Annual Report 2018 / 2019

MTQ Corporation Limited

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 investment 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

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CORPORATE PROFILE

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 35 years and commitment to service quality, the Group is the authorised working partner for some of the world's largest OEMs in drilling equipment and is accredited to carry out manufacturing and repair works in accordance to American Petroleum Institute Standards.

MILESTONES

2018 Acquisition of Mid-Continent Equipment Group's business of supplying and distributing oilfield equipment and spares and incorporation of Mid-Continent Distribution Pte Ltd

2017 Acquisition of In-Line Valve, which is headquartered in United Kingdom and focused in the flow control valves for the upstream oil and gas industry

2016 Divestment of turbochargers and fuel injection businesses in Australia with the disposal of MTQ Engine Systems (Aust) Pty Ltd

2014 Expanded into design and manufacturing of proprietary and custom-built pipe support and pipe suspension through acquisition of Binder Group which has production facility in Indonesia

2012 Acquisition of Neptune Marine Services Limited located in Perth, which provides engineering services with a focus of subsea and topside services and has operational presence in the UK and Asia

2011 Acquisition of Premier Group located in Singapore, which repairs and manufactures oilfield equipment as well as supplies oilfield equipment and tools manufactured by some leading global brands

2009 Incorporated MTQ Oilfield Services W.L.L. in Bahrain to provide services to the oil and gas industry in Bahrain and Gulf states

2003 Metalock (Singapore) Limited (originally known as Metalock (Singapore) Pte Ltd) renamed to MTQ Corporation Limited and expanded into fuel injection business in Australia

2002 Divestment of marine related businesses

1999 Listed on SGX Mainboard and expanded into sales and repair of turbochargers business in Australia

1988 Listed on SGX SESDAQ

1969 Metalock (Singapore) Pte Ltd was incorporated as private limited company in Singapore and subsequently embarked on oilfield engineering, fabrication and equipment rental businesses

1959 Commenced operations in Singapore as Metalock (Far East) Ltd to set up a branch specialising in repairs of marine equipment

OUR SERVICES

With the combined engineering capabilities of our accredited facilities at MTQ Engineering, Bahrain, Pemac, Binder Group and In-Line Valve, we are able to offer complete manufacturing, repair and refurbishment services to the oil and gas industry. Our services include:

- Supply of oilfield equipment
- 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
- Design, engineering, assembly and testing of flow control valves

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 equipment and spares handling tools
- BOP pressure test units and torque tools
- Valves, including safety and drilling diverter valves
- Mud pumps
- Drillpipe protectors
- Safety equipment
- Pipeline products

Our key certifications include:

- API Q1, 5CT, 6A, 7K, 8C, 16A, 16C, 7-1
- ISO 9001:2005
- ISO 14001:2015
- OHSAS 18001:2007
- AS/NZS 4801:2001

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:

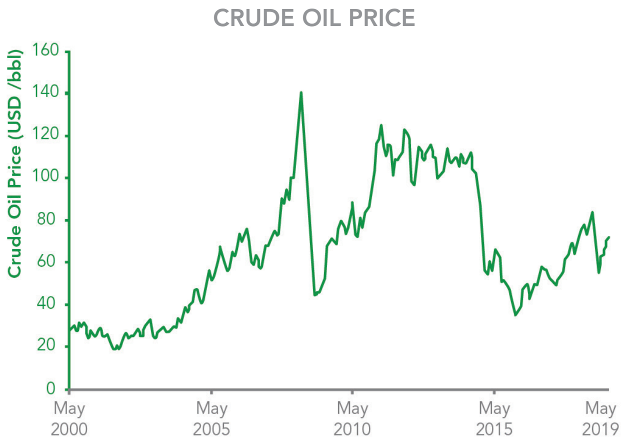
- Diving services
- Asset integrity services
- Positioning geophysical and geotechnical services
- Underwater welding
- Subsea engineering
- Subsea stabilisation
- ROV services
- Manufacturing, assembly and testing

MESSAGE FROM THE CHAIRMAN AND GROUP CEO

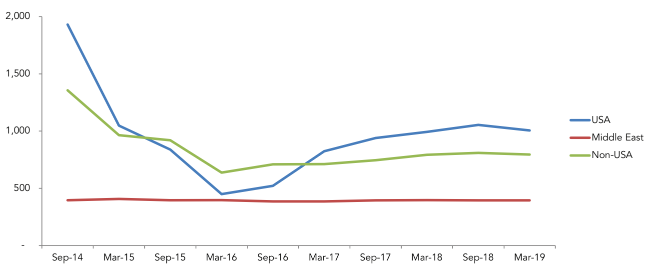
Dear Shareholders,

OVERVIEW

For the financial year ended 31 March 2019, MTQ Group ("MTQ" or "the Group") recorded revenue of S$130.9 million, an increase of 17.0% from the previous year. The increase in overall revenues was recorded entirely in the second half. The total loss for the year narrowed substantially to S$5.3 million, with the second half of the year recorded a modest profit.



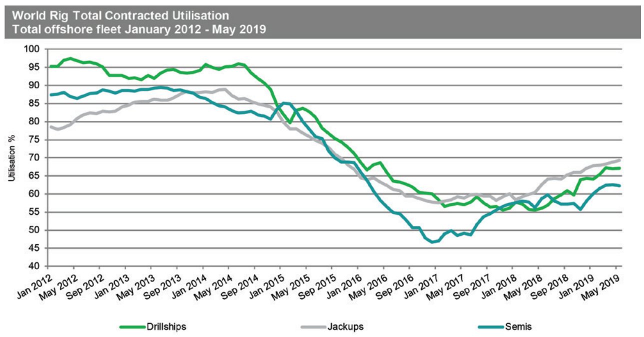
The oil price has been trending within the same range for most of the year with supply and demand factors driving sentiment. At such levels, oil companies do have a core level of profitability and their results reflect a sound operating environment for drilling and exploration. We have seen more expenditure in this space and we expect this trend to continue as long as oil prices stay resilient.



The chart above analyses the number of drilling rigs that have been deployed over various time points since 2014. You will see that the number of drilling rigs in operation in the last twelve months has been broadly maintained, with some decline in the US numbers. Shale continues to be a prominent feature of the producer landscape with US majors like Exxon and Chevron investing heavily in this area in recent times. Elsewhere, drilling activity has continued its gradual recovery with higher rig inquiries in the Middle East and Asia likely to improve utilisation moving ahead. Subsea drilling is recovering but the pace of recovery since 2016 remains modest.

The tendering outlook facing asset owners is more encouraging but also remains competitive. What this seems to suggest is that for the immediate future, as reinvestment in the drilling and exploration space grows, lower cost, lower risk projects will be more attractive than the longer cycle mega projects of the past. We noted that we have seen investment in existing fields drive growth. This phase will be followed by progressively larger investments as existing reserves diminish but the pace of such activity will be hard to predict.

For service companies like us, there was a noticeable pick up in customer inquiry from the middle of 2018, with drilling asset owners and oil companies starting to reactivate their drilling and production programs. Original Equipment Makers ("OEMs") have also increased their manufacturing activities. However, many asset owners and other players remain constrained by balance sheet woes and low charter rates. One of our challenges is to manage increased activity and the resulting working capital requirements moving ahead.



Source : IHS Petrodata World Rig Forecast : Short Term Trends May 2019

This past year has been one of consolidation and preparing for better markets while maintaining our balance sheet strengths. We have focused on diversifying our customer base towards more OEMs and drilling asset owners in both Bahrain and Singapore, we have also looked to improving our product and service offerings on the back of some of our recent investments in valves and handling tools. We made a modest investment in Mid-Continent Distribution out of Singapore to bolster our trading and agency business. In Neptune, we worked closely with Australian-based customers as they increased their investments in Australia and positioned ourselves as the local operator of choice.

MESSAGE FROM THE CHAIRMAN AND GROUP CEO

Following our S$12.1 million proceeds from the Right cum Warrants Issue exercise in April 2018, we currently are in a strong financial position as at 31 March 2019 with gross bank debt of S$22.0 million and gross cash of S$19.8 million. Our net gearing is modest at 2.9%. We continue to trim our borrowings and have minimum loan repayments to be made in this coming year. We want to thank our shareholders and our corporate bankers for their support through this period. The likelihood that any recovery will be modest this year compels us to take a prudent approach in conserving our cash resources.

BUSINESS REVIEW

Summary

For the year, the Oilfield Engineering division recorded external revenues of S$47.5 million, an increase of 15.6%. Singapore revenues strengthened significantly on the back of increased customer inquiries. Bahrain also recorded an improvement in revenues on the back of greater upstream activity. The Binder pipe support business recorded a lower volume for the year as downstream investment remains muted. The Neptune Marine division recorded a modest overall increase in revenue on the back of several projects in the second half of the year.

The Oilfield Engineering division recorded a modest operating profit, which is encouraging, overall margins also improved. The Neptune Marine division's losses narrowed significantly in the year. Combined, modest divisional losses before corporate overheads were recorded. The Group recorded positive EBITDA for the financial year on the back of a stronger second half.

Oilfield Engineering – Returning to profitability

The Oilfield Engineering business comprises our engineering facilities in Pandan Loop and Loyang in Singapore, our facility in Bahrain and the Binder Group with a manufacturing facility in Jakarta, Indonesia.

In Singapore, current levels of overall utilisation are higher and have been sustained since mid-year. Contract manufacturing opportunities from OEMs deploying more exploration assets in oilfields have boosted divisional revenues. Essential maintenance from drilling customers has also helped our overall repair market.

Our trading and agency businesses also improved this year. Multiple rig activations by a new drilling player boosted trading revenues. The market for new oilfield handling tools remains muted but is also showing encouraging signs of recovery as customers absorb the remaining capital assets from the asset ordering cycle which ended in 2014. We anticipate an increase in such needs.

The Middle East market is the current centre for international drilling and exploration. Our OEMs customer base continues to provide a stable baseload of repair work. We have capitalised on opportunities to work with drilling contractors expanding their presence in the market for repair and manufacturing. Equipment upgrading by our customers has also contributed to more opportunities. We recorded another year of profitability in Bahrain and the outlook there continues to remain positive. Finding and retaining the experienced manpower needed to maximise yields is an imperative for the moment. Business costs have also risen in Bahrain in the form of higher local charges, including the introduction of the goods and services tax and reduced subsidies for local utilities.

For our pipe support activities, overall revenues for the year were disappointing and hit a recent annual low. New plant activities and inquiries are improving but conversion into orders remains an issue. Pricing from contractors continues to remain competitive, however, overall losses remain modest. Our immediate focus is on maintenance opportunities in Indonesia and Australia as well as new projects in other sectors such as power generation.

For the division, this has been a year of recovery and improvement in yields. Our focus is on capturing more business in line with business recovery and to utilise the areas of improvement in our operational processes we have made in recent years.

Neptune Marine – A better year and more optimism ahead

Neptune recorded higher revenues for the year of S$83.4 million, up by 17.8% and narrowed overall post-tax losses to S$2.9 million. Neptune recorded a modest profit in the second half of the year. The bulk of the recovery came from higher survey revenues in Australia and engineering revenues in the UK. Remotely Operated Vehicles ("ROVs") utilisation was steady during the year but yields remain low. The outlook re Australian expenditure in drilling and exploration is improved from a year ago and augurs well.

We see encouraging signs that development expenditure will continue to grow in both Australia and the UK. While the Middle East area remains an important international market, we decided that it was hard to maintain a base there for our limited offerings of ROVs and have chosen to relocate all our assets to Singapore. Our focus will be to support the international operators out of Australia, the UK and SE Asia, with the focus on maintenance and other service-related opportunities. At the same time, vessel charter rates remain quite depressed and this dampens overall sentiment in the subsea service space. We continue to work closely with vessel owners to see how we can be more successful in improving our service offerings.

MESSAGE FROM THE CHAIRMAN AND GROUP CEO

Overall, our Oilfield Engineering and Neptune Marine businesses are on the recovery path with the former ahead in the cycle but the latter also improving. Nonetheless, as we had previously mentioned, recovery will be a gradual process. The asset space, be it drilling or general support assets, continues to work through the significant investment in new assets leading up to 2014. We remain committed to our strategy of developing a more comprehensive range of services, both geographically and functionally, so that our potential work scopes with our oil and gas customers can increase.

People and Safety

The Group continues to focus on improving its safety performance. Minimal incidents were noted, though a significant injury in Bahrain in the new financial year was a setback. Reinforcing the safety mindset at work is a constant effort and safety awareness remains important. Regular reporting on workplace safety is now practiced. Education and training remain important areas of emphasis.

The overall employees in the Group have decreased modestly, but front line operating staff numbers have increased. Our challenge particularly in Singapore and Bahrain is that we continue to rely on foreign workers to helm frontline workshop positions in machining, welding and fitting. Finding experienced staff in our industry is always a challenge and we continue to invest in training and retention of all staff. At the same time, technology will also drive productivity improvements, particularly in corporate areas. Finding the right people is a permanent challenge.

The total staff strength for the Group is about 861, broken down by geographical segments as follows:

Country	Headcount as at 31 March 2019	Headcount as at 31 March 2018
Singapore	202	188
Bahrain	145	141
Australia and UK	150	162
Indonesia (Neptune)	7	11
Indonesia - JV	357	366
	861	**868**

Our Thanks

We want to thank the support of all the people who work for MTQ Group. We also want to thank all shareholders who have supported the Group through recent years, with scant reward for their efforts.

Current oil prices support an improved drilling and exploration environment even if renewable sources of energy continue to grow. We remain focused on our customers and our employees, and to work positively towards delivering better services in better markets. We are encouraged that the Group was modestly profitable in the quarter ended 31 March 2019. We hope we can build on that into this current financial year and continue to improve our operating performances. We will also work closely with our banks and look to explore new opportunities in the year ahead.

KUAH KOK KIM
Chairman

KUAH BOON WEE
Group Chief Executive Officer

BOARD OF DIRECTORS

KUAH KOK KIM Chairman

Mr. Kuah joined the Board on 1 January 1997, was appointed as Executive Chairman on 9 September 1997 and was the Chief Executive Officer of the Group until 30 June 2010. He was re-designated to Non-Executive Chairman on 1 October 2012 and was last re-appointed as Director at MTQ's Annual General Meeting on 29 July 2016. 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 27 July 2018. 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 on 1 October 2010 and was last re-elected as Director at MTQ's Annual General Meeting on 28 July 2017. He was appointed as Lead Independent Director on 6 May 2013 and is also a member of the Nomination and 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.

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 2018. He was appointed as Chairman of the Audit Committee on 1 August 2012. A UK qualified chartered accountant, Mr. Chew is currently the Executive Chairman of Khong Guan Limited. Mr. Chew also serves on the board of several other listed companies.

HO HAN SIONG CHRISTOPHER Non-Executive; Non-Independent Director

Mr. Ho joined the Board on 30 October 2007 and was last re-elected as Director at MTQ's Annual General Meeting on 29 July 2016. 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 28 July 2017. He is Chairman of the Nomination and 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 is an independent director of Hwa Hong Corporation Limited and also a non-executive director of Asia Commercial Bank (Vietnam).

ONG ENG YAW Independent Director

Mr. Ong joined the Board on 28 October 2016 and was appointed as a member of the Nomination and Remuneration Committee on the same date. He was last re-elected as Director at MTQ's Annual General Meeting on 28 July 2017. Mr. Ong graduated with a Bachelor of Laws (Second Class Upper Division) from University College London and holds a Master of Science (Investment Management) from the Cass Business School and a Master of Business Administration from INSEAD. Mr. Ong currently holds the position of Senior Vice President (Real Estate) at Hwa Hong Corporation Limited.

SENIOR MANAGEMENT

CORPORATE OFFICE

TAN LEE FANG
Group Financial Controller and Company Secretary

Ms. Tan joined the Group in 2014 and was holding the position of Financial Controller prior to her appointment as Group Financial Controller and Company Secretary with effect from 31 December 2017. She is responsible for the Group's financial and management reporting, taxation and corporate secretarial functions. Ms. Tan has more than 15 years of experience working in a listed company and in an audit firm. She holds a Bachelor of Accountancy (Honours) degree and is a member of the Institute of Singapore Chartered Accountants.

OILFIELD ENGINEERING DIVISION

VINCENT TAN
Managing Director – MTQ Engineering Pte Ltd

Mr. Tan holds a Masters of Business Administration with Distinction from University of Louisville at Kentucky, USA, and a Bachelor of Mechanical Engineering (Honours) from Nanyang Technological University. He joined MTQ Engineering Pte Ltd in June 2012. Mr. Tan has over 16 years of 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 and Mid-Continent Distribution Pte Ltd

Mr. Hortin has extensive experience and technical knowledge of the offshore and onshore 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 drilling industry and expanding international sales.

SUMARDI BIN SIDI
Managing Director – Pemac Pte Ltd

Mr. Sidi has over 32 years of experience in repair, manufacturing and remanufacturing of API Product Specification (5CT, 7-1, 6A, 16A and 16C) servicing drilling contractors in the region. He has extensive knowledge and experience in quality control and assurance. He is a Certified Welding Inspector with the American Welding Society.

ASIF SALIM VORAJEE
General Manager – MTQ Oilfield Services W.L.L.

Mr. Vorajee holds a Master of Engineering (Honours) in Mechanical Engineering. He joined MTQ Oilfield Services W.L.L. in January 2012 and has more than 10 years of experience in mechanical engineering with extensive knowledge in API repair, manufacturing and remanufacturing in the drilling industry. Mr. Vorajee is responsible for the oilfield engineering business located in Bahrain.

NEPTUNE DIVISION

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 and has lived and worked in the UK, Norway, Netherlands, South Africa and Australia. 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.

GROUP STRUCTURE

(as at 3 June 2019)

MTQ Corporation Limited

- 100.0% MTQ Engineering Pte Ltd
- 99.0% MTQ Oilfield Services W.L.L. 1.0%
- 100.0% MTQ Equipment Rental Pte Ltd
- 100.0% MTQ Fabrication Pte Ltd
- 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% Mid-Continent Distribution Pte Ltd
- 100.0% Pemac Pte Ltd
- 100.0% Blossomvale Investments Pte Ltd
  - 87.1% 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 Offshore Services (PNG) Ltd
    - 100.0% Neptune Asia Holdings Pte Ltd
      - 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 0.1%
      - 100.0% Neptune Subsea Stabilisation Pte Ltd
      - 1.0% PT Neptune Subsea Stabilisation 99.0%
    - 100.0% Neptune Scotland Holdings Ltd
      - 100.0% Neptune Offshore Services Ltd
      - 100.0% Neptune Subsea Inc
      - 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
  - 100.0% Binder Group Pty Ltd
    - 100.0% Binder Asia Pte Ltd
    - 90.0% Binder Holdings Pte Ltd 10.0%
      - 50.0% PT Binder Indonesia
- 66.7% In-Line Valve Company Limited
- 66.7% In-Line Valve ME Limited

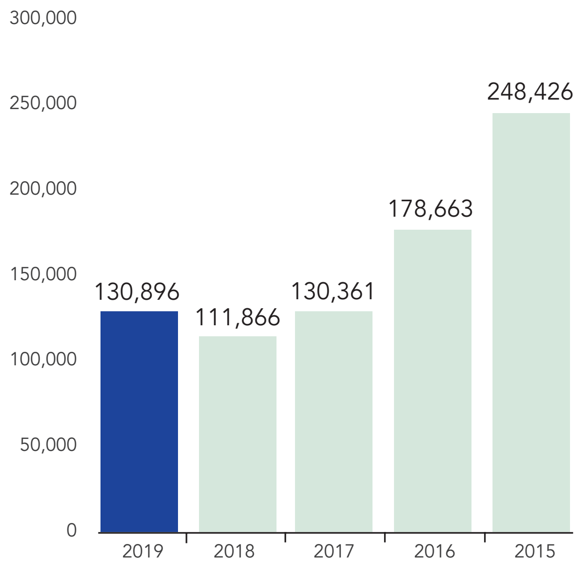
FIVE-YEARS FINANCIAL PROFILE

	2019	2018	2017	2016	2015
FOR THE YEAR (IN S$'000)					
Revenue[1]	130,896	111,866	130,361	178,663	248,426
EBITDA[2]	3,299	(10,167)	(6,464)	5,523	31,087
(Loss) / Profit before tax[1,2]	(4,801)	(19,003)	(20,589)	(11,401)	13,859
(Loss) / Profit after tax[2]	(5,271)	(17,784)	(16,206)	(6,764)	12,302
(Loss) / Profit attributable to owners of the Company[2]	(4,905)	(16,337)	(15,133)	(6,719)	11,849
AT YEAR END (IN S$'000)					
Net current assets	39,608	32,950	65,293	66,444	82,389
Total assets	129,337	111,136	171,798	198,092	256,405
Total liabilities	55,567	44,446	71,826	84,718	118,055
Net debt[3]	2,215	11,875	10,333	19,120	16,297
Shareholders' funds	70,700	63,186	93,945	105,664	128,960
Net tangible assets[4]	64,909	58,246	83,392	90,028	106,920
FINANCIAL RATIOS					
Return on shareholders' funds (%)[2,5]	(6.94)	(25.86)	(16.11)	(6.36)	9.19
Interest cover	3.43	(12.77)	(4.90)	2.96	13.95
(EBITDA / Net interest expense)[2,6]	times	times	times	times	times
Net debt gearing ratio (%)[7]	2.92	15.11	9.37	14.43	10.54
PER SHARE DATA					
Basic (loss) / earnings (in Singapore cents)[2,8]	(2.30)	(10.57)	(9.80)	(4.35)	7.73
Net tangible assets (in Singapore cents)[9]	30.01	37.70	53.97	58.32	69.19
Net asset value (in Singapore cents)[10]	32.68	40.89	60.80	68.45	83.46
Dividend (in Singapore cents)	–	–	–	–	4.00
Dividend payout ratio (%)[11]	–	–	–	–	122.32

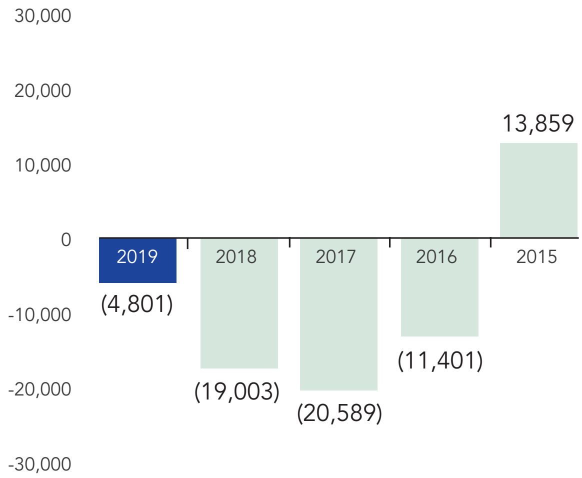
1 *Excluding discontinued operation's statistic.*
2 *Excluding the impacts of impairments in goodwill and property, plant and equipment as well as write-off of deferred tax assets.*
3 *Net debt is defined as gross debt less cash and bank balances.*
4 *Net tangible assets is defined as shareholders' funds less intangible assets and goodwill.*
5 *Return on shareholders' funds is defined as (loss)/profit attributable to owners of the Company divided by shareholders' funds.*
6 *Net interest expense refers to interest expense less interest income.*
7 *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.*
8 *Basic (loss) / earnings per share is defined as (loss) / profit attributable to owners of the Company divided by weighted average number of issued shares.*
9 *Net tangible assets per share is defined as net tangible assets divided by total number of issued shares excluding treasury shares.*
10 *Net asset value is defined as shareholders' funds divided by total number of issued shares excluding treasury shares.*
11 *Dividend payout ratio is defined as dividend per share paid/payable in respect of the financial year divided by the basic earnings per share.*

FIVE-YEARS FINANCIAL PROFILE

REVENUE (S$'000)

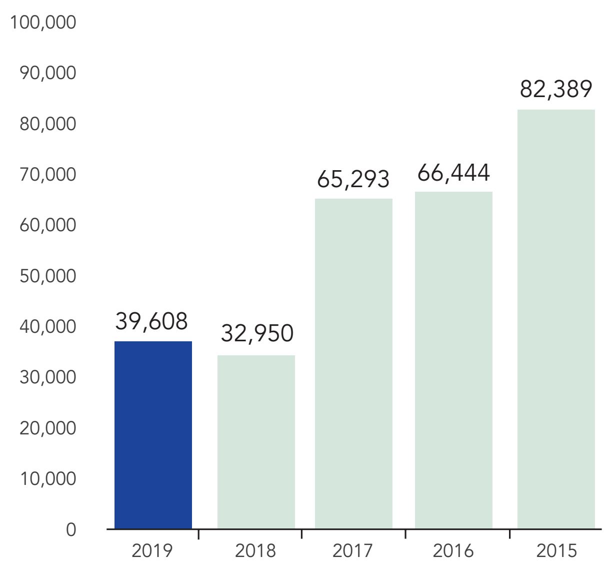


(LOSS) / PROFIT BEFORE TAX (S$'000)

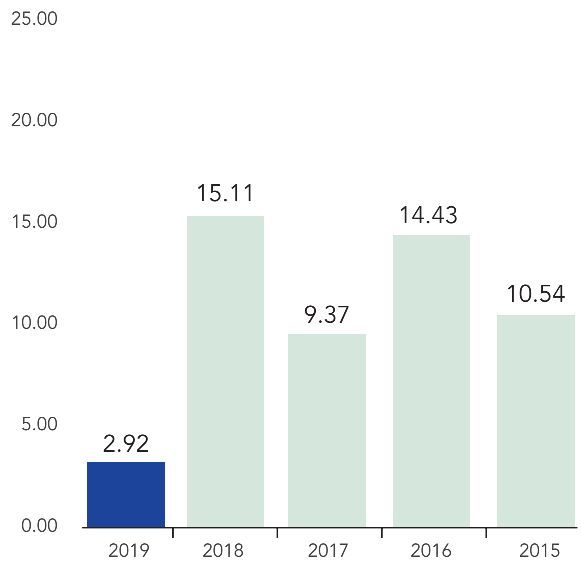


Excluding impairments of goodwill and fixed assets as well as write-off of deferred tax assets.

