MTQ Corporation Limited

ANNUAL REPORT 2019 / 2020

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

CONTENTS

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 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.

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 handling tools 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 9001:2015
- ISO 14001:2015
- AS/NZS 4801:2001
- OHSAS 18001:2007
- ISO 45001:2018

MILESTONES

2019	Disposal of the property, rights and assets and entire business of Neptune Marine Services Limited in Australia
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

MESSAGE FROM THE CHAIRMAN AND GROUP CEO

Dear Shareholders,

Overview

The Neptune segment ceased to be a continuing operation from November 2019 following the sale of the division to MMA Offshore Limited ("MMA"). Consequently, for the financial year ended 31 March 2020, MTQ Corporation Limited and its subsidiaries ("MTQ" or "the Group") recorded revenue of S$74.3 million, which represents an increase of 56% for the remaining continuing operation from the previous year. This led to an overall profit for the year of S$4.2 million, the first profitable full year since FY2015.

For almost all the financial year, oil prices stayed at US$45-US$65 levels and this had provided a base for increased operating expenditure in drilling and production. However in March 2020, the combination of significantly weak demand as the COVID-19 crisis intensified and a price war between major producers Saudi Arabia and Russia plunged oil prices to new lows. Although prices has since recovered slightly, this has made the outlook for drilling and exploration moving ahead more uncertain.

Drilling activity has been steady with international activity being almost unchanged from April 2019 to March 2020 and US activity trending down throughout the period. Rig activities in the Middle East region have remained quite robust. Post March 2020, overall rig counts have reduced, both internationally and in North America. There is a decline in energy demand in the short term with lockdowns and minimal international aviation. The challenge is what sort of demand we recover to in the medium term.

The tendering outlook facing asset owner customers is likely to be a challenging one. With drilling activity now looking to decline following a period of steady but not high levels of utilisation, asset owners have suffered a significant decline in equity value. That said, our drilling customers need to continue to generate as much operating revenue as they can in this period and we remain committed to working closely with them through this cycle. Credit exposure is an area we have needed to focus more on.

Work on projects started in 2019 should continue and drive demand for new equipment though delays in implementation are expected to occur moving ahead. The challenge of boosting production from existing fields will remain and provide a core area of work moving ahead. This phase will be followed by progressively larger investments as existing reserves diminish but the pace of such activity will be harder to predict.

The recovery in customer inquiry from the middle of 2018 continued into all of 2019, with drilling asset owners and oil companies continuing to reactivate their drilling and production programs. Original Equipment Makers ("OEM") consequently recorded growth in international projects with the Middle East region being a major source of growth. Consequently, our OEM customers increased their sales with us this financial year, the challenge for 2020 will be what this level of sales settles in at post COVID-19 "lockdowns".

It used to be fashionable in the past to talk about "Peak Oil" in suggesting that the supply of fossil fuel had hit maximum levels. That was before deep water drilling technology and shale became common place and boosted reserves. It has again become fashionable now to suggest that demand for fossil fuel has peaked and that ours is a declining industry. There is no doubt that renewable energy will continue to grow and we will continue to look for opportunities in that space. However, the future for oil and gas and all fossil fuel will really be driven by the global demand for energy moving ahead. In that context and bearing in mind existing reserves continue to be depleted, there remains a need for the drilling and exploration of oil and gas fields. Oil prices will have to eventually find levels that support the capital expenditure for the new drilling required to fulfill demand.

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 profitable for the year ended 31 March 2020. We hope we can build on that into this current financial year and continue to improve our operating performance. We also intend to look to explore new opportunities in the year ahead.

Business Review

Summary

This past year has been one of consolidation and improving our oilfield engineering performance while maintaining our balance sheet strengths.

The Oilfield Engineering division recorded external revenues of S$74.3 million, an increase of 56%, and a strong operating profit for the year. The discontinued Neptune business recorded a loss of S$2.5 million. Overall the Group recorded a profit of S$4.2 million, a return to profitability.

