,842	1.65
9	PETER LOCK HONG CHEONG	1,293,843	1.02
10	TAN KIM SENG	1,268,116	1.00
11	HSBC (SINGAPORE) NOMINEES PTE LTD	1,251,500	0.99
12	TAN BOON KHAI	1,249,993	0.98
13	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,208,009	0.95
14	KEPPEL INVESTMENT LTD	1,207,270	0.95
15	DB NOMINEES (SINGAPORE) PTE LTD	1,083,868	0.85
16	TAN KAH BOH ROBERT@ TAN KAH BOO	901,235	0.71
17	CHAN WING TO	733,867	0.58
18	PHILLIP SECURITIES PTE LTD	707,360	0.56
19	LI YAN	642,914	0.51
20	WANG HUA LEE	637,627	0.50
	TOTAL	**99,545,735**	**78.38**

PUBLIC FLOAT

As at 10 June 2014, approximately 41.32% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of MTQ Corporation Limited ("the **Company**") will be held at Carlton Hotel, Empress Ballroom 4, Level 2, 76 Bras Basah Road, Singapore 189558 on Friday, 25 July 2014 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 March 2014 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 2014. (2013: S$0.02 per ordinary share one-tier, tax-exempt).
[See Explanatory Note (i)] **(Resolution 2)**

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

   Mr. Kuah Kok Kim **(Resolution 3)**
   Mr. Nicholas Campbell Cocks **(Resolution 4)**

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

   Mr. Nicholas Campbell Cocks will, upon re-election as a Director of the Company, remain as a member of the Remuneration Committee. Mr. Nicholas Campbell Cocks will be considered as an Independent Director and will remain as the Lead Independent Director.

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

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

AS SPECIAL BUSINESS

6. To approve the payment of Directors' fees of S$320,000 (2014: S$300,000) for the financial year ending 31 March 2015, to be paid quarterly in arrears. [See Explanatory Note (ii)] **(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, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   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

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

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

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

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

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

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

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

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

That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to issue such number of shares in the Company as may be required to be issued pursuant to The MTQ Corporation Limited Scrip Dividend Scheme from time to time set out in the Circular to Shareholders dated 10 June 2004 and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iv)] **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to issue shares under The MTQ Share Plan**

That:

(1) pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised to grant awards ("Awards") in accordance with the provisions of the prevailing MTQ Share Plan ("the Share Plan") and to allot and issue and/or transfer and/or deliver from time to time such number of fully paid-up shares as may be required to be issued and delivered pursuant to the vesting of Awards under the Share Plan, provided that the aggregate number of new shares allotted and issued and/or to be allotted and issued pursuant to the Share Plan, when added to the aggregate number of shares issued or issuable under any other share schemes which may be implemented by the Company, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time; and

(2) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution; and

(3) such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (v)] **(Resolution 9)**

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

That:

(1) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("**Shares**") in the capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) on-market purchase(s) ("**Market Purchase**") on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

(a) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by shareholders in a general meeting;

(3) in this Resolution:

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

(a) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and

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

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

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

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

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

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

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. [See Explanatory Note (vi)] **(Resolution 10)**

By Order of the Board

Dominic Siu Man Kit
Company Secretary

26 June 2014

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

(i) The Directors have announced on 5 May 2014 via SGXNet that the MTQ Corporation Limited Scrip Dividend Scheme, adopted by the Company on 2 July 2004, shall apply to the final dividend of S$0.02 (one-tier, tax-exempt) per ordinary share for the financial year ended 31 March 2014.

(ii) The Ordinary Resolution 6 proposed in item 6 above, if passed, will authorise the Directors of the Company to pay Directors' fees for the financial year ending 31 March 2015 to Directors quarterly in arrears.

(iii) 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.

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

(iv) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company from time to time pursuant to the MTQ Corporation Limited Scrip Dividend Scheme to shareholders who, in respect of a qualifying dividend, have elected to receive shares in lieu of the cash amount of that qualifying dividend.

(v) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting, to grant awards under the MTQ Share Plan in accordance with the provisions of the MTQ Share Plan and to issue or transfer from time to time such number of fully-paid shares pursuant to the vesting of the awards under the MTQ Share Plan subject to the maximum number of shares prescribed under the terms and conditions of the MTQ Share Plan. The aggregate number of ordinary shares which may be issued pursuant to the MTQ Share Plan, all other share option scheme and any other shares scheme is limited to 15% of the total issued shares capital (excluding treasury shares) of the Company from time to time.

(vi) The Ordinary Resolution 10 proposed in item 10 above, if passed, will authorise the Directors of the Company from the date of the above meeting until the earliest of (i) the date on which the next AGM of the Company is held or required by law to be held, (ii) the date on which the purchases or acquisitions by the Company pursuant to this mandate are carried out to the full extent mandated; or (iii) the date on which the authority conferred by this mandate is varied or revoked by Shareholders in general meeting, to purchase or otherwise acquire issued ordinary shares in the capital of the Company by way of on-market purchases or off-market purchases of up to 10% of the total number of issued ordinary shares (excluding treasury shares) in the capital of the Company. For more information on this Resolution, please refer to the Appendix dated 26 June 2014, attached to this Annual Report.

NOTES:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. A Member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 182 Pandan Loop, Singapore 128373, not less than forty-eight (48) hours before the time fixed for holding the Meeting.

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MTQ CORPORATION LIMITED

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

PROXY FORM

(Please see notes overleaf before completing this Form)

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

I/We, ______________________________ (Name)

of ______________________________ (Address)

being a member/members of MTQ Corporation Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to the above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Carlton Hotel, Empress Ballroom 4, Level 2, 76 Bras Basah Road, Singapore 189558 on Friday, 25 July 2014 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 Financial Statements of the Company for the financial year ended 31 March 2014		
2	Payment of proposed final dividend		
3	Re-election of Mr. Kuah Kok Kim as a Director		
4	Re-election of Mr. Nicholas Campbell Cocks as a Director		
5	Re-appointment of Ernst & Young LLP as Auditors		
6	Approval of Directors' fees for FY2015 amounting to S$320,000		
7	Authority to issue shares		
8	Authority to issue shares under The MTQ Corporation Limited Scrip Dividend Scheme		
9	Authority to issue shares under The MTQ Share Plan		
10	Proposed renewal of the Share Buyback Mandate*		

* Voting on the Ordinary Resolution 10 for the proposed renewal of the Share Buyback Mandate will be conducted by way of poll. If you wish to exercise all your votes "For" or "Against", please mark a tick (✔) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________ day of ______________ 2014

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

____

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

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NOTES :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint a proxy or proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.
4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 182 Pandan Loop, Singapore 128373, not less than 48 hours before the time fixed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

GENERAL :

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

Fold along this line and glue overleaf

Affix
postage
stamp

The Company Secretary
MTQ Corporation Limited
182 Pandan Loop
Singapore 128373

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MTQ Corporation Limited

STRENGTHENING OUR CORE
GROWING OUR BUSINESSES

Website: www.mtq.com.sg

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