NET CURRENT ASSETS (S$'000)



NET DEBT GEARING RATIO (%)



FINANCIAL REVIEW

REVENUE

In the financial year ended 31 March 2019 ("FY2019"), the Group recorded revenue of S$130.9 million, an increase in revenue by S$19.0 million or 17.0% from S$111.9 million recorded in financial year ended 31 March 2018 ("FY2018").

The increase is due to the higher revenue recorded from all segments. Oilfield Engineering continued to build on the positive trend from a year ago while the Neptune segment registered good growth in the second half despite a slow start to the financial year.

While the results trend positively and enquiry levels remain healthy, much remains to be done as uncertainties persist in the business environment.

PROFIT

Overall gross profit increased by 63.3% to S$28.2 million in FY2019, in line with higher revenue, with gross profit margin improved from 15.4% to 21.5%.

Excluding the one-off impairment in goodwill in FY2018, the Group's staff costs and other operating expenses decreased slightly mainly due to its cost rationalisation measures taken a year ago. The reduction in these costs should taper off as activities pick up.

Finance costs increased by 24.2% to S$1.0 million in FY2019 mainly due to the higher interest rate and stronger United States Dollars during the year.

The Group's tax expense decreased by S$4.6 million or 90.8% as compared to FY2018 largely due to the absence of write-off of deferred tax assets of S$6.3 million recorded.

Overall, the Group narrowed the year-to-date loss after tax from S$29.6 million a year ago to S$5.3 million in FY2019.

BALANCE SHEET

Net assets increased by S$7.1 million or 10.6% to S$73.8 million, mainly due to the S$12.1 million net proceeds from the Rights cum Warrants Issue exercise received.

Total bank borrowings and finance lease payables decreased slightly due to the quarterly repayment of a loan facility. Including the effect of exchange rate movements, total bank borrowings and finance lease payables decreased from S$22.6 million to S$22.0 million as at 31 March 2019.

Overall, shareholders' funds amounted to S$70.7 million as at 31 March 2019, an increase of 11.9% from a year ago.

DIVIDENDS

No dividend has been proposed for the financial year ended 31 March 2019 to maintain a prudent balance sheet and conserve cash.

CASHFLOWS

The Group generated operating cash flows of S$4.2 million on the back of an improvement in activities across all segments within the Group.

Capital expenditure in FY2019 comprised mainly maintenance expenditure. Including the payment for the acquisition of Tranche 2 Shares of In-Line Group and the acquisition of the trading, oilfield equipment and spares business from Mid-Continent Equipment Group Pte Ltd during the year, the Group used S$5.6 million cash in investing activities during FY2019.

Cash flows within the financing activities were mainly quarterly committed repayment of bank borrowings during the year amounting to S$1.0 million, and S$12.1 million proceeds from the Rights cum Warrants Issue exercise.

Overall, cash balances increased by S$9.1 million to S$19.8 million as at 31 March 2019.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Total bank borrowings and finance lease payables decreased by 2.7% to S$22.0 million as at 31 March 2019 and net debt position decreased by 81.3% to S$2.2 million. Consequently, net gearing ratio decreased from 15.1% to 2.9% during FY2019.

The capital of the Company remained unchanged during the financial year except for the Rights cum Warrants Issue exercise that the Group undertook to strengthen its financial position during this prolonged downturn. The capital raising exercise was completed in April 2018.

FINANCIAL AND CORPORATE CALENDAR

2019

24 July	FY2019 Annual General Meeting
25 June	Despatch of Annual Report and Notice of AGM for FY2019
13 May	Full year FY2019 results announcement
25 March	Winding up by way of de-registration of a wholly-owned subsidiary, MTQ Castings Sdn Bhd
29 January	Third quarter FY2019 results announcement

2018

31 October	Second quarter FY2019 results announcement
10 August	Acquisition of Mid-Continent Equipment Group's trading, oilfield equipment and spares business
6 August	Incorporation of a wholly-owned subsidiary, Mid-Continent Distribution Pte Ltd
27 July	FY2018 Annual General Meeting
26 July	First quarter FY2019 results announcement
27 June	Despatch of Annual Report and Notice of AGM for FY2018
20 June	Notice of 3 consecutive years' losses
14 May	i) Full year FY2018 results announcement ii) Use of Net Proceeds from Rights cum Warrants Issue
18 April	Listing and quotation of Rights Shares and Warrants in respect of the Rights cum Warrants Issue
17 April	Results of the Rights cum Warrants Issue

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
Ho Han Siong Christopher	Non-Executive; Non-Independent Director
Huang Yuan Chiang	Independent Director
Ong Eng Yaw	Independent Director

AUDIT COMMITTEE

Chew Soo Lin Chairman
Ho Han Siong Christopher
Huang Yuan Chiang

NOMINATION & REMUNERATION COMMITTEE

Huang Yuan Chiang Chairman
Nicholas Campbell Cocks
Ong Eng Yaw

COMPANY SECRETARY

Tan Lee Fang

REGISTERED OFFICE

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REGISTRAR

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50 Raffles Place #32-01
Singapore Land Tower
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Telephone: (65) 6536 5355
Facsimile: (65) 6536 1360
Website: www.boardroomlimited.com

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Limited
Australia and New Zealand Banking Group Limited

AUDITOR

Ernst & Young LLP
Public Accountants and Chartered Accountants
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Singapore 048583

PARTNER-IN-CHARGE

Tan Seng Choon
(since financial year ended 31 March 2016)

INVESTOR RELATIONS

Email: investorrelation@mtq.com.sg

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Email: kkkuah@mtq.com.sg

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

Tan Lee Fang Group Financial Controller / Company Secretary
Email: leefang@mtq.com.sg

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MTQ EQUIPMENT RENTAL PTE LTD

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CONTACT:

Vincent Tan Managing Director
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PEMAC PTE LTD
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DARWIN

9 & 10 Fisherman's Wharf Frances Bay, Darwin, 0800
Telephone: (61) 8 8946 9300 / Facsimile: (61) 8 8946 9333

MELBOURNE

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FINANCIAL REPORT

SUSTAINABILITY REPORT

OVERVIEW OF REPORT

This Sustainability Report is the second sustainability report of the Group, and covers material sustainability matters that are important to the businesses and key stakeholders.

This report is prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option and the SGX-ST Listing Rule 711(A), 711(B) and the guidance set out in the Practice Note 7.6. We have adopted the GRI for its robust regime and detailed guidance on the disclosure and also a globally recognised sustainability reporting framework. Our data is reported in good faith and to the best of our knowledge.

The Group has not obtained any independent assurance of the information being reported. Feedback from all stakeholders is welcome and can be sent to sustainability@mtq.com.sg.

BOARD STATEMENT

Sustainability is a part of Company's wider strategy to create long term value for all its stakeholders. While the Group prepares its second report in accordance with the SGX-ST Listing Rules, its efforts are a work-in-progress which we seek to continually improve upon over time. This year's report addresses the activities and measurements in the financial year ended 31 March 2019 (the "reporting period") and tracks progress against prior's where applicable.

The key material environmental, social and governance factors for MTQ have been identified by the management and reviewed by the Board of Directors of the Group (the "Board"). The Board oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group's strategic direction and policies.

SUSTAINABILITY APPROACH

Our approach to sustainability remains as set out in our FY2018's report: guided by the overall MTQ's mission to provide our customers service quality, our employees job satisfaction and our shareholders return on their investment at a level which meets and surpasses their expectations. The Group manages its sustainability issues as an integral part of the risk management and good business practices. In striving to achieve this, MTQ adopts 4 core STAR 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 core values comprise principles which employees can observe in all aspects of our business and in our dealings with customers, suppliers, contractors and other stakeholders. This approach takes a balanced holistic goal from the economic, environmental and social perspectives and aligns itself with MTQ's sustainability goals.

The Group also has a risk management framework which is based upon the underlying principles of corporate governance addressing the financial, operational, compliance and information technology risks that are material and relevant to the Group. More information on the Group's corporate governance can be found on pages 21 to 39.

REPORTING PROCESS

In identifying and prioritising topics to be reported, we applied the Principle of Materiality on the topics which are relevant to the businesses of the Group, taking into consideration the significance of impacts and the availability of the reporting information required. An executive meeting attended by certain senior management of the Group and headed by the Group CEO was convened to determine the key topics. A conclusive meeting was held with the Board of Directors to finalise the key topics thereafter.

The material topics identified for current year are:

Economic Performance
Employment
Diversity and Equal Opportunity
Health and Safety
Regulatory Compliance

SUSTAINABILITY REPORT

MEMBERSHIPS, EXTERNAL CHARTERS AND CERTIFICATIONS

Apart from those disclosed on page 1, the list of memberships, external charters and certifications maintained by the subsidiaries of the Group also includes.

Singapore Business Federation
Singapore Chinese Chamber of Commerce & Industry
Association of Singapore Marine Industries
International Association of Drilling Contractors – South-East Asia Chapter
Association of Small & Medium Enterprises
Singapore Institution of Safety Officers
BizSAFE Star

OUR STAKEHOLDERS

As part of our materiality assessment process, below are the groups of stakeholders identified based on their level of influence and impact in sustainability issues together with the potential impact these stakeholders can have on our activities.

Stakeholders	Mode of engagement	Key topics raised
Customers	Customers satisfaction surveys Site and office visits Phone calls and e-mails	Quality of products and services and delivery Customer satisfaction Payments and credit terms
Suppliers	Suppliers visits and meetings Phone calls and e-mails Periodic review meetings	Quality assurance and compliance Supply chain management
Investors/ Shareholders	Shareholders' meetings Investor forums Corporate website	Economic performance Corporate governance Business and growth strategies
Employees	Town hall meetings Periodic safety meetings Scheduled meetings with Trade Union[1] representatives	Outlook of the Group Employees' welfare and benefits Health and safety
Principal Bankers	Scheduled meetings	Financial health Regulatory compliance Banking matters
Regulators	Formal modes and channels of communication	Compliance with applicable rules and regulations Health and Safety reporting Employment related matters

[1] About 47% (2018: 51%) of the employees in Singapore are covered by a collective agreement with certain trade union. The collective bargaining arrangement serves to form a joint decision-making concerning working conditions, performance, rewards, re-employment and other employment related matters within the Group.

ECONOMIC PERFORMANCE

Direct Economic Value Generated and Distributed

Creating wealth and the levels of economic value generated and distributed (EVG&D) are fundamental for a business to sustain. For MTQ, the components of how historical EVG&D performed are summed up in the Financial Profile and Financial Review sections (read together with the rest of the financial statements). The following tables provide a summary of EVG&D in the current reporting period based on GRI's reporting requirements.

	2019 S$'000	2018 S$'000 (Restated)*
Direct economic value/Revenue generated	130,896	111,866
Other income	827	1,340
Direct economic value distributed:		
Operating costs, employee wages and benefits:		
Costs of sales	(102,743)	(94,631)
Staff costs	(17,593)	(19,976)
Other operating costs	(15,259)	(21,340)
Payments to providers of capital:		
Dividends	–	–
Finance costs	(1,043)	(840)
Payments to government:		
Current income tax (expense)/credit	(581)	77
Community investments	–	–
	(137,219)	(136,710)
Net economic value distributed	(5,496)	(23,504)
Reconciliation to Net Loss for the year:		
Loss for the year	(5,271)	(29,642)
Items in profit or loss not included in the above:		
Deferred tax (credit)/expense	(111)	5,171
Share of results of associate and joint ventures	(114)	967
Net economic value distributed	(5,496)	(23,504)

Note: For direct economic value/revenue generated by segments and countries, please refer to pages 120 to 122 in the segment information.

* The 2018 figures have been restated as a result of first-time adoption of Singapore Financial Reporting Standards (International).

Defined benefit plan obligations and other retirement plans

The Group makes monthly mandatory contributions to defined benefit and contribution plans as required by the local regulations in the countries the Group operates in. In providing a retirement plan for our employees, the Group relies on its general resources to fulfil its obligations. The Group's obligations and liabilities have been recognised within Accrual for Staff-related Costs within Trade and Other Payables in the balance sheets. Contribution rates for employers and employees depend on the schemes in the jurisdictions where our companies are set up such as Central Provident Fund in Singapore, Superannuation in Australia and General Organisation for Social Insurance in Kingdom of Bahrain.

Financial assistance received from governments

The Group receives assistance from governments in terms of financial and non-financial initiatives. Financial assistance received from governments in FY2019 was in the forms of investments grants, subsidies as well as tax deductions. These benefits aided the Group in some aspects towards building a sustainable business. Some initiatives taken by the Group with some help of financial assistance from governments includes rehiring experienced older and retired workers, developing and training employees, and increasing wages of employees to help them keep up with inflation despite the downturn. Total government grants received during the reporting period was S$196,000 (2018: S$446,000).

EMPLOYMENT; DIVERSITY AND EQUAL OPPORTUNITY

Our employees are the key assets of the business. In line with the downturn, the Group's headcount has decreased over the recent years. Rationalising headcount costs cannot be taken with a myopic view as hiring the right people is a perennial issue in today's dynamic. To ensure the sustainability of the business and to be able to take advantage of imminent recovery, the Group employed measures such as redeployment, fewer work days, flexible work arrangement and wage system, as well as sending staff for training during downtime in its effort to find the right balance between reducing costs and retaining our key assets. Top executives also took a portion of pay reduction for the same reasons.

New employee hires and employee turnover

Excluding the Neptune segment, the rate of employee turnover remained static while the replacement rate has increased amid higher revenue and better bottom-line recorded for the reporting period:

	2019	2018
Number of leavers	69	67
Turnover rate	21%	21%
Number of new hires	77	49
New employee hire rate	24%	15%

Within the Neptune segment, however, staff strength decreased by about 7% (2018: 16%) mostly due to natural attrition in line with the lower activities particularly in 2018 and first half of 2019.

In developing competencies, the Group actively engage and cultivate our employees to their fullest potential via initiatives such as vocational trainings, course sponsorship, Education Assistance Programme leading to formal qualifications.

Diversity of employees

To preserve talents and experience, apart from engaging in standard retention initiatives, the Group embrace a non-discrimination policy particularly among older workers which represent a facet of our diverse workforce. We encourage employees to work beyond the retirement age as far as health and job requirements permit. As at the end of the reporting periods, the older workers demographic are as follows:

Workers above 50 years old	2019	2018
Above 50 – retirement ages	15.1%	15.3%
Above retirement ages	4.2%	3.2%

We are also pleased to share that majority of our employees' length of service is more than 5 years, putting us ahead of many peers.

Length of service	2019	2018
5 – 10 years	27%	31%
10 – 15 years	11%	11%
> 15 years	13%	14%

Overall, the Group will continue to maintain an employment environment with the view of the sustainability of its operations and invest in its key assets where it should.

Note: The above statistics under these topics are limited to the Oilfield Engineering and Investment Holding segments only.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety management system
Hazard identification, risk assessment, and incident investigation

Health and safety is of utmost importance to the Group and is central to its business culture as a safe and healthy workforce builds business success. Our commitment to the health, safety and wellbeing is underpinned by the philosophy that no job is worth an injury and the belief that all injuries and work related diseases are preventable. To implement our health and safety policy and maintain our commitment, we:

- Establish and maintain a Health and Safety Management System[1] with measurable objectives and targets;
- Provide and maintain safe workplaces, systems, plant and equipment;
- Maintain effective Stop Work Authority process which allows employees to stop unsafe work;
- Apply procedures and systems that identify hazards and assess and manage risks through elimination or where this is not practical, other appropriate control measures;
- Assess and continuously review the safety management and safety performance of external providers to ensure our employees are not exposed to unacceptable risks;
- Comply with all applicable laws, standards and regulations and, where practicable, apply the higher of our own standards, the customer's or industry best practice;

- Report, investigate, analyse and share all incidents, including near misses, to maximise learning and prevent similar events in the future;
- Plan and conduct regular audits, inspections and reviews to measure compliance with this policy and our standards and to facilitate and communicate continuous improvement; and
- Foster a culture that encourages and rewards frank and fearless participation, reporting and consultation in the management of health and safety.

[1] The Group's operations conform to the Occupational Health and Safety Management System standard OHSAS18001:2007.

In the reporting year, the severity rate has decreased substantially together with the lower number of work accidents during the year. MTQ aims to continue its effort in promoting occupational health and safety environment. The table below shows a brief statistics of the scope of incidents, according to the severity, occurred during the reporting period.

	2019	**2018**
Fatal	–	–
Major injuries	*1*	*4*
Minor injuries	*6*	*8*
Total number of accidents	7	12
Man-days lost ("MDL")	17	76
Accident frequency rate[1]	3.4	6.3
Accident severity rate ("ASR")[2]	8.2	40.0[3]

[1] Computed as number of accidents per million of work hours.
[2] Computed as MDL per million of work hours.
[3] The ASR for prior year was relatively higher mainly due to a single incident affecting one individual while performing manual work. Employees are constantly reminded to pay extra attention to safety precautions particularly while doing manual works. Excluding this incident, the ASR would have been 18.5.

Promotion of worker health

The workplace is an important aspect of many employees' lives and on average, employees will spend about one third of their waking hours at work. MTQ understands how many of the issues in the modern workplace can contribute to inactive lifestyles, stress and alarmingly high rates of preventable disease. To prevent and reduce these effects MTQ invests in the following:

- Annual employee health screening exercise
- Daily morning exercise
- Exercise-by-your-own programme
- Wellbeing seminars from internal and visiting speakers
- Selected corporate sporting events
- Weekly fruit day

SOCIOECONOMIC COMPLIANCE

Non-compliance with laws and regulations in the social and economic area

MTQ is governed by a number of laws and regulations in the social and economic area and any non-compliance can result in significant impacts to the Group such as significant fines, loss of licenses/certifications, loss of customers as well as damage of reputation.

Regulatory and compliance risks are managed as one of the fundamental parts of the Group's risks management system and policy. We are also subjected to audits by organisations/bodies/customers/auditors on a periodic basis. The Group also has an internal control and system in place to ensure that any non-compliance is promptly highlighted, followed-up and rectified. For the reporting period, we are glad to report that the Group has not received any fines or sanctions, nor has any significant open or unresolved non-compliance or audit issues (FY18: None). The Group aims to maintain this track record in future years.

GRI CONTENT INDEX

GRI STANDARD	DISCLOSURE & DESCRIPTION	REFERENCE
GRI 102: GENERAL DISCLOSURES 2016	**ORGANISATION PROFILE**	
	102-1 Name of the organisation	Cover page
	102-2 Activities, brands, products, and services	Page 1
	102-3 Location of headquarters	Page 11
	102-4 Location of operations	Pages 11 and 123-129
	102-5 Ownership and legal form	Page 6
	102-6 Markets served	Pages 123 to 129
	102-7 Scale of the organisation	Pages 4, 7-9, 120-122 and 147
	102-8 Information on employees and other workers	Pages 4 and 16-17
	102-9 Supply Chain	Page 1
	102-10 Significant changes to the organisation and its supply chain	None
	102-11 Precautionary Principle or approach	Pages 13 and 35-36
	102-12 External initiatives	Pages 1 and 14
	102-13 Membership of associations	Pages 1 and 14
	STRATEGY	
	102-14 Statement from senior decision-maker	Pages 2-4
	ETHICS AND INTEGRITY	
	102-16 Values, principles, standards, and norms of behaviour	Page 13
	GOVERNANCE	
	102-18 Governance structure	Pages 21-39
	STAKEHOLDER ENGAGEMENT	
	102-40 List of stakeholder groups	Page 14
	102-41 Collective bargaining agreements	Page 14
	102-42 Identifying and selecting stakeholders	Page 14
	102-43 Approach to stakeholder engagement	Pages 14 and 37-38
	102-44 Key topics and concerns raised	Page 14

SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE & DESCRIPTION	REFERENCE
	REPORTING PRACTICE	
	102-45 Entities included in the consolidated financial statements	Pages 6 and 123-129
	102-46 Defining report content and topic Boundaries	Page 13
	102-47 List of material topics	Page 13
	102-48 Restatements of information	Page 15
	102-49 Changes in reporting	None
	102-50 Reporting period	Page 13
	102-51 Date of most recent report	28 March 2019
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	Page 13
	102-54 Claims of reporting in accordance with the GRI Standards	Page 13
	102-55 GRI content index	Pages 19-20
	102-56 External assurance	No assurance obtained
GRI 201: ECONOMIC PERFORMANCE	103-1 Explanation of the material topic and its Boundary	Pages 15-16, 52 and its relevant explanatory notes
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	201-1 Direct economic value generated and distributed	
	201-3 Defined benefit plan obligations and other retirement plans	
	201-4 Financial assistance received from government	
GRI 401: EMPLOYMENT GRI 405: DIVERSITY AND EQUAL OPPORTUNITY	103-1 Explanation of the material topic and its Boundary	Pages 4 and 16-17
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	401-1 New employee hires and employee turnover	
	405-1 Diversity of governance bodies and employees	
GRI 403 OCCUPATIONAL HEALTH AND SAFETY 2018	103-1 Explanation of the material topic and its Boundary	Pages 17-18
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	403-1 Occupational health and safety management system	
	403-2 Hazard identification, risk assessment, and incident investigation	
	403-6 Promotion of worker health	
GRI 419 SOCIOECONOMIC COMPLIANCE 2016	103-1 Explanation of the material topic and its Boundary	Page 19
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
	419-1 Non-compliance with laws and regulations in the social and economic area	

CORPORATE GOVERNANCE

The Board of Directors (the "Board") and the 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") issued by the Monetary Authority of Singapore (the "MAS"). The Group subscribe fully to the principles, 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 2019. The Group continually reviews and refines the Company's corporate governance processes and practices in light of the best practices, consistent with the needs and circumstances of the Group.

The Company is aware that MAS had on 6 August 2018 issued a revised Code of Corporate Governance (the "2018 Code"). The 2018 Code will take effect for Annual Reports covering financial years commencing from 1 January 2019. The Board will work towards the implementation of the 2018 Code, where appropriate, in the next Annual Report.

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

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board assumes stewardship and control of the Group's resources and undertakes overall responsibility for long-term success of the Group and works with Management to achieve this and Management remains accountable to the Board.

The Board's roles include the following:

- provide 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;
- oversee the establishment of a framework of prudent and effective controls which enable risks to be assessed and managed, including safeguarding of Shareholders' interest and the Company's assets;
- review the performance of the Management and financial performance of the Group;
- set the Group's values and standards, and ensures that obligations to shareholders and others are understood and met;
- identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation; and
- consider sustainability issues as part of its strategic formulation and assume responsibility for corporate governance.

These functions are carried out either directly by the Board or delegated to Board Committees, namely, the Audit Committee and Nomination & Remuneration 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. During the year under review, the Board has established a Nomination & Remuneration Committee (the "NRC") to undertake the existing remuneration role and support the Board to perform the functions of a Nominating Committee as required under the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Rules.

The Group has adopted internal guidelines via a Structured Delegation of Authority matrix which sets out the authorisation and approval limits for revenue and capital 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:

- those involving a conflict of interest for a substantial shareholder or a Director;
- material acquisitions and disposals of assets;
- corporate or financial restructuring and share issuances;
- dividends and other returns to shareholders;
- matters specified under the Group's interested person transaction policy;
- major financial decisions such as investment and divestment proposals, the annual budget, major funding proposals and expenditures exceeding a prescribed amount; and
- periodic and full-year financial results announcement and the annual report for release to the SGX-ST.