Our net gearing remains minimal at 0.9%. We have also successfully refinanced our revolving bank debts to the long term and have minimal committed borrowings to repay in the next 12 months.

MESSAGE FROM THE CHAIRMAN AND GROUP CEO

Oilfield Engineering – Staying Competitive

The Oilfield Engineering business comprises our engineering facilities in Pandan Loop and Loyang Way in Singapore, our facility in Bahrain and the Binder Group with a manufacturing facility in Jakarta, Indonesia. The UK based In-Line Valve Company Limited has also become a wholly-owned subsidiary.

The Middle East market has strengthened its position as the centre for international drilling and exploration. Bahrain revenues strengthened significantly on the back of increased customer inquiries and new equipment sales. After almost a decade in operation, our Bahrain operations have developed a good reputation with our focus on quality and efficiency. Our OEM customer base continues to provide a stable baseload of maintenance work. We have also capitalised on opportunities to work with regional drilling contractors to expand our product offering to include provision of new equipment such as valves and manifolds. We recorded another profitable year in Bahrain and have healthy orders on hand. Finding and retaining the experienced manpower needed to maximise yields is always important. We remain confident that once we tide through the current period of uncertainty, the outlook for our operations in Bahrain remains positive.

In Singapore, there was also a steady increase in the level of business recorded particularly for maintenance and contract manufacturing for OEM and the general level of manpower utilisation have been encouraging. In addition to the shipyards, we are also part of the supply chain cluster surrounding the various global equipment manufacturers in Singapore, all of whom cater to global equipment needs. Essential maintenance from drilling customers has also helped our overall repair market. However, the drilling contractor space globally and within SE Asia continues to remain financially challenging. Our short term challenges include the difficulty of deploying our full workforce due to disruptions in dormitories and Causeway travel.

Our trading and agency businesses were steady this year. The focus has really been on serving the maintenance needs of those drilling contractors operating in the region. Selected new rig mobilisation which occurred during the financial year provided opportunities for new equipment. However, post March 2020, the market for new oilfield handling tools remains muted and will only improve if oil prices recover and asset utilisations increase.

For our pipe support activities, overall revenues for the year remain below expectations. Enquiries for new supports remain but conversion into orders remains an issue. Pricing from contractors remains strong, however, overall losses remain modest. We managed to start doing some agency repair work for our trading agency principals using our Indonesian facility.

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. Regional drilling activity in our key markets of Saudi Arabia and SE Asia will be a key factor for the year ahead.

Neptune Marine – Moving On

Neptune became part of the Group in 2012. Our goal then was to drive growth through diversification into the subsea services space. However, the rosy outlook for the industry started to suffer from the oil price reduction in October 2014 and bearish sentiment has largely persisted to this day. In retrospect, our timing was not a good one.

We had indicated in last year's annual report that maintaining the status quo with Neptune was not desirable and we were pleased to announce the disposal of the Neptune businesses in July 2019. After looking at various options in recent years, we concluded that operating on a standalone basis was too risky and partnering with an operator like MMA was preferred. MMA has been listed on the Australian Stock Exchange since 1999 specialising in providing marine solutions and expertise to the offshore oil and gas industry and was a partner we had worked with on an operational basis many times in recent years. This transaction was completed on 7 November 2019 and the Group injected the operating Neptune segment into MMA in return for a combination of cash and shares in the latter. Following the completion of the transaction, MTQ is now a 6% shareholder in MMA and we intend to hold our investments for the long term and work towards better markets.

Following completion, our focus has been on unwinding the remaining legal entities that did not form part of the disposal. This includes the listed entity Blossomvale Holdings Limited ("BLV", previously named Neptune Marine Services Limited) and its remaining dormant subsidiaries. It is the intention that all the shares in MMA and available cash (excluding that needed to wind up BLV) will be distributed to the shareholders of BLV.