Board and Board Committee meetings as well as Annual General Meeting ("AGM") are scheduled well in advance. The Board meets at least four times a year. Beside these scheduled meetings, ad-hoc meetings are also convened as and when circumstances require.

The Company's Constitution provides for directors to conduct Board meetings by way of telephone conferencing or any other methods of simultaneous communication by electronic or telegraphic means. The Board and Board Committees may also make decisions through circulating resolutions.

The attendance records 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, if any, in discharging their duties, they are provided with an orientation on the background information about the Group's history, business operations, strategic directions, governance practices, relevant statutory and regulatory compliance issues as well as industry-specific knowledge. Upon the appointment of each new Director, the Company will furnish a formal letter to the Director, which sets out the Director's duties and obligations as a member of the Board. Incoming Directors are also given full access to the past years' annual reports and minutes of the Board meetings. There was no new director appointed during the year under review.

Directors are encouraged to participate in industry conferences, seminars and training programmes in connection with their duties and are funded by the Company. Directors are 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, corporate governance practices, changes in financial reporting standards, risk management and industry specific knowledge applicable to performance of 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. During the year under review, the Directors were briefed on 2018 Code as well as new and revised financial reporting standards applicable to the Company.

Changes to regulatory and financial reporting 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 records of the Directors at the Board and Board Committee meetings are set out as follows:

Type of Meetings		Board	Audit Committee	Nomination & Remuneration Committee
No. of Meetings held		5	4	1
Name of Director		**Meetings attended**		
Kuah Kok Kim	(Chairman)	5	4 *	–
Kuah Boon Wee	(Executive)	5	4 *	1 *
Nicholas Campbell Cocks	(Independent)	5	4 *	1
Chew Soo Lin	(Independent)	5	4	–
Ho Han Siong Christopher	(Non-Executive; Non-Independent)	5	4	–
Huang Yuan Chiang	(Independent)	5	4	1
Ong Eng Yaw	(Independent)	5	4 *	1

* Attendance by invitation of the Committee.

Principle 2 : Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board presently comprises of 7 Directors, of whom 6 are non-executive Directors. The Board adopts the definition of an independent director prescribed under Guideline 2.3 of the Code as well as SGX-ST Listing Rules 210(5)(d)(i) and (ii), 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 reviewed by the NRC.

Review of Directors' Independence

To assess and review the independence of each Director, each Independent Director is required to complete a Director's Independence Confirmation Form (drawn up based on Principle 2 of the Code) annually to confirm his independence. In the review of the Directors' independence, the NRC (with the respective directors abstaining from reviewing his own independence), with the concurrence of the Board, has determined that:

1) Mr. Ho Han Siong Christopher is not considered independent by virtue of his association with Tai Tak Securities Pte Ltd ("Tai Tak"). Tai Tak holds more than 10% of the voting shares in the Company.

2) Mr. Huang Yuan Chiang continues to be independent notwithstanding that he has served on the Board for more than 9 years from the date of his first appointment. The NRC, together with the Board, rigorously reviewed the independence of Mr. Huang Yuan Chiang, as recommended by the Code and is of the view that Mr. Huang Yuan Chiang's length of service has not compromised his objectivity and judgement in discharging his duties and responsibilities as an Independent Director, after considering the following factors (a) shareholding interest, (b) gift or financial assistance, (c) past association, (d) business dealings and (e) financial independence. The Board and NRC also acknowledge and recognise the benefits of his substantial knowledge over the Group's business and operations and experience as well as stability brought by long-serving Independent Director.

3) Mr. Nicholas Campbell Cocks, Mr. Chew Soo Lin and Mr. Ong Eng Yaw whom have served the Board for less than 9 years continue to be independent. They have no relationships with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement. Neither do they have immediate family member who is employed by the Company and its related companies for the past three financial years and whose remuneration is determined by the NRC of the Company.

The Board complies with the Code's independence element guidelines requiring at least half of the Board being independent when the Chairman and CEO are immediate family members. As a significant majority of the Board consists of non-executive and independent directors, objectivity on issues deliberated is assured and the Management is able to benefit from the external perspectives on issues brought before the Board.

The current size and composition of the Board is considered appropriate for its present scope of operations. The Board comprises of business leaders and professionals with diverse background and broad range of knowledge and experiences in different fields such as accounting, finance, management and strategic planning, providing an effective blend of business and operational expertise. In recommending appointments, considerations such as skills, experience, gender and knowledge of the company have been taken into account.

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 achieving the 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 having to deal with the Management of any actual or perceived conflict of interest that may arise.

The Directors' academic and professional qualifications are set out in the "Board of Directors" section of this report.

Principle 3 : Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

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

Mr. Kuah Boon Wee, the 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. The Group CEO assists the Chairman in the latter's execution of his responsibilities.

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

Principle 4 : Board Membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Principle 5 : Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board

During the year under review, the Board has established a NRC to replace the Remuneration Committee to undertake the roles of the Nominating Committee in addition to the roles of the Remuneration Committee.

The NRC comprises the following Directors, all of whom, including the Chairman, are Non-Executive and Independent Directors:

Huang Yuan Chiang	(Chairman)	(Independent Director)
Nicholas Campbell Cocks		(Lead Independent Director)
Ong Eng Yaw		(Independent Director)

The NRC is guided by its terms of reference that are in line with the Code and its principal nomination functions include:

- making recommendations to the Board on appointments and re-appointments of Directors and/or any member of the Board Committees;
- oversee the Board and key management personnel's succession and leadership development plans;

- assessing the effectiveness of the Board as a whole, the Board Committees, and each Director's competencies, commitment, contribution and performance;
- evaluating the independence of the Directors;
- reviewing the Board structure, size and composition, having regards to the scope and nature of the operations of the Group and the core competencies of the Directors as a group; and
- deciding whether a Director is able to and has been adequately carrying out his duties as Director of the Company particularly where Director has multiple directorship.

When a need for a new director arises, either to replace a retiring director or to enhance the Board's strength, the NRC will, in consultation with Management and Board, source for new candidates with the desired competencies and taking into consideration such as skills, experience, age, gender, cultural, education background and knowledge of a company. If necessary, external consultants may be engaged to source for potential candidates. In addition, the NRC may also tap on its networking contacts or through recommendations from Board members, business associates and professional bodies to assist with identifying and shortlisting of candidates. The NRC will then recommend its shortlisted candidates to the Board. Meeting with the candidates will be arranged to facilitate open discussion to assess the suitability and mutual expectation before the appointment is considered and approved. For the year under review, there was no new appointment.

The NRC 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.

The NRC, together with the Board, is satisfied that Directors who have multiple board representations have committed sufficient time, attention and contributed meaningfully 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, there is no limit set on the number of listed company board representations a Director may hold. However, each Director is required to disclose to the NRC his board representation whenever there are changes to his directorship. In addition, the NRC, together with 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. The NRC and the Board are satisfied that all Directors have discharged their duties adequately for the financial year ended 31 March 2019.

Apart from the Group, below are the lists of the Directors' principal commitments, directorships both present and those past held over the preceding five (5) years in other listed companies:

Name of Director	Present Directorships in Other Listed Companies	Past Directorships in Other Listed Companies Held Over the Preceding 5 Years	Principal Commitments
Kuah Kok Kim	–	–	–
Kuah Boon Wee	– The Hour Glass Limited – UOB-Kay Hian Holdings Limited	–	MTQ Corporation Limited and its subsidiaries – Group CEO
Nicholas Campbell Cocks	–	–	Mr. Cocks is the Chief Executive Officer of Readymix Group. He also sits on the board of Forest Adventure Pte Ltd.
Chew Soo Lin	– China Real Estate Group Ltd – Duty Free International Limited – Khong Guan Limited	– China Medical (International) Group Limited	Mr. Chew is the Executive Chairman of Khong Guan Limited and sits on the board of certain subsidiaries of Khong Guan Limited.
Ho Han Siong Christopher	–	– Cordlife Group Limited	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 – Asia Commercial Bank (Vietnam)	– Kluang Rubber Co (Malaya) Bhd – Sungei Bagan Rubber Co (Malaya) Bhd – Kuchai Development Bhd – Mercator Lines (Singapore) Limited	–
Ong Eng Yaw	– Singapore Reinsurance Corporation Limited	–	Mr. Ong is the Senior Vice President (Real Estate) at Hwa Hong Corporation Limited. He also sits on the board of certain subsidiaries of Hwa Hong Corporation Limited.

Article 91 of the Company's Constitution requires one-third of the Directors to retire by rotation at every AGM. The Board complies with the SGX-ST Listing Rules 720(5) that each director is required to retire at least once every three years. In addition, Article 97 of the Company's Constitution stipulates that all new Directors must submit themselves for re-election at the next AGM of the Company immediately following their appointment.

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

Director	Appointment	Date of Initial Appointment	Date of Last Re-election
Kuah Kok Kim	Chairman	01.01.1997	29.07.2016
Kuah Boon Wee	Executive Director	10.10.2006	27.07.2018
Nicholas Campbell Cocks	Lead Independent Director	01.10.2010	28.07.2017
Chew Soo Lin	Independent Director	18.05.2012	27.07.2018
Ho Han Siong Christopher	Non-Executive; Non-Independent Director	30.10.2007	29.07.2016
Huang Yuan Chiang	Independent Director	08.08.2001	28.07.2017
Ong Eng Yaw	Independent Director	28.10.2016	28.07.2017

Mr. Kuah Kok Kim and Mr. Ho Han Siong Christopher are due for re-election at the forthcoming AGM, pursuant to Article 91 of the Company's Constitution. Pursuant to SGX-ST Listing Rules 720(5), Mr. Nicholas Campbell Cocks will aslo be re-elected at the forthcoming AGM. The NRC has recommended the re-election of Mr. Kuah Kok Kim, Mr. Ho Han Siong Christopher and Mr. Nicholas Campbell Cocks as Directors of the Company at the forthcoming AGM and the retiring directors, being eligible, had consented to remain in office. The Board has accepted these recommendations. Each of these Directors, being interested in matter, had abstained from all discussions and recommendations in respect of their re-election.

There were no alternate directors being appointed to the Board during the year.

On an annual basis, the NRC will also assess the Directors' 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 NRC felt that it is more appropriate and effective to evaluate the Board on a 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. The 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 2019, 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 Board Committees and the Directors. The results of the completed questionnaires are collated and the findings are analysed and discussed by the NRC and presented to the Board for discussion and determining areas for improvement and enhancement of the Board effectiveness. These performance criteria shall not change from year to year, and where circumstances deem it necessary for any criteria to be changed, the NRC and the Board shall justify its decision for the change. The evaluation for the financial year ended 31 March 2019 confirmed that the Board and its Board Committees were generally functioning effectively during the year.

Principle 6 : Access to Information

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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 to enable them to keep abreast of the Group's performance, position and prospects. 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.

As a general rule, board reports are sent to Board members at least 3 working days before the Board meeting to afford the Directors with sufficient time to review the board reports prior to the meeting.

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

Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its committees and between senior management and non-executive Directors, as well as facilitating orientation and assisting with professional development as required. The Company Secretary attends and administers all Board meetings and prepares the minutes of board proceedings. Under the Company's Constitution, the appointment and removal of Company Secretary are subjected to the approval of the Board.

REMUNERATION MATTERS

Principle 7 : Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8 : Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Principle 9 : Disclosure on Remuneration

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Nomination and Remuneration Committee

The NRC is guided by its terms of reference that are in line with the Code and its principal remuneration functions include:

- making recommendations to the Board a framework of remuneration for the Board and key management personnel of the Group, covering all aspects of remuneration including but not limited to directors' fees, salaries, allowances, bonuses, share-based incentives and benefit-in-kind;

- determining the remuneration package for each Director and the Group CEO;

- administering the MTQ Share Plan and any other share option or share plan established from time to time for the Directors and key management personnel; and

- reviewing the senior executive development, succession plans and recruitment strategies of the Group.

Where necessary, the NRC may seek external expert advice in the field of executive compensation outside the Company when required.

In setting the remuneration packages, the Group is committed to ensuring its remuneration structures are appropriately aligned with shareholder value creation over the short and long term and focuses on motivating, rewarding and retaining key executives. The remuneration structures aim to link performance and reward against the profits or objectives set in the Group's business plan and strategy while taking into account challenges and market forces that the Group is confronted with when faced with cyclical and economic forces.

Remuneration Structure

(i) Non-executive Directors

The non-executive Directors do not have service contracts, receive retirement benefits nor do they participate in any incentive programs. Each non-executive Director is paid director's fee, of which the amount is dependent on their level of responsibilities.

Each non-executive Director, except the Chairman of the Board, receives a base fee of S$27,000 while the Chairman of the Board receives a base fee of S$59,500. An additional fee of S$6,750 to S$20,250 is paid if the Director (except the Chairman of the Board) serves as member or Chairman of the Audit or Nomination & Remuneration Committees. The additional fees paid for serving on a committee recognises the additional time commitment required by the Directors.

The NRC has recommended to the Board a total amount of up to S$290,000 as Directors' fees for the financial year ending 31 March 2020 ("FY2020"), to be paid quarterly in arrears. This would be tabled for approval by shareholders of the Company at the forthcoming AGM. No Director is involved in deciding his own remuneration. The Board concurred with the NRC that the proposed Directors' fees for FY2020 is appropriate and not excessive, taking into consideration the level of contributions by the Directors, their responsibilities and obligations and factors such as effort and time spent for serving on the Board and Board Committees.

In addition to the above, the Chairman of the Board is paid consultancy fees for consultancy services provided to a subsidiary of the Group.

(ii) Group CEO

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 service contract for the Group CEO 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.

The Group CEO's remuneration mix comprises:

- Fixed element – salary and benefits which accounts for approximately 25% of the maximum remuneration in a financial year.

- Variable element – up to approximately 75% of the maximum remuneration in a financial year, based on achievement of short term Key Performance Indicators and profit outcomes. The variable element is payable over 4 years (67% during the year of award, 33% equally over the following 3 years), subject to certain conditions in the terms of service contract.

(iii) Key Management Personnel

The Group segments its employees into 3 key groupings:

a) individuals who are best able to influence the long-term strategy and direction of the organisation;

b) key employees across the organisation who have a greater influence over business outcomes; and

c) all other employees.

In creating a total remuneration framework for segment (a) and (b) employees, the Group adopts both short and long-term incentives in addition to the fixed element of the employees' remuneration.

Short-term rewards are cash-based and reflect both the individual and business performance over the relevant financial period. The amount to be awarded is based on the profits of the business units as well as the individual's performance score during the annual appraisal process.

The Group adopts the MTQ Share Plan as a long-term compensation scheme which rewards the participants, who are largely segment (a) employees, when and after pre-determined performance conditions are met, based on a percentage of annual base salary subject to the discretion of the NRC. Further details on the operation of MTQ Share Plan are disclosed in the Directors' Statement section.

Remuneration Outcome

The remunerations paid to the Directors during the financial year ended 31 March 2019 are set out below:

Name of Director	Fixed Component[1] (S$'000)	Provident Fund[2] (S$'000)	Benefits[3] (S$'000)	Consultancy Fees[4] (S$'000)	Directors' Fees[5] (S$'000)	Total (S$'000)
Kuah Kok Kim[6]	–	–	–	155	60	215
Kuah Boon Wee[6]	362	17	17	–	–	396
Nicholas Campbell Cocks	–	–	–	–	34	34
Chew Soo Lin	–	–	–	–	47	47
Ho Han Siong Christopher	–	–	–	–	38	38
Huang Yuan Chiang	–	–	–	–	50	50
Ong Eng Yaw	–	–	–	–	34	34

1 Fixed Component refers to base salary and Annual Wage Supplement paid during the financial year ended 31 March 2019.

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

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

4 Consultancy Fees refer to fees for consultancy services provided to a subsidiary during the financial year ended 31 March 2019.

5 Directors' Fees are paid on a quarterly basis in arrears.

6 Mr. Kuah Kok Kim, Chairman of the Company, is the father of Mr. Kuah Boon Wee, Group CEO of the Company.

The remuneration of the top 5 key management personnel (who are not directors) of the Group are as follows:

Name of Key Management Personnel	Fixed Component[1] (S$'000)	Variable Component[2] (S$'000)	Provident Fund[3] (S$'000)	Benefits[4] (S$'000)	Total (S$'000)
S$500,001 to S$750,000					
Robin King	472	–	48	34	554
Ian Robert Hortin	204	–	12	303	519
S$250,000 and below					
Asif Salim Vorajee	147	8	12	71	238
Vincent Tan	201	–	15	11	227
Sumardi Bin Sidi	151	–	11	21	183

1 Fixed Component refers to base salary and Annual Wage Supplement (if any) paid during the financial year ended 31 March 2019.

2 Variable Component refers to cash bonus, which was awarded for financial year ended 31 March 2018, paid out during the financial year ended 31 March 2019.

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

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

The total amount paid to the top 5 executives during the financial year ended 31 March 2019 is S$1.72 million.

There was no termination, retirement and post-employment benefits granted to Directors, Group CEO and key management personnel for the financial year under review.

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 2019.

There are no contractual provisions which allow the Company to reclaim incentive components of remuneration from the key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the key management personnel in the event of such incidents.

ACCOUNTABILITY AND AUDIT

Principle 10 : Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Management provides the Board with monthly management accounts, complete with relevant analysis and commentaries which represent balanced and understandable assessment of the Company's performance, position and prospects 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 is also briefed on the Group's performance, position and prospects on a quarterly basis.

The Board reviews legislative and regulatory compliance reports from the Management to ensure the Group complies with the relevant requirements. In line with the SGX-ST Listing Rules 705(5), 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 to be false or misleading in any material aspect.

The Company also observes its obligations of continuing disclosure under the SGX-ST Listing Rules. The Company has received signed undertakings from all its Directors and executive officers in the format set out in Appendix 7.7, pursuant to SGX-ST Listing Rules 720(1).

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 and the Company's website.

Principle 11 : Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Principle 12 : Audit Committee

The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Principle 13 : Internal Audit

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Audit Committee (the "AC") comprises the following Directors:

Chew Soo Lin	(Chairman)	(Independent Director)
Ho Han Siong Christopher		(Non-Executive; Non-Independent Director)
Huang Yuan Chiang		(Independent Director)

CORPORATE GOVERNANCE

The AC consists of three (3) members, two (2) of whom are Independent Directors and one Non-Executive Non-Independent Director. None of the AC members were previous partners or directors of the Company's external auditor, Messrs Ernst & Young LLP, within the last twelve months or has any financial interest in the audit firm.

The AC has been set up to perform the functions required pursuant to Section 201B(5) of the Companies Act, the SGX-ST Listing Rules and the Code. The principal functions of the AC are found on the "Directors' Statement" section on page 44 of this Annual Report.

The Board is of the view that members of the AC have the requisite accounting and financial management expertise or experience to carry out their duties. The AC is guided by its terms of reference, which are in line with the Code.

The AC meets at least four times a year and plays a key role in assisting the Board to ensure that the financial reporting and internal accounting controls of the Group meet the highest standards. Changes to accounting standards which have a direct impact on financial statements will be highlighted to the AC from time to time by the external auditor.

The AC 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 AC has the full discretion to invite any Director and/or executive officer to attend its meetings. The AC also has full access to the external and internal auditors without the presence of the management of the Company as well as full access to records, resources and personnel, to enable it to discharge its functions properly.

In addition, the AC 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 AC 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 2019 are found on page 82 of this Annual Report.

The AC meets with the internal and external auditors at least once 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 AC 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 AC 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 AC keeps abreast of the changes to accounting standards and issues that may have a direct impact on the financial statements by referring to the best practices and guidance as well as reports issued from time to time from the relevant authorities and professionals. During the year, the AC was also briefed on the new accounting standards that might impact the Group's consolidated financial statements by the external auditors at the AC meetings.

In the review of the financial statements, the AC has discussed with Management the significant accounting principles that were applied and their judgements and estimates of items that might affect the integrity of the financial statements. Following the review and discussions, the AC then recommended to the Board for approval of the financial statements. The following Key Audit Matters (KAMs) impacting the annual financial statements were discussed with management and the external auditor and were reviewed by the AC:

KAMs	How the Audit Committee reviewed these KAMs and what decisions were made
Impairment assessments of goodwill, property, plant and equipment and investment in subsidiaries	The AC reviewed the outcomes of the impairment assessments and had focused on the key assumptions applied in the determination of the value-in-use ("VIU") or fair values of the assets or the cash generating units ("CGUs"). The AC considered the findings of the external auditor, including its assessment of the valuation methodologies and the underlying assumptions applied in determination of the VIU or fair values of the assets or CGUs. The external auditor has included these items as key audit matters in its audit report for the financial year ended 31 March 2019. Refer to pages 46 to 49 of this Annual Report. The AC is satisfied with the impairment review process, the approach and methodology used during the assessments.
Recoverability of trade and intercompany receivables	The AC reviewed and discussed the aging of trade receivables as well as the allowances for trade receivables on a quarterly basis with the management. The AC considered audit findings from the external auditor on its assessment of the recoverability on the trade and intercompany receivables, including intercompany receivables at the Company level. The external auditor has included this item as a key audit matter in its audit report for the financial year ended 31 March 2019. Refer to pages 48 to 49 of this Annual Report. The AC is satisfied with the review process, the approach and the justification on the amount of impairment of the receivables.

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 AC reviews the adequacy of the Company's internal controls including financial, operational, compliance and information technology controls and risk management policies and systems established by Management.

The Group outsources its internal audit function to Robert Tan Partners PAC, a corporate member of the Institute of Internal Auditors Singapore (the "IA"). Reporting directly to the AC, the IA plans the work in consultation with, but independent of management and its yearly plan is submitted to the AC for review and approval. The IA presents his findings to the AC on a yearly basis. Any non-compliance or internal control weaknesses noted during the internal audit, the corresponding recommendations and Management's responses are reported to the AC. The AC approves the hiring, removal and evaluation of the IA.

During the year under review, the Board and the AC have reviewed the adequacy and effectiveness of the Group's internal controls to address the Group's financial, operational, compliance and information technology risks. In addition, the Board also received written assurances from the Group CEO and Group Financial Controller, confirming that:

- the Group's financial records have been properly maintained and the financial statements for the year ended 31 March 2019 give a true and fair view of the Group's business operations and finances; and

- the Group's risk management systems and internal control systems in place are adequate and effective in addressing the material risks in the Group.

The Group CEO and Group Financial Controller have obtained similar assurance from the respective Managers of the various business units in the Group.

The AC has reviewed and is satisfied:

- with the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance, 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 the management, review of 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 the Management, the Board and the various Board Committees as well as the assurance from Group CEO and Group Financial Controller, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks that are material and relevant to the Group's operations were effective and adequate as at 31 March 2019.

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 judgement in decision making, human error, losses and fraud.

The Company has in place a whistle-blowing policy where employees of the Group and other stakeholders 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 AC. Details of the whistle blowing policy are given to all staff and new recruits during orientation. There were no whistle-blowing reports received during the year under review.

The AC is satisfied that the Company has complied with SGX-ST Listing Rules 712 and 715 read with 716 regarding the appointment of auditors of the Company and its subsidiaries.

The AC has recommended to the Board the re-appointment of Messrs Ernst & Young LLP as the external auditor of the Company for the financial year ending 31 March 2020.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 : Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15 : Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16 : Conduct of Shareholder Meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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. The Company does not practice selective disclosure of information. Such information will be simultaneously posted on our corporate website at www.mtq.com.sg and investor portal, www.shareinvestor.com. The Group has an internal investor relations team which may contact and liaise with analysts and media, if necessary, upon release of its quarterly financial results. An investor relations email account, investorrelation@mtq.com.sg, has been set up to communicate with the analysts, media and shareholders.

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 and/or appendixes/circulars sent to all shareholders. In order to allow sufficient time for shareholders to review, the Annual Report FY2018/2019, together with the Appendix and notice of AGM, are despatched to the Shareholders at least 28 days in advance before the scheduled AGM date. These notices are also published in the Business Times and posted onto the SGXNET.

If any shareholder is unable to attend, the Constitution of the Company has 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.

With effect from FY2013/2014 AGM, the Company has put all resolutions to vote by electronic poll. An independent scrutineer firm is also present to validate the votes at each general meeting. Shareholders are allowed to vote in person or by proxy if they are unable to attend the Company's AGM. The Constitution of the Company allows a shareholder to appoint two or more proxies to attend and vote in the shareholder's place at the general meeting of shareholders. The proxy need not be a Member of the Company. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold SGX shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each general meeting of shareholders. The detailed results of the electronic poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution tabled, were announced immediately at the AGM and via SGXNET thereafter.