MESSAGE FROM THE CHAIRMAN AND GROUP CEO

We want to thank Mr. Robin King, who stepped down as the CEO of Neptune post the disposal, for agreeing to stay on the board of BLV as a director. We also sincerely wish our ex-employees well in their future with MMA and hope that the market will eventually improve and reward all stakeholders in MMA.

People and Safety

The Group continues to focus on improving its safety performance. While total number of accidents and accident frequency rate remains relatively low, areas of improvement continue to be identified. Reinforcing the safety mindset at work is a constant effort and safety education and training remains important. One current issue relates to the workers in both our facilities in Singapore and Bahrain who reside in dormitories and the heightened risks of COVID-19 for these groups of employees. We are focused on enhancing cleanliness in their living and working environment while working closely with local authorities to follow best practice guidance. For a Group like ours where such workers form a key component of our front line operational team, their well-being is definitely not an afterthought.

The overall employees in the Group have decreased post the Neptune disposal, but operating staff numbers have increased in Bahrain. Our challenge particularly in Singapore and Bahrain is that we continue to rely on foreign-sourced workers to helm 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.

The total staff strength for the Group is about 736, broken down by geographical segments as follows:

Country	Headcount as at 31 March 2020	Headcount as at 31 March 2019
Singapore	197	202
Bahrain	167	145
Australia and UK	21	23
Indonesia (JV)	351	357
Neptune	–	143
	736	**870**

Our Thanks

We would like to thank the support of all the people who work for MTQ Group. We are also delighted to be able to get the support of our lending banks, DBS and UOB, who have extended their main facilities this financial year.

We would like to make a special mention for Mr. Huang Yuan Chiang who has decided to step down from the Board of MTQ Corporation and not offer himself for re-election at the forthcoming annual general meeting. Mr. Huang has been on the board since 2001 and was Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee. We shall miss his guidance and insight.

We also want to thank all shareholders who have supported the Group through recent years. The Board is pleased to recommend a one-tier tax-exempt final dividend of 0.5 Singapore cents per ordinary share, which is subject to shareholders' approval at the forthcoming Annual General Meeting. It has been some time since we felt that we were in a position to recommend a dividend to shareholders and we hope to be able to build on this modest amount and to sustain moving 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 24 July 2019.

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 24 July 2019. 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 24 July 2019. 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 will be subject to retirement at the forthcoming MTQ's Annual General Meeting scheduled to be held on 28 July 2020. He will not be seeking re-appointment and will retire as a Director of the Company at the conclusion of MTQ's Annual General Meeting on 28 July 2020. Upon his retirement, he will relinquish his position as a 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 Non-Executive; Non-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 Chief Operating Office 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 16 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

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 20 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 33 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 engineering design, 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.

GROUP STRUCTURE

MTQ Corporation Limited

- 100.0% MTQ Engineering Pte Ltd
  - 1.0% MTQ Oilfield Services W.L.L.
- 99.0% MTQ Oilfield Services W.L.L.
- 100.0% Premier Sea & Land Pte Ltd
  - 100.0% Premier Estate Private Limited
- 100.0% Pemac Pte Ltd
- 100.0% MTQ Equipment Rental Pte Ltd
- 100.0% MTQ Fabrication Pte Ltd
- 100.0% Blossomvale Investments Pte Ltd
  - 87.1% Blossomvale Holdings Limited*
    - 100.0% Blossomvale (NMI) Pty Ltd*
      - 100.0% Blossomvale (NDH) Inc*
        - 100.0% Blossomvale (USA) (NUS) Llc*
    - 100.0% Blossomvale (NAH) Pte Ltd*
      - 100.0% Blossomvale Subsea Stabilisation Sdn Bhd*
      - 100.0% Blossomvale (NAIS) Pte Ltd*
      - 100.0% Blossomvale (NMO) Pte Ltd*
        - 0.1% Blossomvale NMSSB Sdn Bhd*
        - 99.0% PT Neptune Subsea Stabilisation
      - 99.9% Blossomvale NMSSB Sdn Bhd*
      - 1.0% PT Neptune Subsea Stabilisation
    - 100.0% Blossomvale (NFS) Pty Ltd*
    - 100.0% Allied Diving Services Pty Ltd
    - 100.0% Blossomvale Scotland Holdings Ltd*
      - 100.0% Blossomvale ROV Services Holdings Ltd*
        - 100.0% Blossomvale ROV Services Ltd*
          - 100.0% Submersible Technology Services (Middle East S.P.C.)
          - 100.0% Submersible Technology Services Sdn Bhd
          - 100.0% Blossomvale (ROS) Pte Ltd*
- 100.0% Violetbloom Investments Pte Ltd
- 100.0% Everfield Pte Ltd
- 100.0% Mid-Continent Distribution Pte Ltd
- 100.0% In-Line Valve Company Limited
- 100.0% In-Line Valve (ME) Limited
- 100.0% MTQ Binder Holdings Pte Ltd
  - 100.0% Binder Group Pty Ltd
    - 100.0% Binder Asia Pte Ltd
      - 10.0% Binder Holdings Pte Ltd
    - 90.0% Binder Holdings Pte Ltd
      - 50.0% PT Binder Indonesia

* These entities changed their names during the year. Please refer to pages 136-142 for more information.

FIVE-YEARS FINANCIAL PROFILE

	2020	2019	2018	2017	2016
FOR THE YEAR (IN S$'000)					
Revenue[1]	74,302	47,506	41,080	45,104	58,098
EBITDA[2]	14,073	6,429	(7,379)	(3,952)	7,418
Profit / (Loss) before tax[1,2]	7,643	(3,232)	(8,176)	(12,373)	(9,892)
Profit / (Loss) after tax[1,2]	7,081	(3,398)	(7,356)	(10,669)	(7,532)
Profit / (Loss) attributable to owners of the Company[2]	4,721	(5,186)	(16,635)	(15,482)	(7,071)
AT YEAR END (IN S$'000)					
Net current assets	48,980	37,686	31,192	63,606	65,174
Total assets	115,426	145,036	128,527	190,162	217,718
Total liabilities	45,756	73,885	64,162	92,021	105,990
Net debt[3]	620	2,215	11,875	10,333	19,120
Shareholders' funds	68,142	68,196	60,963	92,169	104,046
Net tangible assets[4]	59,474	62,471	56,023	81,616	88,410
FINANCIAL RATIOS					
Return on shareholders' funds (%)[2,5]	6.93	(7.60)	(27.29)	(16.80)	(6.80)
Interest cover (EBITDA / Net interest expense)[2,6]	8.15 times	3.30 times	(4.01) times	(1.62) times	2.54 times
Net debt gearing ratio (%)[7]	0.88	3.02	15.58	9.53	14.61
PER SHARE DATA					
Basic earnings / (loss) (in Singapore cents)[2,8]	2.18	(2.43)	(10.77)	(10.02)	(4.58)
Net tangible assets (in Singapore cents)[9]	27.50	28.88	36.26	52.82	57.27
Net asset value (in Singapore cents)[10]	31.51	31.53	39.45	59.65	67.40
Dividend paid or proposed in respect of the financial year (in Singapore cents)	0.50	–	–	–	–
Dividend payout ratio (%) [2,11]	22.94	–	–	–	–

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 the aggregate of bank borrowings and finance lease payable, less cash and cash equivalents (see note 39 of the financial statements).*

4 *Net tangible assets is defined as shareholders' funds less intangible assets and goodwill.*

5 *Return on shareholders' funds is defined as profit / (loss) 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 earnings / (loss) per share is defined as profit / (loss) 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.*