At general meetings, shareholders are given the opportunity to share their views and direct questions to the Board on any matter relating to the Group's business and operations. The Directors and Management are present at the general meeting to address shareholders' queries. The external auditors are also present at the AGM of the Company to address queries about the conduct of audit and the preparation and content of the Auditors' Report. The Company Secretary prepares minutes of general meetings, which incorporate substantial comments or queries from shareholders and responses from the Board and Management. These minutes are available on our website, www,mtq.com.sg.

The Company does not have a stated dividend policy at present. The Board takes into consideration the Group's financial performance, cash position, cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate in considering the form, frequency and amount of dividend payments.

The Company did not declare any dividend during the financial year to the shareholders so as to maintain a prudent balance sheet and conserve cash.

DEALINGS IN SECURITIES

(SGX-ST Listing Rules 1207(19))

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 Rules 1207(8))

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

INTERESTED PERSON TRANSACTIONS

(SGX-ST Listing Rules 907)

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC 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 Listing Rules 1207(17) and 920. There were no interested person transactions entered into by the Group during the financial year under review.

USE OF PROCEEDS FROM THE RIGHTS CUM WARRANTS ISSUE

The board of directors (the "**Board**") of MTQ Corporation Limited (the "**Company**") refers to the Company's announcements made on 30 January 2018, 5 March 2018, 14 March 2018, 26 March 2018, 17 April 2018, 18 April 2018, 14 May 2018, 29 June 2018, 26 July 2018, 31 October 2018, 29 January 2019 and 13 May 2019 as well as the offer information statement dated 23 March 2018 in relation to the Rights cum Warrants Issue (the "**Offer Information Statement**").

Unless otherwise defined, all capitalised terms and references used herein shall bear the same meaning ascribed to them in the Offer Information Statement. Any reference to a time of day and date herein shall be a reference to Singapore time and date, respectively, unless otherwise stated.

The Board wishes to update Shareholders that, as at the date of this report, no further utilisation of the Net Proceeds since the last announcement via SGXNET on 13 May 2019.

The Board will continue make periodic announcements on the utilisation of the remaining S$1.5 million of the Net Proceeds as and when such proceeds are materially disbursed.

12 June 2019

DIRECTORS' STATEMENT

The Directors are pleased to present their statement 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 of the Company for the financial year ended 31 March 2019.

Opinion of the Directors

In the opinion of the Directors,

(a) the accompanying consolidated statement of comprehensive income, balance sheets, consolidated statement 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 financial position of the Group and of the Company as at 31 March 2019 and the financial performance, changes in equity and cash flows of the Group 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.

Directors

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

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

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 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 of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
The Company	**At 1.4.2018**	**At 31.3.2019**	**At 21.4.2019**	**At 1.4.2018**	**At 31.3.2019**	**At 21.4.2019**
(Ordinary shares)						
Kuah Kok Kim	37,319,582	54,313,010	54,313,010	–	–	–
Kuah Boon Wee	4,522,322	7,669,539	7,669,539	–	–	–
Huang Yuan Chiang	157,320	273,030	273,030	–	–	–
Nicholas Campbell Cocks	–	–	–	230,800	637,659	637,659
(Warrants)						
Kuah Kok Kim	–	4,004,207	4,004,207	–	–	–
Kuah Boon Wee	–	786,804	786,804	–	–	–
Huang Yuan Chiang	–	28,927	28,927	–	–	–
Nicholas Campbell Cocks	–	–	–	–	101,714	101,714

Mr. Kuah Kok Kim is deemed to have an interest in shares of the Company's subsidiaries, associate and joint ventures 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, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

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 Nomination & Remuneration Committee which comprises the following members:

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

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

Share Plan (cont'd)

(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 and subsidiary holdings) on the date preceding the date of grant.

The Share Plan shall continue in force at the discretion of the Nomination & 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 Nomination & Remuneration Committee, the following persons, unless they are also non-executive directors, controlling shareholders and/or their associates (collectively known as the "Participants"), 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 Nomination & 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 Nomination & Remuneration Committee from time to time and who, in the opinion of the Nomination & Remuneration Committee, have contributed to the success of the Group.

(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 Nomination & 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 Nomination & Remuneration Committee may determine.

Share Plan (cont'd)

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

(iii) **Grant of Awards (cont'd)**

The granted Awards may not be sold, transferred, mortgaged, charged, assigned, pledged, encumbered or otherwise disposed of, in whole or in part or in any way whatsoever, except with the prior approval of the Nomination & 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 the 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 Constitution, the Company will have the flexibility to settle the Awards upon their vesting by way of:

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

(c) As at 31 March 2019, the aggregate number of shares comprised in Awards granted pursuant to the MTQ Share Plan which are not released amounted to 11,392 shares (31 March 2018: 11,392 shares). The movements in the number of shares comprised in Awards granted under the MTQ Share Plan are as follows:

	Number of shares				
Date of Grant	**At 1.4.2018**	**Granted**	**Released**	**Forfeited**	**At 31.3.2019**
26.8.2015	11,392	–	–	–	11,392

(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 2019.

(e) No eligible participant has received shares pursuant to the release of Awards granted which, in aggregate, represents 5% or more of the aggregate of (i) the total number of the New Shares available under the Share Plan; and (ii) the total number of existing ordinary shares delivered pursuant to the settlement of the Awards under the Share Plan.

Audit Committee

As at the date of this report, the Audit Committee comprises the following members:

Chew Soo Lin (Chairman)
Ho Han Siong Christopher
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 (the "Act"), 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 accounting 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 auditor's 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 has recommended to the Board of Directors that the auditor, Ernst & Young LLP, be nominated for re-appointment as external auditor at the forthcoming Annual General Meeting of the Company.

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

Auditor

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

On behalf of the Board of Directors,

Kuah Boon Wee
Director

Chew Soo Lin
Director

Singapore
12 June 2019

INDEPENDENT AUDITOR'S REPORT

To the members of MTQ Corporation Limited *For the financial year ended 31 March 2019*

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MTQ Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2019, the consolidated statement of changes in equity, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards International ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment of goodwill

Management is required to test for goodwill impairment annually. As at 31 March 2019, the carrying amount of the Group's goodwill amounted to $5,373,000 and was allocated to one cash-generating unit ("CGU").

In performing goodwill impairment testing, the recoverable amount of the CGU which the goodwill is allocated to was determined by management based on value-in-use calculations derived from cash flow projections. This area was significant to our audit because the assessment of recoverable amount involves management exercising significant judgement and making assumptions about future market and economic conditions.

Key audit matters (cont'd)

Impairment assessment of goodwill (cont'd)

Our audit procedures included, amongst others, the following:

- We assessed the methodology and arithmetical accuracy of the value-in-use calculation.
- We considered the robustness of management's budgeting process by comparing the actual financial performance against previous forecast and projections.
- We evaluated the reasonableness of management's key assumptions, in particular, revenue, gross margin and long-term growth rates projections, to historical data and corroborated to external research on market outlook.
- We engaged the assistance of our internal valuation specialist to assess the reasonableness of the discount rate used by management.
- We performed sensitivity analysis on changes in these key assumptions to changes in the recoverable amount of the goodwill.
- We also assessed the adequacy of the Group's disclosures in Note 10 to the consolidated financial statements.

Impairment assessment of property, plant and equipment

The carrying amount of the Group's property, plant and equipment as at 31 March 2019 amounted to $42,251,000.

The offshore marine market remains weak which resulted in the Group's continuing loss position. These are indicators of impairment of the Group's property, plant and equipment. Therefore, the Group's property, plant and equipment was subjected to impairment testing. This area was significant to our audit because the carrying amount of the property, plant and equipment represented 33% of the Group's total assets as at 31 March 2019 and the impairment assessments involved significant management's estimates.

The Group's key categories of property, plant and equipment are leasehold buildings amounting to $19,024,000, and plant, workshop, remotely operated vehicles ("ROVs") and rental equipment amounting to $23,227,000.

(i) Leasehold buildings

Management engaged an independent valuer to determine the fair value less costs of disposal of these assets. Our audit procedures included, amongst others, the following:

- We evaluated the work of the independent valuer, considering the independence, reputation and competency of the independent valuer.
- We assessed the appropriateness of the valuation methodology used by the independent valuer.
- We assessed the reasonableness of the fair value of the leasehold buildings determined by the independent valuer by comparing to the relevant property price index movements in the market.

Key audit matters (cont'd)

Impairment assessment of property, plant and equipment (cont'd)

(ii) ROVs

The recoverable amounts of these assets were determined by management based on market comparable approach. Our audit procedures included, amongst others, the following:

- We assessed the credibility of the external platform where management sourced for market comparables.
- We considered the comparability of the Group's ROVs subjected to impairment testing to the ROVs listed in the external platform which management adopted as comparables.
- We reviewed the reasonableness of pricing information provided by the external platform on the market comparables adopted by management.

(iii) Plant, workshop and rental equipment

The recoverable amounts of these assets were determined by management based on value-in-use calculations derived from cash flow projections. Our audit procedures included, amongst others, the following:

- We assessed the methodology and arithmetical accuracy of the value-in-use calculations.
- We considered the robustness of management's budgeting process by comparing the actual financial performance against previous forecast and projections.
- We evaluated the reasonableness of management's key assumptions, in particular, revenue and gross margin projections, to historical data and corroborated to industry research on market outlook.
- We engaged the assistance of our internal valuation specialist to assess the reasonableness of the discount rates used by management.
- We performed sensitivity analysis on changes in these key assumptions to changes in the recoverable amounts of these assets.

We also assessed the adequacy of the Group's disclosures in Note 13 to the consolidated financial statements.

Recoverability of trade receivables

The carrying amount of the Group's trade receivables of $35,375,000 as at 31 March 2019 were significant to the Group as they represented 48% of the Group's total current assets as at 31 March 2019.

The credit worthiness of customers may be impacted by the weakened economic conditions in the oil and gas and offshore marine industry. This may result in higher overdue trade receivables and greater collectability risks. As such, we determined the recoverability of trade receivables to be a key audit matter.

The Group determines impairment of trade receivables by making debtor-specific assessment for credit-impaired debtors. For the remaining group of debtors, the Group provides for lifetime expected credit losses using simplified approach. The allowance rates are determined based on the Group's historical default rates analysed by percentage of allowance for doubtful debts to the total credit sales for the past five years, adjusted for current and forward-looking information (where appropriate).

Key audit matters (cont'd)

Recoverability of trade receivables (cont'd)

Our audit procedures included, amongst others, the following:

- We obtained an understanding of the Group's credit policies and credit assessment procedures.
- We assessed the Group's processes and controls relating to the monitoring of trade receivables and considered aging to identify collection risks.
- We evaluated the adequacy of the allowance for impairment of trade receivables through the following:
    - Obtained an understanding of the Group's processes on the implementation of SFRS(I) 9 expected credit loss model.
    - Reviewed key data sources and assumptions for data used in the determination of default rate and the current and forward-looking factors.
    - Reviewed debtors aging report to identify any long overdue receivables and reviewed their historical pattern of settlement.
    - Inquired management if there are any known insolvent debtors or disputed receivables and discussed with management on the collectability of receivables and adequacy of allowance for impairment of these trade receivables.
    - Reviewed the collectability of the trade receivables on a sampling basis, by way of obtaining evidence of receipts subsequent to the balance sheet date from the customers.
- We also assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as credit risk in Notes 18 and 33 (a) to the consolidated financial statements respectively.

Impairment assessment of investment in subsidiaries and intercompany receivables (Company level)

The carrying amount of the investment in subsidiaries and intercompany receivables as at 31 March 2019 amounted to $50,819,000 and $62,392,000 respectively. These investments and intercompany receivables represent 93% of the Company's total assets and are subject to impairment and expected credit loss assessment at year end. This area was significant to our audit because the assessment of recoverable amount involves management exercising significant judgement and making assumptions about the respective entity's future performance.

During the financial year ended 31 March 2019, impairment losses on investment in subsidiaries of $2,391,000 and intercompany receivables of $14,103,000 were recorded at Company level. Our audit procedures included, amongst others, the following:

- In respect of investment in subsidiaries with indicators of impairment, we performed the same procedures as described in key audit matter – Impairment assessment of goodwill.
- In respect of intercompany receivables, we reviewed management's process of monitoring collectability and review of credit risks of the intercompany receivables and where relevant and available, obtained evidence of subsequent repayment of the amount due from subsidiaries. We evaluated management's determination of whether there has been significant increase in the credit risk of the receivables from the subsidiaries since initial recognition and whether the expected credit loss is material to the financial statements. In particular, we considered the repayment trends of the subsidiaries, historical and future cash flows generating ability of the subsidiaries, recoverable amounts and market values of the assets held by subsidiaries (where available) and outlook observed from external information sources.

We also assessed the adequacy of disclosures in Notes 14, 16 and 18 to the consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors 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 Act and SFRS(I), 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

The engagement partner on the audit resulting in this independent auditor's report is Tan Seng Choon.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
12 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019 *(In Singapore dollars)*

	Note	2019 $'000	2018 $'000 (Restated)
Revenue	4	130,896	111,866
Cost of sales		(102,743)	(94,631)
Gross profit		28,153	17,235
Other income	5	827	1,340
Staff costs		(17,593)	(19,976)
Allowance for impairment of trade receivables	18	(29)	(923)
Other operating expenses		(15,230)	(20,417)
Loss from operating activities	6	(3,872)	(22,741)
Finance costs	7	(1,043)	(840)
Share of results of associate and joint ventures	15	114	(967)
Loss before taxation		(4,801)	(24,548)
Income tax expense	8	(470)	(5,094)
Loss for the year, net of tax		(5,271)	(29,642)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of subsidiaries, associate and joint ventures		292	(3,368)
Net fair value loss on derivatives		(59)	(60)
Share of joint venture's loss on remeasurement of employee benefits	15	–	(149)
Foreign currency translation reserve reclassified to profit or loss upon winding-up of a subsidiary		11	(38)
Other comprehensive income for the year, net of tax		244	(3,615)
Total comprehensive income for the year		(5,027)	(33,257)
Loss for the year		(5,271)	(29,642)
Attributable to:			
Owners of the Company		(4,905)	(27,381)
Non-controlling interests		(366)	(2,261)
Loss for the year		(5,271)	(29,642)
Total comprehensive income for the year		(5,027)	(33,257)
Attributable to:			
Owners of the Company		(4,593)	(30,734)
Non-controlling interests		(434)	(2,523)
Total comprehensive income for the year		(5,027)	(33,257)
Basic and diluted loss per share attributable to owners of the Company (cents per share)	9	(2.30)	(17.72)

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

BALANCE SHEETS

As at 31 March 2019 *(In Singapore dollars)*

	Note	Group 31.3.2019 $'000	Group 31.3.2018 $'000	Group 1.4.2017 $'000	Company 31.3.2019 $'000	Company 31.3.2018 $'000	Company 1.4.2017 $'000
Non-current assets							
Goodwill	10	5,373	4,560	10,451	–	–	–
Intangible assets	11	418	380	102	–	–	–
Investment property	12	–	–	–	852	850	897
Property, plant and equipment	13	42,251	46,924	54,694	80	76	176
Investment in subsidiaries	14	–	–	–	50,819	49,242	59,189
Investment in associate and joint ventures	15	3,824	1,922	1,222	3,718	1,922	114
Receivables	16	3,161	2,388	2,440	48,946	65,182	53,892
Prepayments	16	6	25	7	6	25	–
Deferred tax assets	23	901	958	7,089	–	–	–
		55,934	57,157	76,005	104,421	117,297	114,268
Current assets							
Inventories	17	14,971	14,733	14,966	–	–	–
Trade and other receivables	18	36,979	26,378	46,878	14,457	14,085	20,328
Prepayments	16	1,638	1,607	2,541	74	89	94
Tax recoverable		–	502	–	–	6	–
Cash and cash equivalents	19	19,815	10,759	31,408	3,265	331	10,987
		73,403	53,979	95,793	17,796	14,511	31,409
Total assets		129,337	111,136	171,798	122,217	131,808	145,677
Current liabilities							
Trade and other payables	20	31,025	19,060	26,017	1,080	3,026	1,383
Finance lease payable	21	131	204	331	–	–	–
Bank borrowings	22	1,013	981	3,190	1,013	981	1,044
Provisions	24	897	355	444	–	–	–
Provision for taxation		729	429	518	18	–	–
		33,795	21,029	30,500	2,111	4,007	2,427
Net current assets		39,608	32,950	65,293	15,685	10,504	28,982

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

BALANCE SHEETS

As at 31 March 2019 *(In Singapore dollars)*

		Group			Company		
	Note	**31.3.2019**	**31.3.2018**	**1.4.2017**	**31.3.2019**	**31.3.2018**	**1.4.2017**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-current liabilities							
Trade and other payables	20	199	250	309	2,640	2,629	7,169
Finance lease payable	21	173	32	498	–	–	–
Bank borrowings	22	20,713	21,417	37,722	11,465	12,285	12,311
Deferred tax liabilities	23	418	604	1,407	48	53	55
Provisions	24	269	1,114	1,390	87	84	82
		21,772	23,417	41,326	14,240	15,051	19,617
Total liabilities		55,567	44,446	71,826	16,351	19,058	22,044
Net assets		73,770	66,690	99,972	105,866	112,750	123,633
Equity attributable to owners of the Company							
Share capital	25	48,914	36,807	36,807	48,914	36,807	36,807
Treasury shares	25	(3)	(3)	(4)	(3)	(3)	(4)
Reserves	26	21,789	26,382	57,142	56,955	75,946	86,830
Shareholders' funds		70,700	63,186	93,945	105,866	112,750	123,633
Non-controlling interests		3,070	3,504	6,027	–	–	–
Total equity		73,770	66,690	99,972	105,866	112,750	123,633

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019   (In Singapore dollars)

		Attributable to owners of the Company							
Group	**Note**	**Share capital**	**Treasury shares**	**Foreign currency translation reserve**	**Retained earnings**	**Other reserves**	**Share-holders' funds**	**Non-controlling interests**	**Total equity**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance as at 1 April 2017		36,807	(4)	(1,417)	57,022	1,537	93,945	6,027	99,972
Adoption of SFRS(I) 1		–	–	1,417	(1,417)	–	–	–	–
Balance as at 1 April 2017 (Restated)		36,807	(4)	–	55,605	1,537	93,945	6,027	99,972
Loss for the year, net of tax (Restated)		–	–	–	(27,381)	–	(27,381)	(2,261)	(29,642)
Exchange difference on translation of subsidiaries, associate and joint ventures		–	–	(3,114)	–	–	(3,114)	(254)	(3,368)
Reclassification to profit or loss on winding-up of a subsidiary (Restated)		–	–	(38)	–	–	(38)	–	(38)
Net fair value loss on derivatives		–	–	–	–	(52)	(52)	(8)	(60)
Share of joint venture's loss on remeasurement of employee benefits		–	–	–	–	(149)	(149)	–	(149)
Total comprehensive income for the year		–	–	(3,152)	(27,381)	(201)	(30,734)	(2,523)	(33,257)
Transfer of treasury shares pursuant to MTQ Share Plan	25	–	38	–	–	(38)	–	–	–
Employee equity benefits expense		–	–	–	–	12	12	–	12
Share buy-back	25	–	(37)	–	–	–	(37)	–	(37)
Total contributions by and distributions to owners		–	1	–	–	(26)	(25)	–	(25)
Balance as at 31 March 2018 (Restated)		36,807	(3)	(3,152)	28,224	1,310	63,186	3,504	66,690

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019 (In Singapore dollars)

Group	Note	Attributable to owners of the Company							
		Share capital	Treasury shares	Foreign currency translation reserve	Retained earnings	Other reserves	Share-holders' funds	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 31 March 2018 (Restated) and 1 April 2018		36,807	(3)	(3,152)	28,224	1,310	63,186	3,504	66,690
Loss for the year, net of tax		–	–	–	(4,905)	–	(4,905)	(366)	(5,271)
Exchange difference on translation of subsidiaries, associate and joint ventures		–	–	352	–	–	352	(60)	292
Reclassification to profit or loss on winding-up of a subsidiary		–	–	11	–	–	11	–	11
Net fair value loss on derivatives		–	–	–	–	(51)	(51)	(8)	(59)
Total comprehensive income for the year		–	–	363	(4,905)	(51)	(4,593)	(434)	(5,027)
Issuance of ordinary shares pursuant to MTQ Rights cum Warrants Issue, net of transaction costs	25	12,107	–	–	–	–	12,107	–	12,107
Total contributions by and distributions to owners		12,107	–	–	–	–	12,107	–	12,107
Balance as at 31 March 2019		48,914	(3)	(2,789)	23,319	1,259	70,700	3,070	73,770

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 2019 (In Singapore dollars)

	Note	2019 $'000	2018 $'000 (Restated)
Cash flows from operating activities:			
Loss before taxation		(4,801)	(24,548)
Adjustments for:			
Depreciation of property, plant and equipment	13	6,940	7,938
Amortisation of intangible assets	11	199	102
Gain on disposal of property, plant and equipment	5	(32)	(298)
Loss/(gain) on winding-up of a subsidiary	6	11	(39)
Allowance for impairment of trade receivables	6,18	29	923
Allowance/(reversal of allowance) for inventory obsolescence	6,17	265	(293)
Employee equity benefits expense	6	–	11
Interest income	5	(82)	(44)
Interest expense	7	1,043	840
Share of results of associate and joint ventures	15	(114)	967
Impairment loss on goodwill	6,10	–	5,545
Provisions made during the year	24	152	139
Operating cash flows before changes in working capital		3,610	(8,757)
(Increase)/decrease in receivables and prepayments		(10,889)	10,649
(Increase)/decrease in inventories and work-in-progress		(151)	445
Increase/(decrease) in payables		11,889	(7,476)
Currency realignment		525	(1,059)
Cash generated from/(used in) operations		4,984	(6,198)
Interest income received		82	44
Interest expense paid		(1,040)	(858)
Income taxes received/(paid), net		200	(259)
Net cash generated from/(used in) operating activities		4,226	(7,271)

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 2019 *(In Singapore dollars)*

	Note	2019 $'000	2018 $'000 (Restated)
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,419)	(2,207)
Addition of intangible assets		(213)	(384)
Investment in a joint venture		(1,796)	(1,808)
Acquisition of a business	14	(1,192)	–
Proceeds from disposal of property, plant and equipment		53	454
Proceeds from disposal of a subsidiary, net of cash disposed and transaction costs		–	9,513
Loans to joint ventures		(1,042)	(6)
Loans granted to staff		(69)	(32)
Loans repaid by staff		36	161
Net cash (used in)/generated from investing activities		(5,642)	5,691
Cash flows from financing activities:			
Proceeds from bank borrowings		–	1,400
Proceeds from Rights cum Warrants Issue		12,107	–
Repayment of bank borrowings		(1,014)	(19,168)
Repayment of finance lease payable		(207)	(570)
Shares buy-back	25	–	(37)
Net cash generated from/(used in) financing activities		10,886	(18,375)
Net increase/(decrease) in cash and cash equivalents		9,470	(19,955)
Cash and cash equivalents at 1 April	19	10,759	31,408
Effect of exchange rate changes on cash and cash equivalents		(414)	(694)
Cash and cash equivalents at 31 March	19	19,815	10,759

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

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 of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 31 March 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on the effect of adopting SFRS(I).

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 ("SGD" or "$") and all values are rounded to the nearest thousand ("$'000") except when otherwise indicated.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")

These financial statements for the year ended 31 March 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 April 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the exemption in which cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 April 2017. As a result, an accumulated amount of $1,417,000 of foreign currency translation loss was adjusted against the opening retained earnings as at 1 April 2017.

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (cont'd)

The following is the reconciliations of the impact arising from first-time adoption of SFRS(I) on 1 April 2017, 31 March 2018 and 1 April 2018 to the balance sheet of the Group:

As at 1 April 2017:

	Reported under FRS $'000	SFRS(I) 1 adjustments $'000	Reported under SFRS(I) $'000
Balance sheet			
Equity attributable to owners of the Company:			
Share capital	36,807	–	36,807
Treasury share	(4)	–	(4)
Foreign currency translation reserve	(1,417)	1,417	–
Retained earnings	57,022	(1,417)	55,605
Other reserves	1,537	–	1,537
	93,945	–	93,945
Non-controlling interest	6,027	–	6,027
Total equity	99,972	–	99,972

As at 31 March 2018 and 1 April 2018:

	Reported under FRS $'000	SFRS(I) 1 adjustments $'000	Reported under SFRS(I) $'000
Balance sheet			
Equity attributable to owners of the Company:			
Share capital	36,807	–	36,807
Treasury share	(3)	–	(3)
Foreign currency translation reserve	(4,168)	1,016	(3,152)
Retained earnings	29,240	(1,016)	28,224
Other reserves	1,310	–	1,310
	63,186	–	63,186
Non-controlling interest	3,504	–	3,504
Total equity	66,690	–	66,690

The adjustments to the Group's consolidated statements of cash flows and comprehensive income arising from the transition from FRS to SFRS(I) were not material and the comparatives in the respective statements have been restated accordingly.

There were no impact to the Company's balances on adoption of SFRS(I).

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (cont'd)

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 Financial Instruments

On 1 April 2018, the Group adopted SFRS(I) 9 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 9 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 April 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

(a) Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments, depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criterial of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018, and then applied retrospectively to those financial assets that were not de-recognised before 1 April 2018.

The Group's debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly continue to be measured at amortised cost when it applies SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

The initial application of SFRS(I) 9 does not have any reclassification effect to the Group's and the Company's financial statements.

For the financial year ended 31 March 2019 (In Singapore dollars)

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

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (cont'd)

New accounting standards effective on 1 January 2018 (cont'd)

SFRS(I) 9 Financial Instruments (cont'd)

(b) Impairment

SFRS(I) 9 requires the Group to record expected credit losses ("ECLs") on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that financial asset is impaired.

Upon adoption of SFRS(I) 9, no additional impairment was recognised on the Group's financial assets.

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018. SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group adopted SFRS(I) 15 using the full retrospective method of adoption. There is no material impact on the financial statements in the year of initial application.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 3 *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
Amendments to SFRS(I) 10 & SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

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

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

Except for SFRS(I) 16, the directors expect that the adoption of other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

<u>SFRS(I) 16 Leases</u>

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 April 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at its carrying amount as if SFRS(I) 16 had been applied since the commencement date discounted using the lessee's incremental borrowing rate as of the date of commencement of the lease.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of commencement date.

The Group has performed preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets of $18,431,000 and lease liabilities of $20,662,000 for its leases previously classified as operating leases, with a corresponding decrease in the opening retained earnings of approximately $2,231,000 before tax impact as of 1 April 2019.

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

2.4 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.

2.5 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

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

2.5 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability are recognised in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquire 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 interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date at fair value, unless another measurement basis is required by another SFRS(I).

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. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

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

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 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.

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

2.6 Transactions with non-controlling interests

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

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

2.7 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Trading sales

Revenue from trading sales is recognised at a point in time upon the satisfaction of each performance obligations, usually on delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Services, repair and contract revenue

Revenue from repair work, engineering, overhaul, service work and construction contracts is recognised over time by reference to the ratio of labour hours and costs incurred to-date to the estimated total labour hours and costs for each contract, with due consideration given to the inclusion of only those costs that reflect work performed. The estimated costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

Rental income

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

Interest income

Interest income is recognised using the effective interest method.

Dividend income

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

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

2.8 Employee benefits

Defined contribution plans

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

Employee leave entitlements

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

Equity compensation plan

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

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

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.

2.9 Leases

As lessee

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

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

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

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

2.9 Leases (cont'd)

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. 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 2.7. Contingent rents are recognised as revenue in the period in which they are earned.

2.10 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.

2.11 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

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

2.11 Taxes (cont'd)

(b) Deferred tax (cont'd)

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 tax authority.

(c) Sales tax

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

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

(ii) Receivables and payables 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. Summary of significant accounting policies (cont'd)

2.12 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. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

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 de-recognised.

Software

Software acquired are initially recognised at cost and amortised on a straight-line basis over its estimated finite useful life of 3 to 5 years.

Know-how

Costs relating to welding procedures specifications are capitalised and amortised on a straight-line basis over its estimated finite useful life of 3 years.

Other intangible assets

Costs relating to designed packages and others are capitalised and amortised on a straight-line basis over its estimated finite useful life of 3 years.

2.13 Investment properties

Investment properties are held by the Company 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.

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

Investment properties are de-recognised 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.

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

2.14 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 2.10. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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 lease terms of 27 to 57 years 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 and vessels	–	6 to 20 years

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

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 de-recognised 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 de-recognised.

2.15 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

2.16 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

2.17 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group recognises its investment in associate and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint ventures' profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate or joint ventures is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint ventures. The profit or loss reflects the share of results of the operations of the associate or joint ventures. Distributions received from the associate or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate and joint ventures are eliminated to the extent of the interest in the associate and joint ventures.

When the Group's share of losses in an associate or joint venture exceeds its interest, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After the application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint ventures and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate and joint ventures used in applying the equity method are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

Impairment losses of continuing operations are recognised in profit or loss.

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. Impairment losses relating to goodwill cannot be reversed in future periods.

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 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. Summary of significant accounting policies (cont'd)

2.20 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes party to the contractual provisions of the instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit and loss when the assets are de-recognised or impaired, and through the amortisation process.

De-recognition

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

(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 plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

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

2.20 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

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 de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.21 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale or collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing the default (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment where appropriate.

Generally, the Group considers a financial asset in default when contractual payments are past due for more than 90-120 days, having considered other qualitative indicators when appropriate. However, in certain cases, the Group may also consider financial asset to be in default when internal and external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

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. Summary of significant accounting policies (cont'd)

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.

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 Contingencies

A contingent liability is:

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

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

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

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

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

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

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

2.28 Government grants

Government grants are recognised when there is reasonable assurance that the grants 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 grants are 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.

3. Significant accounting estimates and judgements

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

(a) Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have 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 judgement 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.

Impairment of non-financial assets

Management exercises significant judgment in determining whether there is any indication that any non-financial asset may have been impaired. This exercise requires management to consider both internal and external sources of information which include but are not limited to: observable indications that the value of the asset has declined during the period significantly more than would be expected as a result of the passage of time or normal use; significant adverse changes in the expected usage of the asset that have taken place or will take place in the near future; significant increase in market interest rates; evidence of obsolescence or physical damage; and worse than expected economic performance of the asset.

3. Significant accounting estimates and judgements (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 reflected in the assumptions when they occur.

Provision for ECLs of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 18. The carrying amount of trade receivables as at 31 March 2019 is $35,375,000 (31 March 2018: $25,509,000, 1 April 2017: $37,058,000).

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill and key assumptions applied in the determination of the value-in-use including sensitivity analysis are disclosed in Note 10.

Impairment of property, plant and equipment

For assets with indicators of impairment, management determines the recoverable amount of the assets based on fair value less costs to sell for leasehold buildings and remotely operated vehicles and value-in-use calculations for plant, workshop and rental equipment. The fair values of the Group's leasehold buildings are determined by accredited independent valuers using recognised valuation techniques which comprise recent sales of similar assets, income approach and replacement cost approach. The fair values of the Group's remotely operated vehicles are determined by management based on market comparable approach. The value-in-use calculations for plant, workshop and rental equipment are based on cash flow projections and they requires management's assumptions regarding revenue, gross margins, growth rates and discount rates.

Impairment of investment in subsidiaries and intercompany receivables (Company level)

For investment in subsidiaries with indicators of impairment, management determines the recoverable amount of the investment using the value-in-use calculations derived from cash flow projections of the subsidiaries. The key assumptions applied in the determination of the value-in-use for the investment in subsidiaries are disclosed in Note 14.

3. Significant accounting estimates and judgements (cont'd)

(b) Key sources of estimation uncertainty (cont'd)

Impairment of investment in subsidiaries and intercompany receivables (Company level) (cont'd)

In relation to intercompany receivables, management provides for ECLs based on the general approach and the extent of loss allowance is dependent on consideration of many factors, amongst others, the extent of credit deterioration since initial recognition, information and data that indicate the credit quality of the subsidiaries and the probability of default, amounts that are expected to be recovered in a default and adjustment for forward-looking information. The amounts due from subsidiaries, including their carrying amount and their related impairment as at 31 March 2019 are disclosed in Notes 16 and 18.

4. Revenue

Revenue represents the value arising from the services, repair, trading and rental of equipment. Revenue is recognised in accordance with the accounting policy disclosed in Note 2.7.

Revenue is disaggregated to services, trading and rental business segment.

Disaggregation of revenue

	Services, repair and contract revenue		Trading sales		Rental income		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Major product or service lines								
Oilfield Engineering								
Engineering services	36,393	26,769	–	–	–	–	36,393	26,769
Trading/sales of oilfield equipment, pipe support/ suspensions, spares	–	–	9,613	11,902	–	–	9,613	11,902
Rental of equipment	–	–	–	–	742	2,112	742	2,112
Other services	758	297	–	–	–	–	758	297
Neptune								
Subsea services	83,175	70,536	–	–	–	–	83,175	70,536
Other services	215	250	–	–	–	–	215	250
	120,541	97,852	9,613	11,902	742	2,112	130,896	111,866
Timing of transfer of goods or services								
At a point in time	215	250	9,613	11,902	–	–	9,828	12,152
Over time	120,326	97,602	–	–	742	2,112	121,068	99,714
	120,541	97,852	9,613	11,902	742	2,112	130,896	111,866

5. Other income

	Group	
	2019	2018
	$'000	$'000
Interest income	82	44
Rental income	19	–
Gain on disposal of property, plant and equipment	32	298
Commission received	16	14
Gain on disposal of scrap material	140	95
Government grants	196	446
Insurance claims	226	357
Others	116	86
	827	1,340

6. Loss from operating activities

Loss from operating activities is stated after charging the following:

	Group	
	2019	2018
	$'000	$'000
(a) Manpower costs		
(i) Amounts recognised in profit or loss		
Salaries, wages and bonuses	44,121	44,149
Defined contribution plan expense	3,935	4,075
Employee equity benefits expense	–	11
Others	2,920	3,039
	50,976	51,274
Included in cost of sales	33,383	31,298
Included in staff costs	17,593	19,976
	50,976	51,274

Employee equity benefits expense recognised in staff costs may not be indicative of the actual vesting value of the shares at vesting dates, which are subject to pre-determined performance targets or vesting conditions.

6. Loss from operating activities (cont'd)

(a) Manpower costs (cont'd)

(ii) Amounts paid during the financial year

The amounts paid to a director and key management personnel during financial years ended 31 March 2019 and 31 March 2018 are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Director's remuneration:		
- Salaries, wages and bonuses*	362	584
- Defined contribution plan expense	17	17
- Others	17	18
	396	619
Other key management personnel:		
- Salaries, wages and bonuses	1,509	1,943
- Defined contribution plan expense	123	173
- Others	441	561
	2,073	2,677

* During the financial year ended 31 March 2018, an amount of $222,000 deferred bonuses, which were awarded for financial years ended 31 March 2014 and 2015's performances, was paid out. The remaining unpaid balance of $288,000 has been relinquished as at 31 March 2019.

During the financial year ended 31 March 2018, the Company transferred treasury shares to certain key management personnel pursuant to the vesting of Awards granted under the MTQ Share Plan (Note 31(a)). The aggregate grant date fair values of the tranches of the Awards that were vested and released to key management personnel during the financial year amounted to $Nil (2018: $55,000).

6. Loss from operating activities (cont'd)

	Note	Group 2019 $'000	Group 2018 $'000 (Restated)
(b) Other operating expenses			
Allowance for impairment of trade receivables	18	29	923
Amortisation of intangible assets	11	199	102
Impairment of goodwill	10	–	5,545
Depreciation of property, plant and equipment		1,120	1,245
Directors' fees paid to Directors of the Company		262	262
Allowance/(reversal of allowance) for inventory obsolescence	17	265	(293)
(Gain)/loss on foreign exchange, net		(39)	9
Consultancy fees paid to a Director of the Company		155	154
Legal and professional fees		1,658	1,412
Non-audit fees to:			
- Auditors of the Company		70	78
- Auditors of subsidiaries		75	81
Audit fees to:			
- Auditors of the Company		501	488
- Auditors of subsidiaries		307	347
Loss/(gain) on winding-up of a subsidiary		11	(39)
Utilities expenses		1,471	1,452
Operating lease expenses		3,043	3,203
(c) Cost of sales			
Operating lease expenses		4,100	5,735
Depreciation of property, plant and equipment		5,820	6,693

7. Finance costs

	Group 2019 $'000	Group 2018 $'000
Interest on:		
- Bank loans	1,006	826
- Finance leases	34	12
- Others	3	2
	1,043	840

8. Income tax expense

(a) Major components of income tax expense for the years ended 31 March are as follows:

	Group 2019 $'000	Group 2018 $'000
Consolidated statement of comprehensive income		
Current income tax		
- Current income tax	236	180
- Over provision in respect of previous years	(57)	(596)
- Withholding tax expense	402	339
	581	(77)
Deferred income tax		
- Movement in temporary differences	(166)	(1,439)
- Write-off of deferred tax assets	–	6,313
- Under provision in respect of previous years	55	297
	(111)	5,171
Income tax expense recognised in statement of comprehensive income	470	5,094

8. Income tax expense (cont'd)

(b) Relationship between income tax expense and accounting loss

A reconciliation between income tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 March is as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
		(Restated)
Loss before taxation	(4,801)	(24,548)
Tax at Singapore statutory tax rate of 17% (2018: 17%)	(816)	(4,173)
Effect of difference in effective tax rates of other countries	(196)	(1,530)
Non-deductible expenses	272	2,935
Income not subject to taxation	(1,798)	(122)
Effect of partial tax exemption and tax incentives	(8)	(29)
Deferred tax assets not recognised	2,607	1,900
(Over)/under provision in respect of previous years		
- current tax	(57)	(596)
- deferred tax	55	297
Write-off of deferred tax assets	–	6,313
Withholding tax expense	402	339
Others	9	(240)
Income tax expense recognised in statement of comprehensive income	470	5,094

9. Loss per share

Basic and diluted loss per share are calculated by dividing loss 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. Potential ordinary shares that would be issued upon under the MTQ Share Plan and outstanding warrants are excluded from the calculation of diluted loss per share due to its anti-dilutive effect.

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

	Group	
	2019	**2018**
	$'000	**$'000**
		(Restated)
Loss for the financial year, net of tax, attributable to owners of the Company	(4,905)	(27,381)

	Number of shares	
	2019	**2018**
	'000	**'000**
Weighted average number of ordinary shares for basic and diluted earnings per share computation*	213,440	154,510

* The weighted average number of shares took into account the weighted average effect of the following transactions during the year:

a) 61,806,000 (2018: Nil) ordinary shares that the Company issued pursuant to the Rights cum Warrants Issue (Note 25)

b) Nil (2018: 100,000) ordinary shares that the Company bought back (Note 25)

c) Nil (2018: 98,000) ordinary shares that the Company transferred to the participants of the MTQ Share Plan (Note 25)

10. Goodwill

	Note	Group $'000
At 1 April 2017		10,451
Impairment of goodwill	6	(5,545)
Currency realignment		(346)
At 31 March 2018		4,560
At 1 April 2018		4,560
Acquisitions through business combination	14	820
Currency realignment		(7)
At 31 March 2019		5,373

10. Goodwill (cont'd)

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to one (31 March 2018: four, 1 April 2017: four) cash-generating unit ("CGU") for impairment testing as follows:

- Premier Group
- Neptune
  - Asset Integrity (fully impaired during the financial year ended 31 March 2018)
  - Engineering UK (fully impaired during the financial year ended 31 March 2018)
  - Diving (fully impaired during the financial year ended 31 March 2018)

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

	Group		
	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000
Premier Group	5,373	4,560	4,560
Neptune			
- Asset integrity	–	–	1,450
- Engineering UK	–	–	1,554
- Diving	–	–	2,887
	5,373	4,560	10,451

The recoverable amount of the CGU is determined based on value-in-use calculation derived from cash flow projections covering a five-year period. The terminal value of the CGU at the end of the five-year period was estimated by extrapolating the projected cash flows in the 5th year through perpetuity using a long-term growth rate applicable to the CGU.

Key assumptions used in the value-in-use calculation

Key assumptions used in the value-in-use calculation are as follows:

	31.3.2019	31.3.2018	1.4.2017
Revenue projection for the first year	Financial budgets	Financial budgets	Financial budgets
Revenue growth rates for a further 4 years	21.0% to 70.0%	1.5% to 43.0%	2.0% to 50.0%
Gross margins	24.0% to 28.0%	19.0% to 34.0%	21.0% to 25.0%
Long-term growth rates (per annum)	3.0%	1.5% to 3.0%	2.0% to 3.0%
Discount rates (per annum)	8.9%	8.9% to 11.8%	9.4% to 11.4%

10. Goodwill (cont'd)

Impairment testing of goodwill (cont'd)

Key assumptions used in the value-in-use calculation (cont'd)

Revenue and gross margin projections

The revenue growth rates are determined based on management's knowledge and past experience of the businesses, taking into consideration the expected medium to long-term market outlook.

Long-term growth rates

The long-term growth rate is derived based on published industry research and do not exceed the long-term average growth rate for the industry relevant to the CGUs.

Discount rates

The discount rate is based on pre-tax weighted average cost of capital ("WACC") applicable to the CGU and represents the current market assessment of the CGU-specific risks, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

Sensitivity to changes in assumptions

The Group believes that any reasonably possible change in the above key assumptions are not likely to cause any of the recoverable amount of the CGU to be materially lower than the related carrying amount.

Impairment loss recognised

Based on the impairment assessment, the recoverable amount of the CGU was found to be higher than its carrying amount. During the financial year ended 31 March 2018, an impairment loss of $5,545,000 was recognised to fully write-down the carrying amount of goodwill allocated to the 3 CGUs under Neptune.

11. Intangible assets

Group	Customer relationships $'000	Software $'000	Know-how $'000	Other intangible assets $'000	Total $'000
Cost:					
At 1 April 2017	313	316	–	–	629
Additions	–	–	354	30	384
Currency realignment	(19)	(19)	–	–	(38)
Write-offs	(294)	–	–	–	(294)
At 31 March 2018 and 1 April 2018	–	297	354	30	681
Additions	–	26	84	115	225
Currency realignment	–	(14)	13	1	–
At 31 March 2019	–	309	451	146	906
Accumulated amortisation:					
At 1 April 2017	313	214	–	–	527
Amortisation for the year	–	39	61	2	102
Currency realignment	(19)	(13)	(2)	–	(34)
Write-offs	(294)	–	–	–	(294)
At 31 March 2018 and 1 April 2018	–	240	59	2	301
Amortisation for the year	–	40	130	29	199
Currency realignment	–	(14)	2	–	(12)
At 31 March 2019	–	266	191	31	488
Net carrying amount:					
At 31 March 2019	–	43	260	115	418
At 31 March 2018	–	57	295	28	380
At 1 April 2017	–	102	–	–	102

12. Investment property

	Company $'000
Balance sheet:	
Cost	
At 1 April 2017, 31 March 2018 and 1 April 2018	7,310
Additions	50
At 31 March 2019	7,360
Accumulated depreciation	
At 1 April 2017	6,413
Depreciation	47
At 31 March 2018 and 1 April 2018	6,460
Depreciation	48
At 31 March 2019	6,508
Net carrying amount	
At 31 March 2019	852
At 31 March 2018	850
At 31 March 2017	897

	Company	
	2019 $'000	2018 $'000
Statement of comprehensive income:		
Rental income from investment property charged to subsidiaries	1,170	1,106
Direct operating expenses (including repairs and maintenance) arising from rental generating properties	1,104	1,042

The fair value of the investment property held by the Company as at 31 March 2019 amounted to $6,650,000 (31 March 2018: $6,650,000, 1 April 2017: $6,850,000). The fair value was based on valuation performed by an accredited independent valuer with recognised and relevant professional qualification and with recent experience in the location and category of the property being valued. The valuations were arrived after taking into account comparisons with recent sales of similar properties within the vicinity.

The investment property held by the Company as at 31 March 2019 is as follows:

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

13. Property, plant and equipment

Group	Leasehold buildings $'000	Plant, workshop, ROVs, vessels and rental equipment $'000	Furniture and fixtures, office equipment and motor vehicles $'000	Assets under construction $'000	Total $'000
Cost					
At 1 April 2017	30,040	79,466	10,884	480	120,870
Adjustment	–	1,166	661	–	1,827
Currency realignment	(972)	(2,125)	(252)	(19)	(3,368)
Additions	21	899	204	1,732	2,856
Disposals/write-offs	–	(6,674)	(155)	–	(6,829)
Transfers	–	1,501	143	(1,644)	–
At 31 March 2018 and 1 April 2018	29,089	74,233	11,485	549	115,356
Adjustment	–	534	59	–	593
Currency realignment	494	345	(146)	(12)	681
Additions	50	1,188	339	309	1,886
Disposals/write-offs	–	(65)	(20)	(12)	(97)
Transfers	–	617	53	(670)	–
At 31 March 2019	29,633	76,852	11,770	164	118,419
Accumulated depreciation and impairment loss					
At 1 April 2017	9,536	51,508	5,132	–	66,176
Adjustment	–	1,166	661	–	1,827
Currency realignment	(142)	(1,183)	(77)	–	(1,402)
Depreciation	572	6,342	1,024	–	7,938
Disposals/write-offs	–	(5,962)	(145)	–	(6,107)
At 31 March 2018 and 1 April 2018	9,966	51,871	6,595	–	68,432
Adjustment	–	534	59	–	593
Currency realignment	77	214	(24)	–	267
Depreciation	566	5,488	886	–	6,940
Disposals/write-offs	–	(51)	(13)	–	(64)
At 31 March 2019	10,609	58,056	7,503	–	76,168
Net carrying amount					
At 31 March 2019	19,024	18,796	4,267	164	42,251
At 31 March 2018	19,123	22,362	4,890	549	46,924
At 1 April 2017	20,504	27,958	5,752	480	54,694

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

Company	Workshop equipment $'000	Furniture and fixtures, office equipment and motor vehicles $'000	Total $'000
Cost			
At 1 April 2017	209	2,318	2,527
Additions	–	31	31
Disposals/write-offs	–	(4)	(4)
At 31 March 2018 and 1 April 2018	209	2,345	2,554
Additions	–	58	58
At 31 March 2019	209	2,403	2,612
Accumulated depreciation			
At 1 April 2017	209	2,142	2,351
Depreciation	–	131	131
Disposals/write-offs	–	(4)	(4)
At 31 March 2018 and 1 April 2018	209	2,269	2,478
Depreciation	–	54	54
At 31 March 2019	209	2,323	2,532
Net carrying amount			
At 31 March 2019	–	80	80
At 31 March 2018	–	76	76
At 31 March 2017	–	176	176

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

(a) Leasehold buildings held by the Group include the following:

Location	Description	Area sq. m.	Tenure	Net carrying amount 31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000
Leasehold building						
182 Pandan Loop, Singapore 128373*	Office building and workshop	14,271	27 years lease from 16 September 2009	852	850	897
Bahrain International Investment Park, HIDD, Kingdom of Bahrain	Office building and workshop	22,397	50 years lease from 1 September 2009	12,735	12,669	13,830
54 Loyang Way Singapore 508747	Office building and workshop	6,912	57 years lease from 1 March 1995	5,437	5,604	5,777

* This leasehold building has been classified as investment property at Company level as the property is leased to subsidiaries (Note 12).

(b) Assets pledged as securities

The carrying amounts of property, plant and equipment pledged as securities to secure bank facilities of subsidiaries are as follows:

	Net carrying amount 31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000
Leasehold buildings	12,735	12,669	13,830
Assets under construction	–	358	41
Furniture and fixtures, office equipment and motor vehicles	440	3,444	3,787
Plant, workshop, ROVs, vessels and rental equipment	4,715	11,193	15,578

(c) Assets held under finance lease

The carrying amount of property, plant and equipment held under finance lease as at 31 March 2019 was $361,000 (31 March 2018: $Nil, 1 April 2017: $744,000).

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

(d) Assets under construction

Included in the Group's assets under construction as at 31 March 2019 is an amount of $164,000 relating to the construction of workshop and equipment (31 March 2018: $549,000, 1 April 2017: $245,000 and $78,000 relating to purchase of ROVs).