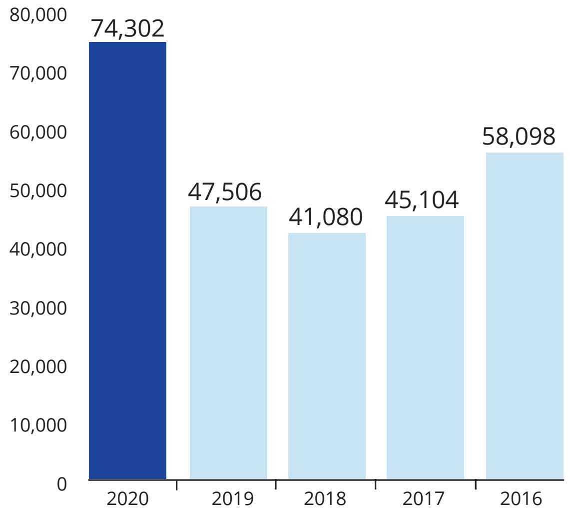
10 *Net asset value is defined as shareholders' funds divided by total number of issued shares excluding treasury shares.*

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.*

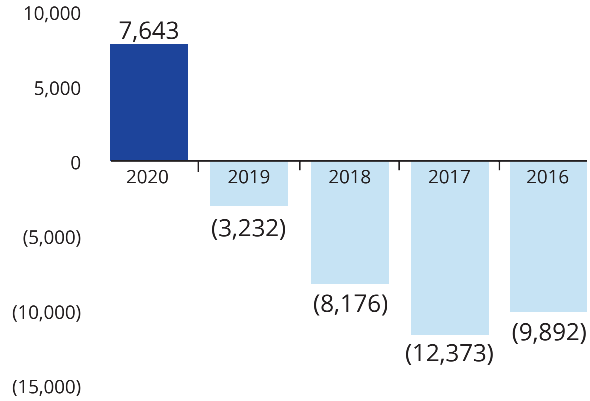
The above figures have been restated in accordance with the required SFRS(I). Please refer to accounting policies and notes 2.2, 12 and 16(a) that form the integral part of the audited financial statement for more information.

FIVE-YEARS FINANCIAL PROFILE

REVENUE (S$'000)

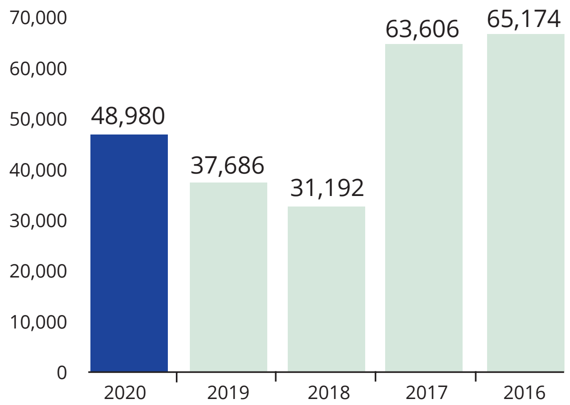


PROFIT / (LOSS) BEFORE TAX# (S$'000)



Excluding discontinued operation, impairments of goodwill and fixed assets as well as write-off of deferred tax assets/liabilities.

NET CURRENT ASSETS (S$'000)



NET DEBT GEARING RATIO (%)

FINANCIAL REVIEW

REVENUE AND PROFITABILITY

The Group recorded an overall net profit of S$4.2 million for the financial year ended 31 March 2020 ("FY2020"), its first profitable year since FY2015. This is on the back of a significant improvements from the continuing operations despite the loss from discontinued operation recorded for the year.

Continuing operations:

In FY2020, the Group recorded revenue of S$74.3 million, an increase in revenue by S$26.8 million or 56.4% from S$47.5 million recorded in financial year ended 31 March 2019 ("FY2019").

The increase was mainly due to organic growth within Singapore and Bahrain's operations. In particular, revenue from Bahrain increased 67.8% to S$31.4 million during the year.

Overall gross profit increased by 104.2% to S$23.9 million in FY2020. With higher activities, utilisation also improved across the Group resulting in higher gross profit margin of 32.2% compared to 24.6% a year ago.

Staff costs increased in FY2020 due to higher headcount as well as higher provision for bonuses, which are generally awarded based on the profits of the business units. Apart from these, the Group's overall expenses remained relatively unchanged as it continues to run a tight ship over its expenditures.

Finance costs for FY2020 was S$1.5 million, relatively the same as FY2019's.

The Group's tax expense increased by S$0.7 million compared to FY2019 as the Group turned profitable in FY2020. However, they are largely made up of deferred tax expenses as the Group utilises the available past years' tax losses. Tax expenses for FY2020 also included an one-off S$0.3 million deferred tax assets written-off.

Overall, the Group recorded a net profit of S$6.7 million from continuing operations, a turnaround from a loss of S$3.4 million in FY2019.

Discontinued operation:

The results from discontinued operation comprised the results of Neptune segment up till it was disposed and the loss on disposal of the segment (please see Note 12 of the financial statements for more information).

Up till the segment was disposed, Neptune recorded S$49.1 million revenue for the year. While this is lower than FY2019's S$83.4 million, it represented the revenue for 7 months and was higher than the revenue in the same corresponding period a year ago. This was mainly due to projects, which were previously delayed, started to take place again from late FY2019 and continued into the first half of FY2020. Market conditions, however, remained competitive and gross profit margins remained relatively similar to FY2019's.

Upon disposal, the Group recorded a loss on disposal of subsidiaries of S$1.3 million mainly due to the reclassification of historical foreign currency translation reserves amounting to S$2.4 million to profit or loss.

Total loss from discontinued operation was S$2.5 million (FY2019: S$2.2 million).

BALANCE SHEET

Most of the movements in balance sheet items were due to the disposal of Neptune segment (please see Note 12 of financial statements for the net assets disposed) in return for approximately S$6.6 million cash consideration and 67.7 million shares in MMA Offshore Limited ("MMA"). This, together with the improved results of the Group for the year, led to the increase in net current assets by S$11.3 million or 30.0% to S$49.0 million.

Net assets, on the other hand, showed a slight decrease after taking into account S$7.8 million revaluation loss of the Group's shares in MMA through an equity reserve as its share price decreased in March 2020.

Total bank borrowings decreased slightly as the Group continues to service its term loan. The other revolving loans have been refinanced during the year and now mature in 2023. Including the effect of exchange rate movements, total bank borrowings decreased from S$21.7 million to S$21.2 million as at 31 March 2020.

Overall net debt gearing improved to 0.9% as at year end. Shareholders' funds remained relatively unchanged at S$68.1 million as at 31 March 2020.

DIVIDENDS

The Board of Directors is recommending a one-tier tax-exempt final cash dividend of 0.5 Singapore cents to be paid for FY2020, subject to shareholders' approval at the forthcoming Annual General Meeting.

CASHFLOWS

The Group recorded net cash inflows of S$15.8 million from operations before changes in working capital for the year. Working capital requirements, however, increased with higher activities during the year.

Investing activities included the S$5.5 million cash consideration, net of cash disposed, received from the disposal of Neptune segment and In-line Valve Company's S$1.1 million cash "acquired" as part of the step-up acquisition of the unit. Together with the capital expenditure, which is largely maintenance in nature, the Group generated S$5.7 million cash from investing activities during FY2020.

Cash flows within the financing activities were mainly committed quarterly repayment of bank borrowings and the reduction of lease liabilities under the new SFRS(I) 16 *Leases* during the year.

Overall, cash balances increased by S$0.7 million to S$20.5 million as at 31 March 2020.

FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Total bank borrowings and finance leases decreased by 4.0% to S$21.2 million as at 31 March 2020 and net debt position decreased to S$0.6 million. Consequently, net gearing ratio decreased from 3.0% to 0.9% during FY2020. This is excluding the impacts from the adoption of the new SFRS(I) 16 *Leases*.

The capital of the Company remained unchanged during the financial year except for some shares being bought back.