14. Investment in subsidiaries

	Note	Company		
		31.3.2019	31.3.2018	1.4.2017
		$'000	$'000	$'000
Unquoted shares, at cost:				
Beginning of financial year		36,425	39,981	45,276
Disposal of a subsidiary		–	–	(5,295)
Winding-up of a subsidiary		(5,858)	(3,556)	–
End of financial year		30,567	36,425	39,981
Allowance for impairment in value of investments		(7,791)	(11,258)	(5,858)
	30	22,776	25,167	34,123
Intercompany indebtedness:				
Non-trade amounts due from subsidiaries		28,721	24,075	25,544
Allowance for impairment of intercompany indebtedness		(678)	–	(478)
		28,043	24,075	25,066
Total investment in subsidiaries		50,819	49,242	59,189

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

Movement in allowance for impairment in value of investments:

	Company	
	2019	2018
	$'000	$'000
At 1 April	11,258	5,858
Charge for the year	2,391	5,400
Winding-up of a subsidiary	(5,858)	–
At 31 March	7,791	11,258

During the year, management carried out a review of the recoverable amounts of the cost of investment in subsidiaries. Following the review, an impairment loss of $2,391,000 (2018: $5,400,000) was recognised on the cost of investment for a certain subsidiary. The recoverable amounts of the cost of investment in subsidiaries were estimated based on value-in-use calculations derived from cash flow projections. Key assumptions adopted in the value-in-use calculations include revenue projections, gross margins, growth rates and discount rates.

Any adverse change in the above key assumptions would result in further impairment losses with regards to carrying amount of investment in the subsidiary. Apart from this subsidiary, management believes that any reasonably possible change in the above key assumptions are not likely to cause any of the recoverable amounts of the investments to be materially lower than their respective carrying amount.

14. Investment in subsidiaries (cont'd)

Intercompany indebtedness

The amounts and loans owing by subsidiaries included as part of the Company's net investment in subsidiaries are unsecured, interest-free, have no repayment terms and are repayable only when the cash flows of the subsidiaries permit.

Due from a subsidiary that is impaired

The non-current amount due from a subsidiary that is impaired at the end of the reporting period and the movement of the allowance account used to record the impairment is as follows:

	Company		
	31.3.2019	**31.3.2018**	**1.4.2017**
	$'000	**$'000**	**$'000**
Amount due from a subsidiary – nominal value	4,156	–	478
Less: Allowance for impairment	(678)	–	(478)
	3,478	–	–
Allowance for impairment:			
At 1 April	–	478	432
Charge for the year	678	–	46
Write-off during the year	–	(478)	–
At 31 March	678	–	478

Acquisition of a business

On 31 August 2018, the Company's subsidiary, Mid-Continent Distribution Pte. Ltd. ("Mid-Continent") entered into a Sale Purchase Agreement to acquire a business of supplying and distributing oilfield equipment and spares and the assets in relation thereto (the "Business").

The Group views the proposed acquisition as an opportunity to increase the scope and scale of its oilfield operations. The expansion of the Group's products and service offering are complementary to the Group's existing businesses.

As at acquisition date, the fair value of the net identifiable assets transferred were as follows:

	Note	**Group**
		$'000
Inventories, representing total identifiable net assets at fair value		372
Provisional goodwill arising from acquisition	10	820
Total cash consideration transferred		1,192

As part of the acquisition, the Group identified a provisional goodwill of $820,000 (US$600,000). As at 31 March 2019, the Group has not finalised the Purchase Price Allocation ("PPA") for the 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 upon the completion of the PPA.

14. Investment in subsidiaries (cont'd)

Acquisition of a business (cont'd)

Impact of the acquisition on profit or loss

From the acquisition date, the Business has contributed $2,324,000 of revenue and $214,000 of profit to the Group. If the business combination had taken place at the beginning of the year, the Group's revenue and its loss, net of tax would have been $132,556,000 and $5,118,000 respectively.

15. Investment in associate and joint ventures

	Group $'000
Equity accounted:	
At 1 April 2017	1,222
Acquisition during the year	1,808
Share of results of associate and joint ventures	(967)
Share of joint venture's gain on remeasurement of employee benefits recognised as other comprehensive income	(149)
Currency realignment	8
At 31 March 2018 and 1 April 2018	1,922
Acquisition during the year	1,796
Share of results of associate and joint ventures	114
Share of associate's and joint ventures' foreign currency translation reserve	(8)
At 31 March 2019	3,824

	Company $'000
Unquoted shares, at cost:	
At 1 April 2017	114
Acquisition during the year	1,808
At 31 March 2018 and 1 April 2018	1,922
Acquisition during the year	1,796
At 31 March 2019	3,718

As at 31 March 2019, the Group has ownership interests in 2 joint ventures and 1 associate (31 March 2018: 2 joint ventures and 1 associate, 1 April 2017: 2 joint ventures and 1 associate).

15. Investment in associate and joint ventures (cont'd)

PT Binder Indonesia

The Group has 50% (31 March 2018: 50%, 1 April 2017: 50%) equity interest in a jointly-controlled entity, PT Binder Indonesia[1] that is held through a subsidiary. The joint venture is incorporated in Indonesia and manufactures proprietary and custom-built pipe support and provides pipe suspension solutions. The Group jointly controls the venture with other partner under the contractual agreement and unanimous consent is required for all major decisions over relevant activities.

Summarised financial information in respect of PT Binder Indonesia based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

		Group	
	31.3.2019	**31.3.2018**	**1.4.2017**
	$'000	**$'000**	**$'000**
Summarised balance sheet:			
Cash and cash equivalents	37	43	116
Other current assets	7,758	5,663	9,970
Total current assets	7,795	5,706	10,086
Total non-current assets	194	450	270
Total assets	7,989	6,156	10,356
Current trade and other payables	6,856	3,230	5,549
Non-current other payables	3,354	3,407	2,591
Total liabilities	10,210	6,637	8,140
Net (liabilities)/assets	(2,221)	(481)	2,216
Group's share of net (liabilities)/assets at 50% ownership interest	(1,110)	(241)	1,108
Carrying amount of the investment	–	–	1,108

15. Investment in associate and joint ventures (cont'd)

PT Binder Indonesia (cont'd)

	Group	
	31.3.2019	31.3.2018
	$'000	$'000
Summarised statement of comprehensive income:		
Revenue	8,501	8,959
Other income	59	103
Operating expenses	(10,535)	(11,460)
Loss before tax	(1,975)	(2,398)
Income tax expense	–	–
Loss after tax	(1,975)	(2,398)
Other comprehensive income	234	(299)
Total comprehensive income	(1,741)	(2,697)

The Group has not recognised losses relating to PT Binder Indonesia based on its SFRS(I) financial statements where its share of losses exceeds the Group's interest in its joint venture. The Group's cumulative share of unrecognised losses at the end of the reporting period was $1,110,000 (2018: $232,000). The Group has not incurred obligations or made payments on behalf of the joint venture.

[1] Audited by Tasnum Ali Widjanarko & Rekan

In-Line Group

On 25 July 2017, the Company entered into a Share Purchase Agreement to acquire the entire share capital of In-Line Valve Company Limited and In-Line Valve ME Limited (collectively, the "In-Line Group[2]") over 3 tranches. Tranche 1 was completed on 25 July 2017 with the Company acquiring 33.3% of ownership interests in the In-Line Group. Tranche 2 was completed on 28 June 2018 with the Company acquiring an additional 33.3% of ownership interests in In-Line Group. The remaining 33.4% of the ownership interests will be acquired by the Company in the next financial year. As at 31 March 2019, the Company jointly controls the venture with other partner under the contractual agreement and unanimous consent is required for all major decisions over relevant activities.

Tranche 1

As at 31 March 2018, the Group has performed a provisional Purchase Price Allocation ("PPA") for the acquisition of Tranche 1 interests in the In-Line Group and has computed the provisional goodwill amount of $1,731,000. The Group has finalised the PPA in the current financial year with no further adjustments.

15. Investment in associate and joint ventures (cont'd)

In-Line Group (cont'd)

Tranche 2

As at 31 March 2019, the Group has not finalise the PPA for the acquisition of Tranche 2 interests in the In-Line Group. For the current financial year, the Group has performed a provisional PPA and has computed the provisional goodwill amount of $1,585,000. The provisional goodwill will be adjusted subsequently upon the completion of the PPA.

The In-Line Group is headquartered in the United Kingdom and is active in North Africa, the Middle East and South East Asia. Its principal activity relates to the manufacturing, assembly and testing of flow control valves for use in the upstream oil and gas industry.

Summarised financial information in respect of the In-Line Group based on its management accounts, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Group	
	31.3.2019	**31.3.2018**
	$'000	**$'000**
Summarised balance sheet:		
Cash and cash equivalents	273	69
Other current assets	1,914	345
Total current assets	2,187	414
Total non-current assets	70	47
Total assets	2,257	461
Current trade and other payables	1,495	229
Total liabilities	1,495	229
Net assets	762	232
Group's share of net assets at 66.7% ownership interest (2018: 33.3%)	508	77
Provisional goodwill arising from acquisition	3,316	1,731
Carrying amount of the investment	3,824	1,808
Summarised statement of comprehensive income:		
Revenue	4,749	–
Operating expenses	(4,171)	–
Profit before tax	578	–
Income tax expense	(52)	–
Profit after tax	526	–
Other comprehensive income	(14)	–
Total comprehensive income	512	–

2 Not required to be audited under the law in their countries of incorporation

15. Investment in associate and joint ventures (cont'd)

Other associate

Aggregate information about the Group's investment in associate that is not individually material is as follows:

	Group	
	31.3.2019	**31.3.2018**
	$'000	**$'000**
Loss after tax	(896)	–
Other comprehensive income	32	–
Total comprehensive income	(864)	–

The Group has not recognised losses relating to the other associate based on its SFRS(I) financial statements where its share of losses exceeds the Group's interest in its associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was $59,000 (2018: $Nil). The Group has not incurred obligations or made payments on behalf of the associate.

16. Receivables and prepayments

	Group			Company		
	31.3.2019	**31.3.2018**	**1.4.2017**	**31.3.2019**	**31.3.2018**	**1.4.2017**
Receivables	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Non-current						
Amounts due from subsidiaries						
- Interest-free loans	–	–	–	77,768	79,271	66,574
- Interest-bearing loan	–	–	–	6,078	6,866	8,355
Allowance for amounts due from subsidiaries	–	–	–	(35,260)	(21,157)	(21,152)
	–	–	–	48,586	64,980	53,777
Loans due from joint ventures	3,081	2,342	2,330	353	184	–
Staff loans, at amortised cost	80	46	110	7	18	115
	3,161	2,388	2,440	48,946	65,182	53,892

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% (31 March 2018: 1.5%, 1 April 2017: 1.5%) per annum above the SIBOR.

Interest-free loans due from subsidiaries are unsecured and are not expected to be repaid within the next twelve months. These amounts are expected to be settled in cash.

Loans due from joint ventures are unsecured, non-interest bearing and are not expected to be repaid within the next twelve months. These amounts are expected to be settled in cash.

16. Receivables and prepayments (cont'd)

Receivables (cont'd)

Due from subsidiaries that are impaired

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	
	31.3.2018	**1.4.2017**
	$'000	**$'000**
Amounts due from subsidiaries – nominal value	21,157	21,152
Less: Allowance for impairment	(21,157)	(21,152)
	–	–
Allowance for impairment:		
At 1 April	21,152	23,975
Charge/(reversal) for the year, net	5	(2,823)
At 31 March	21,157	21,152

Expected credit losses

The non-current amounts due from subsidiaries that are impaired at the end of the reporting period and the movement in allowance for expected credit losses of amounts due from subsidiaries computed based on lifetime ECLs are as follows:

	Company
	31.3.2019
	$'000
Amounts due from subsidiaries – nominal value	83,846
Less: Allowance for impairment	(35,260)
	48,586
At 1 April under SFRS(I) 9	21,157
Charge for the year	14,103
At 31 March	35,260

16. Receivables and prepayments (cont'd)

Receivables (cont'd)

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 five years with the last repayment due in financial year ending 2024 (31 March 2018: 2023, 1 April 2017: 2021). 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. The total staff loans are as follows:

		Group			Company		
	Note	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
		$'000	$'000	$'000	$'000	$'000	$'000
Staff loans at amortised costs:							
Current, classified under trade and other receivables	18	57	38	103	11	11	61
Non-current, classified under receivables		80	46	110	7	18	115
		137	84	213	18	29	176
Prepayments							
Current							
Advances to suppliers		603	296	509	–	–	–
Other prepayments		1,035	1,311	2,032	74	89	94
		1,638	1,607	2,541	74	89	94
Non-current							
Prepaid staff benefits		–	–	7	–	–	–
Other prepayments		6	25	–	6	25	–
		6	25	7	6	25	–

17. Inventories

	Group		
	31.3.2019	**31.3.2018**	**1.4.2017**
	$'000	**$'000**	**$'000**
Balance sheet:			
First-in-first-out basis			
- Raw materials	5,453	6,512	6,388
- Work-in-progress	3,089	2,714	2,192
- Finished goods	4,787	4,962	5,824
- Goods-in-transit	517	72	25
	13,846	14,260	14,429
Weighted average basis			
- Finished goods	1,106	460	515
- Work-in-progress	19	13	22
	1,125	473	537
Total inventories at lower of cost and net realisable value	14,971	14,733	14,966
Inventories are stated after deducting allowance for inventory obsolescence of:			
- first-in-first-out basis	687	386	411
- weighted average basis	248	283	600
	935	669	1,011

	Group	
	31.3.2019	**31.3.2018**
	$'000	**$'000**
Movement in allowance for inventory obsolescence:		
At 1 April	669	1,011
Allowance/(reversal of allowance) for inventory obsolescence included in other operating expenses	265	(293)
Currency realignment	1	(49)
At 31 March	935	669

Inventories recognised as cost of sales amounted to $55,149,000 (2018: $46,196,000).

18. Trade and other receivables

	Note	Group			Company		
		31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
		$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables		35,375	25,509	37,058	–	–	–
Staff loans, current	16	57	38	103	11	11	61
Sundry deposits		234	181	188	2	2	2
Sundry receivables		451	650	9,529	250	241	9,417
Loans due from joint ventures		862	–	–	388	–	–
Amounts due from subsidiaries		–	–	–	13,806	13,831	10,848
		36,979	26,378	46,878	14,457	14,085	20,328

Amounts due from subsidiaries are non-trade, unsecured, interest-free and repayable upon demand. These amounts are expected to be settled in cash.

During the financial year ended 31 March 2017, included in sundry receivables of the Group and Company was an amount relating to the deferred sale consideration for the disposal of a subsidiary. The amount has been received during the financial year ended 31 March 2018.

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

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables	2,415	2,355	1,464	–	–	–

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

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore Dollars	4,269	3,446	5,329	9,489	7,379	5,982
Australian Dollars	12,135	3,992	22,803	1,958	3,506	11,284
United States Dollars	13,360	13,266	14,321	2,372	2,958	3,062
Bahraini Dinar	251	197	58	–	–	–
British Pounds	6,693	5,217	4,367	388	–	–
Others	271	260	–	250	242	–
	36,979	26,378	46,878	14,457	14,085	20,328

18. Trade and other receivables (cont'd)

Trade receivables

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

Receivables that are past due but not impaired

As at 31 March 2018, the Group has trade receivables amounting to $9,873,000 (1 April 2017: $19,409,000) that are past due at the end of the reporting period but not impaired as management expects payment subsequent to year end. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	31.3.2018	**1.4.2017**
	$'000	**$'000**
Trade receivables past due but not impaired:		
Lesser than 30 days	3,899	11,291
30 to 60 days	705	4,132
61 to 90 days	660	1,173
More than 90 days	4,609	2,813
	9,873	19,409

Receivables that are impaired

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors who 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 allowances made on debtor groups with similar credit characteristics that are indicative of the debtors' ability to pay amounts.

18. Trade and other receivables (cont'd)

Trade receivables (cont'd)

<u>Receivables that are impaired</u> (cont'd)

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

	Group			
	Individually impaired		Collectively impaired	
	31.3.2018	1.4.2017	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000
Trade receivables – nominal value	2,047	1,156	308	308
Less: Allowance for impairment	(2,047)	(1,156)	(308)	(308)
	–	–	–	–
Allowance for impairment:				
At 1 April	1,156	842	308	308
Exchange differences	(32)	50	–	–
Charge for the year	923	961	–	–
Written-off	–	(581)	–	–
Disposal of a subsidiary	–	(116)	–	–
At 31 March	2,047	1,156	308	308

<u>Expected credit losses</u>

The gross carrying amount of trade receivables which represents the maximum exposure to loss is as follows:

	Group	
	31.3.2019	
	Gross carrying amount	Allowance for ECL
	$'000	$'000
Current	25,335	–
Less than 30 days past due	6,753	–
30 to 60 days past due	1,399	–
61 to 90 days past due	484	–
More than 90 days past due	3,819	(2,415)
	37,790	(2,415)

18. Trade and other receivables (cont'd)

Trade receivables (cont'd)

Expected credit losses (cont'd)

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECLs are as follows:

	Group
	31.3.2019
	$'000
At 1 April under SFRS(I) 9	2,355
Exchange differences	31
Charge for the year	29
At 31 March	2,415

19. Cash and cash equivalents

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Fixed deposits	5,381	1,163	11,533	3,003	–	10,476
Cash at banks and in hand	14,434	9,596	19,875	262	331	511
	19,815	10,759	31,408	3,265	331	10,987

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between two weeks and one month (31 March 2018: one week and three months, 1 April 2017: one week and three months) depending on the immediate cash requirements of the Group, at a weighted average interest rate of 1.57% (31 March 2018: 0.90%, 1 April 2017: 0.59%) per annum. At the end of the reporting period, fixed deposits of $2,124,000 (31 March 2018: $Nil, 1 April 2017: $Nil) are pledged as security to secure bank facility of a subsidiary.

Cash and cash equivalents are denominated in the following currencies at the end of the reporting period:

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore Dollars	4,611	1,939	15,172	3,248	283	10,939
Australian Dollars	7,519	2,001	6,627	–	–	–
United States Dollars	5,149	3,492	7,228	15	46	46
British Pounds	964	1,659	2,218	–	–	–
Bahraini Dinar	280	151	112	–	–	–
Others	1,292	1,517	51	2	2	2
	19,815	10,759	31,408	3,265	331	10,987

20. Trade and other payables

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current						
Trade payables	21,628	7,264	8,289	–	–	–
Sundry payables	1,032	577	587	143	44	63
Accrual for staff-related costs	4,675	4,308	5,339	243	417	885
Sundry accruals	3,475	5,369	8,378	299	326	428
Trade amounts due to a joint venture	215	1,542	3,424	–	–	–
Amounts owing to subsidiaries	–	–	–	395	2,239	7
	31,025	19,060	26,017	1,080	3,026	1,383
Non-current						
Interest-free loans owing to subsidiaries	–	–	–	2,640	2,629	7,169
Sundry payables	199	250	309	–	–	–
	199	250	309	2,640	2,629	7,169
Total trade and other payables	31,224	19,310	26,326	3,720	5,655	8,552

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

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore Dollars	5,452	3,931	4,086	3,720	4,416	5,011
Australian Dollars	12,019	4,988	8,570	–	596	3,541
United States Dollars	7,551	5,953	9,003	–	643	–
Bahraini Dinar	1,999	1,782	2,136	–	–	–
British Pounds	3,679	2,451	2,285	–	–	–
Euro	122	18	14	–	–	–
Others	402	187	232	–	–	–
	31,224	19,310	26,326	3,720	5,655	8,552

20. Trade and other payables (cont'd)

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

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

Non-current loans owing to subsidiaries are unsecured, non-interest bearing and are not expected to be repaid within the next twelve months. These amounts are expected to be settled in cash.

21. Finance lease payable

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								
	31.3.2019			31.3.2018			1.4.2017		
	Minimum lease payments	Finance charges	Present value of minimum lease payments	Minimum lease payments	Finance charges	Present value of minimum lease payments	Minimum lease payments	Finance charges	Present value of minimum lease payments
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Within 1 year	144	(13)	131	215	(11)	204	348	(17)	331
After 1 year but within 5 years	189	(16)	173	32	–	32	520	(22)	498
Total	333	(29)	304	247	(11)	236	868	(39)	829

The average discount rate implicit in the finance leases is between 0.4% to 1.8% (31 March 2018: 1.0% to 6.0%, 1 April 2017: 1.0% to 6.0%) per annum. The finance leases are denominated in Australian Dollars and British Pounds (31 March 2018: Australian Dollars, 1 April 2017: Australian Dollars and United States Dollars).

22. Bank borrowings

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Bank borrowings, current portion						
Secured (Facility 1)	1,013	981	1,044	1,013	981	1,044
Secured (Facility 2)	–	–	749	–	–	–
Unsecured (Facility 3)	–	–	1,397	–	–	–
Total current bank borrowings	1,013	981	3,190	1,013	981	1,044
Bank borrowings, non-current portion						
Secured (Facility 1)	5,065	5,885	7,311	5,065	5,885	7,311
Unsecured (Facility 4)	6,400	6,400	5,000	6,400	6,400	5,000
Unsecured (Facility 5)	9,248	9,132	9,361	–	–	–
Unsecured (Facility 6)	–	–	16,050	–	–	–
Total non-current bank borrowings	20,713	21,417	37,722	11,465	12,285	12,311
Total bank borrowings	21,726	22,398	40,912	12,478	13,266	13,355

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

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore Dollars	12,000	12,000	10,600	6,400	6,400	5,000
Australian Dollars	–	–	16,799	–	–	–
United States Dollars	9,726	10,398	13,513	6,078	6,866	8,355
	21,726	22,398	40,912	12,478	13,266	13,355

Facility 1

The United States Dollars denominated bank loans are repayable over quarterly instalments starting from December 2012 with last instalment due on 28 March 2025. Interest is payable at the rate of 1.50% above the SIBOR. 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 floating charge over assets of a subsidiary; and
- registered charge over the interest-bearing loan from the Company to a subsidiary.

22. Bank borrowings (cont'd)

Facility 2

The Australian Dollars denominated short term bank loan bore interest at the rate of 1.70% per annum over the bank's base rate. The facility is secured by fixed and floating charge over all assets of a subsidiary. The loan has been fully repaid in 2018.

Facility 3

The United States Dollars denominated short term bank loan bore interest at the rate of 1.75% per annum over the bank's prevailing Cost of Funds. The loan has been fully repaid in 2018.

Facility 4

The multi-currency denominated long term bank loan is repayable on 3 April 2020. Interest is payable at the rate of 3.00% per annum over the SIBOR or 3.10% per annum over the LIBOR in 2019 and depending on the currencies being drawn.

Facility 5

The multi-currency denominated long term bank loan is repayable on 3 April 2020. Interest is payable at the rate of 2.85% (31 March 2018: 2.85%, 1 April 2017: 1.95%) per annum over the prevailing Swap Offer or 3.00% (31 March 2018: 3.00%, 1 April 2017: 1.95%) per annum over the LIBOR in 2019 depending on the currencies being drawn.

Facility 6

The Australian Dollars denominated bank loan bore interest at the rate of 2.25% per annum over the Bank Bill Swap Bid Rate. The loan has been fully repaid in 2018.

A reconciliation of liabilities arising from financing activities is as follows:

	1 April 2018	Cash flows	Non-cash changes				31 March 2019
			Acquisition	Foreign exchange movement	Accretion of interests	Reclassification	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank borrowings							
Current	981	(1,014)	–	32	–	1,014	1,013
Non-current	21,417	–	–	310	–	(1,014)	20,713
Finance lease payable							
Current	204	(207)	112	(10)	–	32	131
Non-current	32	–	173	–	–	(32)	173
Total	22,634	(1,221)	285	332	–	–	22,030

22. Bank borrowings (cont'd)

	1 April 2017	Cash flows	Non-cash changes				31 March 2018
			Acquisition	Foreign exchange movement	Accretion of interests	Reclassification	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Bank borrowings							
Current	3,190	(3,118)	–	(72)	–	981	981
Non-current	37,722	(14,650)	–	(674)	–	(981)	21,417
Finance lease payable							
Current	331	(347)	–	(13)	11	222	204
Non-current	498	(223)	–	(21)	–	(222)	32
Total	41,741	(18,338)	–	(780)	11	–	22,634

23. Deferred tax assets/(liabilities)

	Group	Company
	$'000	$'000
At 1 April 2017	5,682	(55)
Currency realignment	(157)	–
Charge to profit and loss during the financial year	1,142	2
Write-off during the financial year	(6,313)	–
At 31 March 2018	354	(53)
At 31 March 2018 and 1 April 2018	354	(53)
Currency realignment	18	–
Charge to profit and loss during the financial year	111	5
At 31 March 2019	483	(48)

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

Deferred tax as at the end of reporting period relates to the following:

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets						
Unabsorbed capital allowances and unutilised tax losses	1,238	1,511	8,203	–	25	–
Employee benefits	42	40	49	14	13	20
Other provisions	610	40	727	–	–	–
Transaction costs on equity issue of a subsidiary	–	1	2	–	–	–
Unrealised foreign exchange loss	221	–	10	–	–	–
Others	198	8	307	–	–	22
	2,309	1,600	9,298	14	38	42
Deferred tax liabilities						
Excess of net book value over tax written down value of property, plant and equipment	(1,614)	(1,175)	(3,243)	(62)	(91)	(97)
Others	(212)	(71)	(373)	–	–	–
	(1,826)	(1,246)	(3,616)	(62)	(91)	(97)
Deferred tax assets/ (liabilities), net	483	354	5,682	(48)	(53)	(55)

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 taxation authority. The net amounts determined after appropriate offsetting are shown in the balance sheets as follows:

	Group			Company		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets	901	958	7,089	–	–	–
Deferred tax liabilities	(418)	(604)	(1,407)	(48)	(53)	(55)

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

At the end of the reporting period, the Group had unutilised tax losses with no expiry of approximately $190,666,000 (31 March 2018: $188,197,000, 1 April 2017: $159,592,000) and unabsorbed capital allowances of approximately $11,970,000 (31 March 2018: $13,381,000, 1 April 2017: $13,381,000), 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 amount and use of these tax losses and capital allowances is subject to the agreement of the taxation authorities and compliance with certain provisions of the tax legislation of the countries where the companies reside.

The potential tax benefit of approximately $56,310,000 (31 March 2018: $56,131,000, 1 April 2017: $47,917,000) 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		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Current	897	355	444	–	–	–
Non-current	269	1,114	1,390	87	84	82
	1,166	1,469	1,834	87	84	82

Represented by:

	Make good provision	Long-service leave	Onerous contracts	Total
	$'000	$'000	$'000	$'000
Group				
At 1 April 2017	82	1,024	728	1,834
Currency realignment	–	(67)	(41)	(108)
Provisions during the year	2	137	–	139
Utilised during the year	–	(64)	(332)	(396)
At 31 March 2018 and 1 April 2018	84	1,030	355	1,469
Currency realignment	–	(44)	(16)	(60)
Provisions during the year	3	149	–	152
Utilised during the year	–	(167)	(228)	(395)
At 31 March 2019	87	968	111	1,166

24. Provisions (cont'd)

	Make good provision	
	31.3.2019	31.3.2018
	$'000	$'000
Company		
At 1 April	84	82
Accretion of interest	3	2
At 31 March	87	84

Make good provision

In accordance with certain lease agreements, provisions are recognised for expected cost required to be incurred to reinstate the leased premises to their original condition upon the expiry of the leases at various dates till 2036. The provisions are based on quotations received from contractors. Assumptions made by management included variables such as inflation rate and discount rate used to calculate the provision. As such, the actual amounts eventually paid out could be different from the above provisions due to changes in the variables such as discount rate and inflation. However, the Group is of the view that the current provisions are adequate to cover the cost of reinstatement.

Provision for long service leave

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

Onerous contracts

Present obligations arising under onerous contract are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

25. Share capital and treasury shares

	Group and Company			
	2019		2018	
	No. of shares '000	$'000	No. of shares '000	$'000
a) Ordinary shares issued and fully paid				
At 1 April	154,521	36,807	154,521	36,807
Issuance of ordinary shares pursuant to MTQ Rights cum Warrants Issue, net of transaction costs	61,806	12,107	–	–
At 31 March	216,327	48,914	154,521	36,807

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

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.

During the year, the Company issued 61,806,000 right shares at an issue price of $0.20 per share and 15,451,000 detachable warrants to its shareholders. Each warrant carries the rights to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.22 per warrant for each new share. Each warrant may be exercised at any time during the period commencing on and including the date of issue of the warrants and expiring on the date on the date immediately preceding five years from the date of issue of the warrants. The exercise price of the warrants and the number of warrants are fixed except for certain events pursuant to the terms and conditions of the warrants set out in the Deed Poll. The newly issued shares ranked *pari passu* in all respects with the previously issued shares. Share issuance expenses of $254,000 are deducted against share capital. For the financial Year ended 31 March 2019, nil warrants were exercised and accordingly, 15,451,000 warrants remained outstanding as at reporting date.

	Group and Company			
	2019		2018	
	No. of shares		No. of shares	
	'000	$'000	'000	$'000
b) Treasury shares				
At 1 April	8	3	6	4
Share buy-back	–	–	100	37
Transfer of treasury shares pursuant to MTQ Share Plan (Note 31(a))	–	–	(98)	(38)
At 31 March	8	3	8	3

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

The Company acquired Nil (2018: 100,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $Nil (2018: $37,000) and this was presented as a component within shareholder equity.

The Company transferred Nil (2018: 98,208) treasury shares pursuant to the MTQ Share Plan (Note 31(a)). The gain of $Nil (2018: $44,000) arising from the transfer was recognised in gain on sale/transfer of treasury shares within Other Reserves (Note 26).

26. Reserves

		Group			Company		
	Note	31.3.2019 $'000	31.3.2018 $'000 (Restated)	1.4.2017 $'000 (Restated)	31.3.2019 $'000	31.3.2018 $'000	1.4.2017 $'000
Retained earnings		23,319	28,224	55,605	54,439	73,430	84,288
Foreign currency translation reserve		(2,789)	(3,152)	–	–	–	–
Other reserves							
- Gain on sale/ transfer of treasury shares		2,507	2,507	2,463	2,507	2,507	2,463
- Premium paid on acquisition of non-controlling interests or reduction in share capital of a subsidiary		(1,078)	(1,078)	(1,078)	–	–	–
- Employee equity benefits reserve		10	10	80	9	9	79
- Net fair value of loss on derivatives		(84)	(33)	19	–	–	–
- Share of joint venture's remeasurement of employee benefits liabilities	15	(96)	(96)	53	–	–	–
		1,259	1,310	1,537	2,516	2,516	2,542
		21,789	26,382	57,142	56,955	75,946	86,830

Foreign currency translation reserve

The foreign currency translation reserve comprises exchange differences arising from the translation of financial statements of subsidiaries whose functional currencies are different from that of the Group's presentation currency. The foreign currency translation reserve is also used to record the effect of hedging of net investments in foreign operations.

Gain on sale/transfer of treasury shares

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

26. Reserves (cont'd)

Premium paid on acquisition of non-controlling interests or reduction in share capital of a subsidiary

This represents the premium paid on acquisition of non-controlling interests arising from the acquisition of additional equity interest in Neptune while retaining control and the reduction of share capital of Neptune prior to financial year ended 2019.

Employee equity benefits reserve

Employee equity benefits 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 release of the awards.

Movements in reserves are set out in the consolidated statement of changes in equity.

27. Dividends

There was no dividend declared or paid in respect of financial years ended 31 March 2018 and 2019.

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		
	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Within one year	3,342	4,150	3,727	533	536	544
After one year but not more than five years	9,211	9,268	11,330	2,123	2,143	2,133
More than five years	15,181	16,811	18,262	6,537	7,090	7,729
	27,734	30,229	33,319	9,193	9,769	10,406

Included in the above, $27,163,000 (31 March 2018: $29,956,000, 1 April 2017: $33,046,000) and $9,152,000 (31 March 2018: $9,717,000, 1 April 2017: $10,396,000) relate to leasehold land and premises of the Group and the Company respectively.

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		
	31.3.2019	**31.3.2018**	**1.4.2017**	**31.3.2019**	**31.3.2018**	**1.4.2017**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Authorised and committed	43	179	594	–	–	–

(c) Contingent liabilities

	Group			Company		
	31.3.2019	**31.3.2018**	**1.4.2017**	**31.3.2019**	**31.3.2018**	**1.4.2017**
Corporate guarantees issued by the Company for bank facilities utilised by subsidiaries	–	–	–	1,421	3,666	22,153
Guarantees issued to external parties	3,438	4,076	4,253	26	365	296

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 amounts owing from these subsidiaries, net of allowances for impairment, is $89,335,000 (31 March 2018: $99,982,000, 1 April 2017: $87,874,000).

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 within this segment. This segment operates mainly in Singapore.

(ii) Oilfield engineering

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

(iii) Neptune

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

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

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

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

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

(a) Operating segments (cont'd)

	Investment holding $'000	Oilfield engineering $'000	Neptune $'000	Eliminations $'000	Note	Per consolidated financial statements $'000
Year ended 31 March 2019						
Revenue:						
External sales	–	47,506	83,390	–		130,896
Inter-segment sales	4,252	1,927	62	(6,241)	A	–
Total sales	4,252	49,433	83,452	(6,241)		130,896
Results:						
Interest income	77	–	5	–		82
Depreciation and amortisation	(319)	(4,110)	(2,710)	–		(7,139)
Allowance for inventory obsolescence	–	(265)	–	–		(265)
Allowance for impairment of trade receivables	–	(2)	(27)	–		(29)
Loss on winding-up of a subsidiary	(11)	–	–	–		(11)
Finance costs	(295)	(714)	(34)	–		(1,043)
Share of results of associate and joint ventures	114	–	–	–		114
Segment (loss)/profit before tax	(4,251)	2,046	(2,596)	–		(4,801)
Tax expenses	(57)	(109)	(304)	–		(470)
Assets and liabilities:						
Additions to non-current assets	108	1,241	762	–		2,111
Segment assets	15,306	63,286	49,844	–		128,436
Deferred tax assets						901
Total assets						129,337
Segment liabilities	(829)	(9,612)	(21,949)	–		(32,390)
Provision for taxation						(729)
Deferred tax liabilities						(418)
Bank borrowings and finance lease payable						(22,030)
Total liabilities						(55,567)

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

(a) Operating segments (cont'd)

	Investment holding $'000 (Restated)	Oilfield engineering $'000	Neptune $'000	Others $'000	Eliminations $'000	Note	Per consolidated financial statements $'000 (Restated)
Year ended 31 March 2018							
Revenue:							
External sales	–	41,080	70,786	–	–		111,866
Inter-segment sales	4,640	943	71	–	(5,654)	A	–
Total sales	4,640	42,023	70,857	–	(5,654)		111,866
Results:							
Interest income	9	–	35	–	–		44
Depreciation and amortisation	(385)	(4,429)	(3,226)	–	–		(8,040)
Reversal of allowance for inventory obsolescence and inventories written-off	–	293	–	–	–		293
Allowance for impairment of trade receivables, net	–	–	(923)	–	–		(923)
Impairment of goodwill	–	–	(5,545)	–	–		(5,545)
Gain on winding-up of a subsidiary	39	–	–	–	–		39
Finance costs	(202)	(579)	(59)	–	–		(840)
Share of results of joint venture	–	(967)	–	–	–		(967)
Segment (loss)/profit before tax	(4,563)	(2,594)	(17,395)	4	–		(24,548)
Tax (expenses)/credit	(14)	834	399	–	–		1,219
Write-off of deferred tax assets	–	–	(6,313)	–	–		(6,313)
Assets and liabilities:							
Additions to non-current assets	31	1,473	1,736		–		3,240
Segment assets	10,266	59,978	39,934	–	–		110,178
Deferred tax assets							958
Total assets							111,136
Segment liabilities	(947)	(8,565)	(11,267)	–	–		(20,779)
Provision for taxation							(429)
Deferred tax liabilities							(604)
Bank borrowings and finance lease payable							(22,634)
Total liabilities							(44,446)

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

(a) Operating segments (cont'd)

	Investment holding	Oilfield engineering	Neptune	Others	Eliminations	Note	Per consolidated financial statements
	$'000	$'000	$'000	$'000	$'000		$'000
As at 1 April 2017							
Segment assets	27,500	72,988	64,218	3	–		164,709
Deferred tax assets							7,089
Total assets							171,798
Segment liabilities	(1,605)	(10,478)	(16,070)	(7)	–		(28,160)
Provision for taxation							(518)
Deferred tax liabilities							(1,407)
Bank borrowings and finance lease payable							(41,741)
Total liabilities							(71,826)

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

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

(b) Geographical segments

	External sales		Non-current assets		
	2019	2018	31.3.2019	31.3.2018	1.4.2017
	$'000	$'000	$'000	$'000	$'000
Singapore	37,252	33,174	21,121	16,556	23,303
Australia	59,929	50,672	7,932	9,177	14,778
Bahrain	18,717	13,446	18,244	24,718	20,932
United Kingdom	14,998	12,744	4,569	3,335	6,318
Others	–	1,830	–	–	1,138
	130,896	111,866	51,866	53,786	66,469

Non-current assets information presented above consist of goodwill, intangible assets, property, plant and equipment and investment in associate and joint ventures 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.

For the financial year ended 31 March 2019 (In Singapore dollars)

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

(c) Information about major customers

Revenue from one major customer amounted to $14,677,000 (2018: $13,671,000) arising from sales by the Neptune segment.

30. Subsidiaries

(a) The subsidiaries as at 31 March are:

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group		
			31.3.2019	31.3.2018	1.4.2017
			%	%	%
Held by the Company and its subsidiaries					
i	MTQ Engineering Pte Ltd (Republic of Singapore)	Providing engineering and manufacturing services to the oil and gas industry (Republic of Singapore)	100	100	100
i	MTQ Equipment Rental Pte Ltd (Republic of Singapore)	Providing oilfield equipment rental services (Republic of Singapore)	100	100	100
i	MTQ Fabrication Pte Ltd (Republic of Singapore)	Providing oilfield fabrication services (Republic of Singapore)	100	100	100
i	Blossomvale Investments Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	100	100	100
iii	Violetbloom Investments Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	100	100	100
iii	Everfield Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	100	100	100
iii	MTQ Binder Holdings Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	100	100	100

For the financial year ended 31 March 2019 (In Singapore dollars)

30. Subsidiaries (cont'd)

(a) The subsidiaries as at 31 March are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group 31.3.2019 %	31.3.2018 %	1.4.2017 %
	Held by the Company and its subsidiaries (cont'd)				
ii	MTQ Holdings Pty Ltd (Australia)	Investment holding (Australia)	– #	– #	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	100
ii	MTQ Castings Sdn Bhd (previously known as Metalock Castings Sdn Bhd) (Malaysia)	Inactive (Malaysia)	– *	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)	100	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)	100	100	100
i,v	Mid-Continent Distribution Pte. Ltd. (Republic of Singapore)	Trading of oilfield equipment and spares (Republic of Singapore)	100	–	–
i	Premier Estate Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	100	100	100
ii,iv	Neptune Marine Services Limited (Australia)	Investment holding (Australia)	87.1	87.1	87.1

For the financial year ended 31 March 2019 (In Singapore dollars)

30. Subsidiaries (cont'd)

(a) The subsidiaries as at 31 March are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group		
			31.3.2019	31.3.2018	1.4.2017
			%	%	%
Held by the Company and its subsidiaries (cont'd)					
iii,iv	Neptune Marine Services International Pty Ltd (Australia)	Investment holding (Australia)	87.1	87.1	87.1
ii,iv	Neptune Asset Integrity Services Pty Ltd (Australia)	Providing a range of specialist access solutions for the provision of inspection, repair and maintenance services (Australia)	87.1	87.1	87.1
ii,iv	Neptune Diving Services Pty Ltd (Australia)	Providing commercial diving and inspection, repair and maintenance services to the oil and gas, shipping, defence and marine infrastructure industries (Australia)	87.1	87.1	87.1
iii,iv	Neptune Fabrication Services Pty Ltd (Australia)	Inactive (Australia)	87.1	87.1	87.1
iii,iv	Neptune Subsea Engineering Pty Ltd (Australia)	Providing a range of specialist subsea engineering services to the oil and gas sector (Australia)	87.1	87.1	87.1
iii,iv	Neptune Geomatics Pty Ltd (Australia)	Providing a range of hydrographic survey, geophysical and positioning services internationally to the oil and gas sector (Australia)	87.1	87.1	87.1
iii,iv	Neptune Subsea Stabilisation Pty Ltd (Australia)	Design, manufacture, supply and install a range of pipeline stabilisation and protection systems (Australia)	87.1	87.1	87.1
iii,iv	Allied Diving Services Pty Ltd (Australia)	Inactive (Australia)	87.1	87.1	87.1

For the financial year ended 31 March 2019 (In Singapore dollars)

30. Subsidiaries (cont'd)

(a) The subsidiaries as at 31 March are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group		
			31.3.2019	31.3.2018	1.4.2017
			%	%	%
Held by the Company and its subsidiaries (cont'd)					
iii,iv	Neptune Delaware Holdings Inc (United States of America)	Investment holding (United States of America)	87.1	87.1	87.1
iii,iv	Neptune Underwater Services (USA) LLC (United States of America)	Inactive (United States of America)	87.1	87.1	87.1
i,iv	Neptune Asia Holdings Pte Ltd (Republic of Singapore)	Investment holding (Republic of Singapore)	87.1	87.1	87.1
i,iv	Neptune Marine Pacific Pte Ltd (Republic of Singapore)	Specialise in the provision of remotely operated vehicles (ROVs) services and tooling solutions for both shallow and deep water applications (Republic of Singapore)	87.1	87.1	87.1
i,iv	Neptune Access IRM Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	87.1	87.1	87.1
i,iv	Neptune Marine Offshore Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	87.1	87.1	87.1
i,iv	Neptune Subsea Stabilisation Pte Ltd (Republic of Singapore)	Design, manufacture, supply and install a range of pipeline stabilisation and protection systems (Republic of Singapore)	87.1	87.1	87.1
ii,iv	PT Neptune Subsea Stabilisation (Indonesia)	Design, manufacture, supply and install a range of pipeline stabilisation and protection systems (Indonesia)	87.1	87.1	87.1

For the financial year ended 31 March 2019 (In Singapore dollars)

30. Subsidiaries (cont'd)

(a) The subsidiaries as at 31 March are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group		
			31.3.2019	**31.3.2018**	**1.4.2017**
			%	**%**	**%**
Held by the Company and its subsidiaries (cont'd)					
ii,iv	Submersible Technology Services Middle East S.P.C. (Kingdom of Bahrain)	Specialise in the provision of quality remotely operated vehicles (ROVs) services and tooling solutions for both shallow and deepwater applications (Kingdom of Bahrain)	87.1	87.1	87.1
ii,iv	Neptune Scotland Holdings Ltd (United Kingdom)	Investment holding (United Kingdom)	87.1	87.1	87.1
ii,iv	Neptune Offshore Services Ltd (United Kingdom)	Providing a range of manufacturing solutions encompassing the design, manufacture, machining, assembly and testing of a wide range of equipment (United Kingdom)	87.1	87.1	87.1
ii,iv	Neptune Subsea Engineering Ltd (United Kingdom)	Providing a range of specialist subsea engineering services internationally to the oil and gas sector (United Kingdom)	87.1	87.1	87.1
ii,iv	Neptune ROV Services Holdings Ltd (United Kingdom)	Investment holding (United Kingdom)	87.1	87.1	87.1
ii,iv	Neptune ROV Services Ltd (United Kingdom)	Specialise in the provision of quality remotely operated vehicles (ROVs) services and tooling solutions for both shallow and deepwater applications (United Kingdom)	87.1	87.1	87.1
ii,iv	Neptune Subsea Services Sdn Bhd (Malaysia)	Providing a range of subsea inspection, repair and maintenance works. (Malaysia)	87.1	87.1	87.1
i,iv	Neptune ROV Services Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	87.1	87.1	87.1

For the financial year ended 31 March 2019 (In Singapore dollars)

30. Subsidiaries (cont'd)

(a) The subsidiaries as at 31 March are: (cont'd)

	Name of company (Country of incorporation)	Principal activities (Place of business)	Effective interest in equity held by the Group		
			31.3.2019	31.3.2018	1.4.2017
			%	%	%
Held by the Company and its subsidiaries (cont'd)					
ii,iv	Neptune Offshore Services (PNG) Ltd (Papua New Guinea)	Diving (Papua New Guinea)	87.1	87.1	87.1
ii,iv	Neptune Subsea Inc (United States of America)	Providing a range of specialist subsea engineering services to the oil and gas sector (United States of America)	87.1	87.1	87.1
ii,iv	Submersible Technology Services Sdn Bhd (Malaysia)	Inactive (Malaysia)	87.1	87.1	87.1
ii,iv	Neptune Marine Subsea Services Sdn Bhd (Brunei)	Providing a range of underwater and subsea works including diving, remotely operated vehicle services, underwater inspection, maintenance and repair services, and supply of subsea stabilisation products and services to the offshore industry (Brunei)	87.1	87.1	87.1
ii	Binder Group Pty Ltd (Australia)	Design and manufacturing of proprietary and custom-built pipe support and pipe suspension solutions (Australia)	100	100	100
i	Binder Asia Pte Ltd (Republic of Singapore)	Trading of proprietary and custom-built pipe support and pipe suspension solutions (Republic of Singapore)	100	100	100
iii	Binder Holdings Pte Ltd (Republic of Singapore)	Inactive (Republic of Singapore)	100	100	100

30. Subsidiaries (cont'd)

(a) The subsidiaries as at 31 March are: (cont'd)

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 Subsidiaries, which are part of Neptune Group, that have material non-controlling interest ("NCI") as an aggregate. Total loss allocated to NCI of Neptune Group during the year was $366,000 (2018: $2,261,000). Accumulated NCI of Neptune Group as at 31 March 2019 was $3,070,000 (2018: $3,504,000).

v On 1 August 2018, the Company incorporated Mid-Continent, a wholly-owned subsidiary. The issued share capital of Mid-Continent, comprising 1 ordinary share, was subscribed for an aggregate cash consideration of $1.

* Wound-up during the year

Wound-up during the financial year ended 31 March 2018

(b) Summarised financial information about subsidiaries with material NCI

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

Summarised balance sheets

	Neptune Group		
	31.3.2019	**31.3.2018**	**1.4.2017**
	$'000	**$'000**	**$'000**
Current			
Assets	36,159	24,603	40,150
Liabilities	(24,946)	(11,464)	(15,806)
Net current assets	11,213	13,139	24,344
Non-current			
Assets	14,446	16,863	39,226
Liabilities	(516)	(1,245)	(1,883)
Net non-current assets	13,930	15,618	37,343
Net assets	25,143	28,757	61,687

Summarised statement of comprehensive income

	Neptune Group	
	2019	**2018**
	$'000	**$'000**
Revenue	83,452	70,857
Loss after tax	(3,067)	(31,392)
Other comprehensive income	(547)	(1,538)
Total comprehensive income	(3,614)	(32,930)
Other summarised information		
Net cash flows generated from/(used in) operations	5,170	(4,225)

31. Employee benefits

(a) MTQ Share Plan

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

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

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

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

The principal terms of the Share Plan are:

(i) Size and duration

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

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

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

(ii) Eligibility to participate in the Scheme

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

- employees of the Group who have attained the age of twenty-one years before the date of the Award and hold such rank as may be designated by the Nomination & 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 Nomination & Remuneration Committee from time to time and who, in the opinion of the Nomination & Remuneration Committee, have contributed to the success of the Group (collectively known as the "Participants").

31. Employee benefits (cont'd)

(a) MTQ Share Plan (cont'd)

(iii) Grant of Awards

Awards under the Share Plan may be granted at any time during the period when the Share Plan is in force. The Nomination & 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 Nomination & 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 Nomination & 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 Constitutions, the Company will have the flexibility to settle the Awards upon their vesting by way of:

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

For the financial year ended 31 March 2019 (In Singapore dollars)

31. Employee benefits (cont'd)

(a) MTQ Share Plan (cont'd)

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

As at 31 March 2019, the aggregate number of shares comprised in Awards granted pursuant to the MTQ Share Plan which are not released amounted to 11,392 shares (31 March 2018: 11,392 shares). The movements in the number of shares comprised in Awards granted under the MTQ Share Plan are as follows:

	Number of shares				
Date of grant	**At 1.4.2018**	**Granted**	**Released**	**Forfeited**	**At 31.3.2019**
26.8.2015	11,392	–	–	–	11,392

(b) Neptune's incentive option scheme

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

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

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

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

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

For the financial year ended 31 March 2019 (In Singapore dollars)

31. Employee benefits (cont'd)

(b) Neptune's incentive option scheme (cont'd)

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

	Group			
	2019		2018	
	Number of options	Weighted average exercise price A$	Number of options	Weighted average exercise price A$
Outstanding at the beginning of the period	–	–	100,000	15.00
Expired during the period	–	–	(100,000)	15.00
Outstanding at the end of the period	–	–	–	–
Exercisable at the end of the period	–	–	–	–

There are no options outstanding as at 31 March 2019 and 31 March 2018.

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

Date options issued	1/8/2010
Weighted average exercise price	A$0.58[1]
Weighted average life of the option (years)	5.00
Underlying share price	A$0.28[1]
Expected share price volatility	71%
Risk free interest rate	4.50% per annum

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.

[1] The above prices applied in the Binomial option pricing model were prior to the 30:1 share consolidation undertook by Neptune in 2014. Adjusting for the consolidation, the weighted average exercise price and the underlying share price applied would have been A$17.40 and A$8.40 respectively.