FINANCIAL AND CORPORATE CALENDAR

2020

28 July
FY2020 Annual General Meeting

29 June
Annual report, Proxy form, Notice of AGM and Proposed renewal of share buyback mandate for FY2020

12 May
Full year FY2020 Results Announcement

4 March
Discontinuance of quarterly reporting

2 March
Issuance and allotment of shares pursuant to the exercise of warrants

20 February
Issuance and allotment of shares pursuant to the exercise of warrants

6 February
Third quarter FY2020 Results Announcement

28 January
Completion statement and final consideration of the Disposal of Neptune's operating businesses

2019

8 November
Completion of the Disposal of Neptune's operating businesses

30 October
Second quarter FY2020 Results Announcement

1 October
Extraordinary General Meeting

13 September
Despatch of Notice of Extraordinary General Meeting – Proposed Disposal of Neptune's operating businesses

31 July
Completion of acquisition of the entire issued share capital of In-Line Valve Company Limited and In-Line Valve (ME) Limited

24 July
FY2019 Annual General Meeting

Proposed disposal of Neptune Marine Services Limited's property, rights and assets ("Disposal of Neptune's operating businesses")

First quarter FY2020 Results Announcement

25 June
Despatch of Annual Report and Notice of AGM for FY2019

13 May
Full year FY2019 Results Announcementt

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-Independent Director
Huang Yuan Chiang	Independent Director
Ong Eng Yaw	Non-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

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

REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Telephone: (65) 6536 5355
Facsimile: (65) 6536 1360
Website: www.boardroomlimited.com

PRINCIPAL BANKERS

DBS Bank Ltd
United Overseas Bank Limited

AUDITOR

Ernst & Young LLP
Public Accountants and Chartered Accountants
One Raffles Quay
North Tower Level 18
Singapore 048583

PARTNER-IN-CHARGE

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

INVESTOR RELATIONS

Email: investorrelation@mtq.com.sg

DIRECTORY OF PRINCIPAL OFFICES

MTQ CORPORATION LIMITED

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

CONTACT:

Kuah Kok Kim
Chairman
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

MTQ ENGINEERING PTE LTD
MTQ EQUIPMENT RENTAL PTE LTD

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

CONTACT:

Vincent Tan
Managing Director
Email: vincenttan@mtq.com.sg

PREMIER SEA & LAND PTE LTD
PEMAC PTE LTD
MID-CONTINENT DISTRIBUTION PTE LTD

54 Loyang Way, Singapore 508747
Telephone: (65) 6543 1433 / (65) 6542 5611
Facsimile: (65) 6543 1219 / (65) 6542 1355
Website: www.mtqpremier.com.sg / www.mtqpemac.com.sg

CONTACT:

Ian Robert Hortin
Managing Director - Premier Sea & Land Pte Ltd and Mid-Continent Distribution Pte Ltd
Email: hortin@mtqpremier.com.sg

Sumardi Bin Sidi
Managing Director - Pemac Pte Ltd
Email: sidi@mtqpemac.com.sg

MTQ OILFIELD SERVICES W.L.L.

Building 498, Road 1508, HIDD 115, Manama, Kingdom of Bahrain
Telephone: (973) 1716 6800
Facsimile: (973) 1716 6801
Website: www.mtq.com.sg

CONTACT:

Asif Salim Vorajee
General Manager
Email: asif.v@mtqos.com

FINANCIAL REPORT

SUSTAINABILITY REPORT

OVERVIEW OF REPORT

This Sustainability Report of the Group 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. This year's report excluded the information on the discontinued Neptune segment as it was disposed during the year. Accordingly, the comparatives have also been restated so that activities and measurements in the financial year ended 31 March 2020 (the "reporting period" or "FY2020") and progress can be tracked 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 FY2019'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 22 to 42.

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 are:

Economic Performance
Employment
Diversity and Equal Opportunity
Occupational Health and Safety
Socioeconomic Compliance

SUSTAINABILITY REPORT

MEMBERSHIPS, EXTERNAL CHARTERS AND CERTIFICATIONS

Apart from those disclosed in page 1 of this Annual Report, 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 30% (2019: 35%) of the employees in Singapore are covered by a collective agreement with a 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.

SUSTAINABILITY REPORT

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 sustainable business. 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.