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 $Nil (2018: $11,000).

32. Related party disclosure

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:

(a) Sale and purchase of goods and services

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Associate and Joint ventures				
- Sales of goods	109	313	–	–
- Purchase of goods	2,827	6,480	–	–
Subsidiaries				
- Dividend income	–	–	–	334
- Management fee income	–	–	2,516	2,473
- Rental income from investment property	–	–	1,170	1,106
- Interest on loans	–	–	308	229

(b) Compensation of key management personnel

Key management personnel are defined as persons who have authority and responsibility for planning, directing and controlling the activities of the Group.

Details of their remuneration paid during the year and other related party transactions have been disclosed in Note 6.

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.

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.

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

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including 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.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each financial year. The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the end of financial year with the risk of default as at the date of initial recognition.

Generally, the Group considers a financial asset in default when contractual payments are past due for more than 90-120 days, having considered other qualitative indicators when appropriate. However, in certain cases, the Group may also consider financial asset to be in default when internal and external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Profile of the debtors such as financial strength and size of the debtors' company
- Historical trading relationships
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments and there is no reasonable expectation of recovery, such as a trade debtor failing to engage in a repayment plan with the Group or entering into bankruptcy. Where loans and receivables have been written-off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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

(a) Credit risk (cont'd)

(i) Trade and other receivables

The Group determines impairment of trade receivables by making debtor-specific assessment for credit-impaired debtors. For the remaining group of debtors, the Group provides for lifetime expected credit losses using simplified approach. The allowance rates are determined based on the Group's historical default rates analysed by percentage of allowance for doubtful debts to the total credit sales for the past five years, adjusted for current and forward-looking information (where appropriate).

Information regarding loss allowance movement of trade receivables are disclosed in Note 18.

(ii) Intercompany receivables

The Group provides for ECLs based on the general approach and the extent of loss allowance is dependent on consideration of many factors, amongst others, the extent of credit deterioration since initial recognition, information and data that indicate the credit quality of the subsidiaries and the probability of default, amounts that are expected to be recovered in a default and adjustment for forward-looking information.

Information regarding loss allowance movement of intercompany receivables are disclosed in Notes 16 and 18.

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 utilised by subsidiaries as at the end of the reporting period is $1,421,000 (31 March 2018: $3,666,000, 1 April 2017: $22,153,000) (Note 28(c)).

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					
	31.3.2019		31.3.2018		1.4.2017	
	$'000	% of total	$'000	% of total	$'000	% of total
By country						
Singapore	2,664	8	7,278	28	7,747	21
Australia	7,553	21	4,542	18	13,901	38
United Kingdom	5,813	16	5,056	20	4,343	12
Saudi Arabia	4,046	11	3,562	14	4,162	11
Malaysia	3,079	9	1,686	7	329	1
Indonesia	998	3	965	4	1,424	4
United States	1,226	4	189	1	–	–*
Bahrain	492	1	146	1	229	1
Thailand	90	–*	73	–*	242	1
Brunei	189	1	33	–*	187	–*
India	869	2	13	–*	118	–*
Papua New Guinea	5,456	16	–	–	–	–
Korea	2	–*	–	–*	2,756	7
Others	2,898	8	1,966	7	1,620	4
	35,375	100	25,509	100	37,058	100
By industry sectors						
Oil and gas	34,720	98	25,166	99	34,483	93
Marine and shipping	145	1	34	–*	1,016	3
Mining	103	–*	96	–*	657	2
Others	407	1	213	1	902	2
	35,375	100	25,509	100	37,058	100

* Less than 1%.

At the end of the reporting period, approximately 34% (31 March 2018: 24%, 1 April 2017: 32%) 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.

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

(a) Credit risk (cont'd)

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 are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Notes 16 and 18.

(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"), AUD and SGD. The Group's trade and other receivables and trade and other payables balances at the end of the reporting period have similar exposures. As at 31 March 2019, approximately 21% (2018: 28%) of the Group's trade and other receivables and 23% (2018: 37%) 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" or treasury hedging instruments with limited downside risk, namely foreign exchange spot and forward contracts, or holder of options (the "Permitted Transactions"). These instruments are generic in nature with no embedded or leverage features and any deviation from these instruments would require specific approval from the Board. Any complex foreign exchange or derivatives transactions involving any combination of the Permitted Transactions or any combination of the Permitted Transactions and other derivatives transactions are prohibited.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation or trading nor any of the treasury transactions for profit purpose. It is not in the interest of the Group to engage in trading for profit or to speculate or trade in treasury instruments. The purpose of engaging in treasury transactions is solely for hedging.

In addition to transactional exposure, the Group is also exposed to foreign currency exchange movements arising from its net investment in foreign operations. The Group does not have any formal policy with respect to such foreign currency exposure as its investments are long term in nature, and management of such foreign currency exposure is considered on a case-by-case basis.

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 loss before tax and equity to a reasonably possible change in the USD, AUD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

	Group			
	2019		2018	
	Effect on loss before tax	Effect on equity	Effect on loss before tax	Effect on equity
	Decrease/ (increase)	Increase/ (decrease)	Decrease/ (increase)	Increase/ (decrease)
	$'000	$'000	$'000	$'000
USD				
- strengthened 3% (2018: 3%)	(27)	803	(76)	749
- weakened 3% (2018: 3%)	27	(803)	76	(749)
AUD				
- strengthened 3% (2018: 3%)	–	107	3	–
- weakened 3% (2018: 3%)	–	(107)	(3)	–
SGD				
- strengthened 3% (2018: 3%)	(5)	(275)	20	(275)
- weakened 3% (2018: 3%)	5	275	(20)	275

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility by monitoring its net operating cash flow through the review of its working capital requirements regularly, and maintaining an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions.

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 flows $'000	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000
Group				
31.3.2019				
Non-derivative financial liabilities				
Trade and other payables	(31,224)	(31,025)	(199)	–
Bank borrowings	(24,381)	(2,026)	(20,234)	(2,121)
Finance lease payable	(333)	(144)	(189)	–
Contractual undiscounted financial liabilities	(55,938)	(33,195)	(20,622)	(2,121)
31.3.2018				
Non-derivative financial liabilities				
Trade and other payables	(19,310)	(19,060)	(250)	–
Bank borrowings	(24,587)	(1,874)	(20,678)	(2,035)
Finance lease payable	(247)	(215)	(32)	–
Contractual undiscounted financial liabilities	(44,144)	(21,149)	(20,960)	(2,035)
1.4.2017				
Non-derivative financial liabilities				
Trade and other payables	(26,326)	(26,017)	(309)	–
Bank borrowings	(43,894)	(20,551)	(20,076)	(3,267)
Finance lease payable	(868)	(348)	(520)	–
Contractual undiscounted financial liabilities	(71,088)	(46,916)	(20,905)	(3,267)

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

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Total contractual cash flows $'000	1 year or less $'000	1 to 5 years $'000	More than 5 years $'000
Company				
31.3.2019				
Non-derivative financial liabilities				
Trade and other payables	(3,720)	(1,080)	–	(2,640)
Bank borrowings	(14,668)	(1,564)	(10,983)	(2,121)
Contractual undiscounted financial liabilities	(18,388)	(2,644)	(10,983)	(4,761)
31.3.2018				
Non-derivative financial liabilities				
Trade and other payables	(5,655)	(3,026)	–	(2,629)
Bank borrowings	(14,649)	(1,473)	(11,141)	(2,035)
Contractual undiscounted financial liabilities	(20,304)	(4,499)	(11,141)	(4,664)
1.4.2017				
Non-derivative financial liabilities				
Trade and other payables	(8,552)	(1,383)	–	(7,169)
Bank borrowings	(14,677)	(1,385)	(10,025)	(3,267)
Contractual undiscounted financial liabilities	(23,229)	(2,768)	(10,025)	(10,436)

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

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below shows the contractual expiry by maturity of the Group's 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		
31.3.2019		
Issued financial guarantees to external parties	3,438	3,438
31.3.2018		
Issued financial guarantees to external parties	4,076	4,076
1.4.2017		
Issued financial guarantees to external parties	4,253	4,253
Company		
31.3.2019		
Issued guarantees for bank facilities utilised by subsidiaries	1,421	1,421
Issued financial guarantees to external parties	26	26
31.3.2018		
Issued guarantees for bank facilities utilised by subsidiaries	3,666	3,666
Issued financial guarantees to external parties	365	365
1.4.2017		
Issued guarantees for bank facilities utilised by subsidiaries	22,153	22,153
Issued financial guarantees to external parties	296	296

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 flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its 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 loss before tax to a reasonably possible change in the interest rates, with all other variables held constant:

	Effect on Group's loss before tax (increase)/decrease	
	2019	**2018**
	$'000	**$'000**
50 basis points increase (2018: 50 basis points increase)	(109)	(112)
50 basis points decrease (2018: 50 basis points decrease)	109	112

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. Classification of financial assets and liabilities

		Group			Company		
	Note	31.3.2019	31.3.2018	1.4.2017	31.3.2019	31.3.2018	1.4.2017
		$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at amortised cost							
Receivables	16	3,161	2,388	2,440	48,946	65,182	53,892
Trade and other receivables	18	36,979	26,378	46,878	14,457	14,085	20,328
Cash and cash equivalents	19	19,815	10,759	31,408	3,265	331	10,987
Total financial assets		59,955	39,525	80,726	66,668	79,598	85,207
Total non-financial assets		69,382	71,611	91,072	55,549	52,210	60,470
Total assets		129,337	111,136	171,798	122,217	131,808	145,677
Financial liabilities measured at amortised cost							
Trade and other payables	20	31,224	19,310	26,326	3,720	5,655	8,552
Finance lease payable	21	304	236	829	–	–	–
Bank borrowings	22	21,726	22,398	40,912	12,478	13,266	13,355
Total financial liabilities		53,254	41,944	68,067	16,198	18,921	21,907
Total non-financial liabilities		2,313	2,502	3,759	153	137	137
Total liabilities		55,567	44,446	71,826	16,351	19,058	22,044

35. Fair values of assets and liabilities

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

(a) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability

There have been no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 31 March 2019 and 2018.

(b) Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amount of cash and cash equivalents (Note 19), trade and other receivables (other than non-current amounts due from subsidiaries) (Notes 16 and 18), trade and other payables (other than non-current amounts due from subsidiaries) (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 floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amount of non-current amounts due from/(to) subsidiaries (Notes 16 and 20) reasonably approximate their fair values as their discounted expected future cash flows are not materially different from their notional amounts.

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 2019 and 31 March 2018.

36. Capital management (cont'd)

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	**31.3.2019**	**31.3.2018**	**1.4.2017**
		$'000	**$'000**	**$'000**
Bank borrowings	22	21,726	22,398	40,912
Finance lease payable	21	304	236	829
Less: Cash and cash equivalents	19	(19,815)	(10,759)	(31,408)
Net debt		2,215	11,875	10,333
Shareholders' funds		70,700	63,186	93,945
Add: Non-controlling interests		3,070	3,504	6,027
Net capitalisation		75,985	78,565	110,305
Net debt gearing ratio		3%	15%	9%

37. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Directors on 12 June 2019.

STATISTICS OF SHAREHOLDINGS

As at 3 June 2019

Issued and Fully Paid-Up Capital (including Treasury Shares)	:	S$ 49,487,811.98
Number of Issued Shares (excluding Treasury Shares)	:	216,318,408
Number/ Percentage of Treasury Shares	:	8,303 (0.004%)
Class of Shares	:	Ordinary Share
Voting Rights	:	One Vote Per Share

There is no subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	64	5.18	3,042	–*
100 - 1,000	85	6.87	44,665	0.02
1,001 - 10,000	473	38.27	2,595,831	1.20
10,001 - 1,000,000	595	48.14	45,179,231	20.89
1,000,001 AND ABOVE	19	1.54	168,495,639	77.89
TOTAL	**1,236**	**100.00**	**216,318,408**	**100.00**

* Less than 0.01%

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	KUAH KOK KIM	54,313,010	25.11
2	CITIBANK NOMINEES SINGAPORE PTE LTD	37,189,666	17.19
3	TAI TAK SECURITIES PTE LTD	22,606,217	10.45
4	SINGAPORE WAREHOUSE COMPANY (PRIVATE) LTD	11,843,570	5.48
5	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,444,959	4.37
6	DBS NOMINEES (PRIVATE) LIMITED	7,889,742	3.65
7	OCBC SECURITIES PRIVATE LIMITED	3,933,949	1.82
8	PHILLIP SECURITIES PTE LTD	3,538,997	1.64
9	UOB KAY HIAN PRIVATE LIMITED	2,597,627	1.20
10	LIEW CHEE KONG	2,126,900	0.98
11	WONG SIEW KEONG	2,063,000	0.95
12	PETER LOCK HONG CHEONG	1,832,611	0.85
13	TAN KAH BOH ROBERT@ TAN KAH BOO	1,542,074	0.71
14	TAN KIM SENG	1,521,739	0.70
15	KEPPEL INVESTMENT LTD	1,469,128	0.68
16	CHAN WING TO	1,250,260	0.58
17	RAFFLES NOMINEES (PTE) LIMITED	1,199,250	0.55
18	STUART GEORGE MONTGOMERY	1,102,940	0.51
19	JOHN REGINALD STOTT KIRKHAM	1,030,000	0.48
20	TAN BOON PIANG	1,000,000	0.46
	TOTAL	**169,495,639**	**78.36**

STATISTICS OF SHAREHOLDINGS

As at 3 June 2019

SUBSTANTIAL SHAREHOLDERS AS AT 3 JUNE 2019

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	**%**	**No. of Shares**	**%**
Kuah Kok Kim	54,313,010	25.11	–	–
Maclean Investments Limited	26,831,478[1]	12.40	–	–
Tai Tak Securities Pte Ltd	22,606,217	10.45	–	–
Singapore Warehouse Company (Private) Ltd	11,843,570	5.48	–	–
BOS Trustee Limited	–	–	26,831,478[2]	12.40
Kurt Robert Malkolm Lindblad	–	–	26,831,478[2]	12.40
Tai Tak Estates Sdn Bhd	–	–	22,606,217[3]	10.45
SG Investments Pte Ltd	–	–	22,606,217[4]	10.45
Ho Han Leong Calvin	23,000	0.01	22,606,217[5]	10.45
Hwa Hong Corporation Limited	–	–	11,843,570[6]	5.48

1 Maclean Investments Limited ("Maclean") through its custodian, Citibank Nominees Singapore Pte Ltd, holds 26,831,478 Shares in the Company.

2 BOS Trustee Limited ("BOSTL") (formerly known as "OCBC Trustee Limited") is the trustee of a trust known as The Limpa Trust ("the Trust") constituted by the Settlor, Mr. Kurt Robert Malkolm Lindblad. Maclean, a company incorporated in British Virgin Islands, is the investment holding vehicle of the Trust and is 100% owned by BOSTL in its capacity as trustee of the Trust. BOSTL 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 virture of Section 7 of the Companies Act.

4 SG Investments Pte Ltd is deemed to be interested in Shares held by Tai Tak Securities Pte Ltd by virture 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 (excluding treasury shares and subsidiary holdings) of 216,318,408 Shares.

PUBLIC FLOAT

As at 3 June 2019, approximately 42.36% 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.

STATISTICS OF WARRANTHOLDINGS

As at 3 June 2019

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	13	2.68	403	–*
100 - 1,000	122	25.15	73,070	0.47
1,001 - 10,000	247	50.93	908,259	5.88
10,001 - 1,000,000	101	20.83	8,123,854	52.58
1,000,001 AND ABOVE	2	0.41	6,345,659	41.07
TOTAL	**485**	**100.00**	**15,451,245**	**100.00**

* Less than 0.01%

TWENTY LARGEST WARRANTHOLDERS

No.	Name	No. of Warrants	%
1	KUAH KOK KIM	4,004,207	25.92
2	TAI TAK SECURITIES PTE LTD	2,341,452	15.15
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	910,928	5.90
4	SINGAPORE WAREHOUSE COMPANY (PRIVATE) LTD	898,392	5.81
5	CITIBANK NOMINEES SINGAPORE PTE LTD	831,341	5.38
6	LIEW CHEE KONG	500,000	3.24
7	OCBC SECURITIES PRIVATE LIMITED	426,694	2.76
8	DBS NOMINEES (PRIVATE) LIMITED	352,570	2.28
9	UOB KAY HIAN PRIVATE LIMITED	276,112	1.79
10	TEO JIA HAO	276,000	1.79
11	PHILLIP SECURITIES PTE LTD	273,086	1.77
12	LIANG SOON FONG	162,727	1.05
13	BIANCA CHOY	120,158	0.78
14	ABN AMRO CLEARING BANK N.V.	111,061	0.72
15	TAN KAH BOH ROBERT@ TAN KAH BOO	110,148	0.71
16	TAN BOON PIANG	109,293	0.71
17	READYMIX HOLDINGS INTERNATIONAL PTE LTD	101,714	0.66
18	PETER LOCK HONG CHEONG	100,000	0.65
19	RAMESH S/O PRITAMDAS CHANDIRAMANI	100,000	0.65
20	CHAN WING TO	89,304	0.58
	TOTAL	**12,095,187**	**78.30**

STATISTICS OF WARRANTHOLDINGS

As at 3 June 2019

Exercise Price	:	S$0.22 in cash at which a Warrant may be subscribed for upon the exercise of a Warrant, subject to certain adjustments in accordance with the terms and conditions of the Warrants set out in the Deed Poll.
Exercise Period	:	The period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding five (5) years from the date of issue of the Warrants, unless such date is a date on which the Register of Members is closed or is not a Market Day, in which case the Exercise Period shall end on the date prior to the closure of the Register of Members or on the immediate preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Warrantholders may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll.
Warrant Agent	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623

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 2, Level 2, 76 Bras Basah Road, Singapore 189558 on Wednesday, 24 July 2019 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Article 91 of the Company's Constitution and SGX-ST Listing Rule 720(5):

Mr. Kuah Kok Kim	(Retiring under Article 91)	**(Resolution 2)**
Mr. Ho Han Siong Christopher	(Retiring under Article 91)	**(Resolution 3)**
Mr. Nicholas Campbell Cocks	(Retiring under SGX-ST Listing Rule 720(5))	**(Resolution 4)**

[See Explanatory Note (i)]

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

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

AS SPECIAL BUSINESS

5. To approve the payment of Directors' fees of up to S$290,000 (2019: S$290,000) for the year ending 31 March 2020, 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:

6. **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

(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 and subsidiary holdings) 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 and subsidiary holdings) 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 and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 Company's Constitution; 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)**

7. **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)**

8. **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 and subsidiary holdings) in the capital of the Company from time to time;

(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)**

9. **Proposed Renewal of the Share Buyback Mandate**

That for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire ordinary shares in the capital of the Company from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as ascertained as at the date of Annual General Meeting of the Company) at the price of up to but not exceeding the Maximum Price as defined in the Appendix to this Notice of Annual General Meeting dated 25 June 2019 (the "Appendix"), in accordance with the terms of the Share Buyback Mandate set out in the Appendix, and the Share Buyback Mandate shall, unless varied or revoked by the Company in a general meeting, continue in force until the conclusion of (i) the next Annual General Meeting of the Company, (ii) the date by which the next Annual General Meeting of the Company is required by law to be held, or (iii) the date on which Share Purchases are carried out to the full extent mandated, whichever is earliest. *[See Explanatory Note (vi)]* **(Resolution 10)**

By Order of the Board

Tan Lee Fang
Company Secretary
Singapore, 25 June 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr. Kuah Kok Kim will, upon re-election as a Director of the Company, remain as Non-Executive Chairman and will be considered non-independent.

Mr. Ho Han Siong Christopher will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and will be considered non-independent.

Mr. Nicholas Campbell Cocks will, upon re-election as a Director of the Company, remain as a member of the Nomination & Remuneration Committee and will be considered independent. Mr. Cocks will remain as the Lead Independent Director.

For further information relating to the retiring of Directors, please refer to the Board of Directors, Corporate Governance Report and Additional Information sections in the Annual Report 2018/2019.

(ii) The Ordinary Resolution 6 proposed in item 5, if passed, will authorise the Directors of the Company to pay Directors' fees for the year ending 31 March 2020 to Directors quarterly in arrears.

(iii) The Ordinary Resolution 7 in item 6 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 and subsidiary holdings) 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 and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 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 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 8 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 and subsidiary holdings) of the Company from time to time.

(vi) Ordinary Resolution 10 proposed in item 9 above, if passed, will authorise the Directors of the Company from the date of this Annual General Meeting until 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 the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the Company in a general meeting or the date on which Share Purchases are carried out to the full extent mandated, whichever is the earliest, to purchase or otherwise acquire ordinary shares in the capital of the Company by way of market purchases or off-market purchases on an equal access scheme of up to ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the price of up to but not exceeding the Maximum Price as defined in the Appendix. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Buyback Mandate on the audited consolidated financial statements of the Company for the financial year ended 31 March 2019 are set out in greater detail in the Appendix.

Notes:

1. A Member who is not a relevant intermediary, is entitled to appoint a proxy or proxies to attend and vote in his/her stead at the Annual General Meeting (the "Meeting").

2. A Member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such Member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a Member of the Company.

4. 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.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Pursuant to Rule 720(6) and Appendix 7.4.1 of the Listing Manual of the SGX-ST, the following additional information on Mr. Kuah Kok Kim, Mr. Ho Han Siong Christopher and Mr. Nicholas Campbell Cocks, all of whom are seeking re-election as Directors at this Annual General Meeting, is to be read in conjunction with their respective biographies in this Annual Report.

	Mr. Kuah Kok Kim	**Mr. Ho Han Siong Christopher**	**Mr. Nicholas Campbell Cocks**
Date of Appointment	1 January 1997	30 October 2007	1 October 2010
Date of last re-appointment (if applicable)	29 July 2016	29 July 2016	28 July 2017
Age	74	55	53
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this re-appointment	Based on the recommendation of the Nomination & Remuneration Committee, the Board (Mr. Kuah Kok Kim, Mr. Ho Han Siong Christopher and Mr. Nicholas Campbell Cocks abstained from deliberating their own re-election) proposed to the Company's shareholders to approve the re-election of Mr. Kuah Kok Kim, Mr. Ho Han Siong Christopher and Mr. Nicholas Campbell Cocks as Directors of the Company.		
Whether appointment is executive, and if so, the area of responsibility	No	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman	Non-Executive; Non-Independent Director / Member of Audit Committee	Lead Independent Director / Member of Nomination & Remuneration Committee
Professional qualifications	Please refer to the Directors' respective biographies on page 5.		
Working experience and occupation(s) during the past 10 years	Please refer to the Directors' respective biographies on page 5.		
Shareholding interest in the listed issuer and its subsidiaries	Please refer to the Directors' Statement on page 41.	No	Please refer to the Directors' Statement on page 41.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Father of Mr. Kuah Boon Wee, Group Chief Executive Officer of the Company	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7 under Rule 720(1) has been submitted to MTQ Corporation Limited	Yes	Yes	Yes
Other Principal Commitments* Including Directorships	Please refer to the Directors' respective biographies in the Corporate Governance Section on page 27.		
Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual	Negative Confirmation for all questions for Mr. Kuah Kok Kim, Mr. Ho Han Siong Christopher and Mr. Nicholas Campbell Cocks.		

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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. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the MTQ Corporation Limited's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. 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.

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 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 on Wednesday, 24 July 2019, 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, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Resolutions relating to:	No. of Votes For[1]	No. of Votes Against[1]
1	Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2019 together with the Independent Auditor's Report		
2	Re-election of Mr. Kuah Kok Kim as a Director		
3	Re-election of Mr. Ho Han Siong Christopher as a Director		
4	Re-election of Mr. Nicholas Campbell Cocks as a Director		
5	Re-appointment of Ernst & Young LLP as the Company's Auditor and authorising Directors to fix its remuneration		
6	Approval of Directors' fees for FY2020 amounting up to S$290,000		
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		

[1] *If you wish to exercise all your votes "For" or "Against", please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this __________ day of ______________ 2019

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

* Delete where inapplicable

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 81SF of the Securities and Futures Act, Chapter 289), 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 more than two 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 shareholder (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion 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. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

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Affix postage stamp

The Company Secretary
MTQ Corporation Limited
182 Pandan Loop
Singapore 128373

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   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 182 Pandan Loop, Singapore 128373, not less than 48 hours before the time appointed for the Meeting.
7. 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.
8. 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.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 25 June 2019.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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MTQ CORPORATION LIMITED

Co. Reg. No. 196900057Z
182 Pandan Loop Singapore 128373
Tel: (65) 6777 7651
Fax: (65) 6777 6433