	2020 S$'000	**2019 S$'000 (Restated)[1]**
Direct economic value/Revenue generated	74,302	47,506
Other income	805	389
Direct economic value distributed:		
Operating costs, employee wages and benefits:		
Cost of sales	(50,404)	(35,804)
Staff costs	(9,568)	(7,703)
Other operating expenses	(6,202)	(6,210)
Payments to providers of capital:		
Proposed final dividend	(1,081)[2]	–
Finance costs	(1,496)	(1,524)
Payments to government:		
Income and withholding taxes	(44)	(207)
	(68,795)	(51,448)
Net economic value generated/(distributed)	6,312	(3,553)
Reconciliation from Net Profit/(Loss) for the year:		
Profit/(Loss) for the year	4,234	(5,565)
Items in profit or loss not included in the above:		
Deferred tax (credit)/expense	857	(41)
Share of results of associate and joint ventures	(206)	(114)
Loss from discontinued operation, net of tax	2,508	2,167
Items not included in profit or loss:		
Proposed final dividend	(1,081)[2]	–
Net economic value generated/(distributed)	6,312	(3,553)

Note: For direct economic value/revenue generated by segments and countries, please refer to pages 132 to 135 in the segment information.

[1] The 2019 figures have been restated in accordance with the required SFRS(I). Please refer to accounting policies and notes 2.2, 12 and 16(a) that form the integral part of the audited financial statements for more information.

[2] Proposed final dividend of 0.5 Singapore cents per share is subject to shareholders' approval in the forthcoming Annual General Meeting. Total proposed dividend included in the above is estimated using the total number of outstanding ordinary shares excluding treasury shares as at reporting date.

SUSTAINABILITY REPORT

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 FY2020 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. Total government grants received during the reporting period was S$208,200 (2019: S$80,000).

Around reporting date, governments in countries where the Group operates in announced forms of financial support to assist businesses to tide over the COVID-19 situation. These assistance were mainly targeted to help defray staff costs and to retain our key employee assets. Other forms of aid includes rental and utilities rebates. The Group received the financial supports subsequent to 31 March 2020 and will recognise these government grants and rebates in the following financial year.

EMPLOYMENT; DIVERSITY AND EQUAL OPPORTUNITY

Our employees are the key assets of the business. After a few years of reducing headcount (mainly due to natural attrition), the Group's activities increased and results returned to profitability in FY2020. The Group has always been mindful about employing and retaining the right people even when it was recording losses to ensure the sustainability of the business and to be able to take advantage of imminent recovery. Even so, the Group found itself having to add headcount in the current reporting period mainly to support organic growth in revenue during the year.

New employee hires and employee turnover

The rate of employee turnover decreased during the year while the replacement/employment rate increased amid higher revenue for the reporting period:

	2020	2019
Number of leavers	67	69
Turnover rate	17%	21%
Number of new hires	105	77
New employee hire rate	30%	24%

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.

SUSTAINABILITY REPORT

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	2020	2019
Above 50 – retirement age	14.3%	15.1%
Above retirement age	3.6%	4.2%

We are also pleased to share that more than 40% of our employees' length of service continued to be above 5 years, putting us ahead of many peers.

Length of service	2020	2019
5 – 10 years	23%	27%
10 – 15 years	7%	11%
> 15 years	11%	13%

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.

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:

o Establish and maintain a Health and Safety Management System[1] with measurable objectives and targets;

o Provide and maintain safe workplaces, systems, plant and equipment;

o Maintain effective Stop Work Authority process which allows employees to stop unsafe work;

o Apply procedures and systems that identify hazards and assess and manage risks through elimination or where this is not practical, other appropriate control measures;

o Assess and continuously review the safety management and safety performance of external providers to ensure our employees are not exposed to unacceptable risks;

o 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;

o Report, investigate, analyse and share all incidents, including near misses, to maximise learning and prevent similar events in the future;

SUSTAINABILITY REPORT

- o 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
- o 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 Occupational Health and Safety Management System conforms to the ISO 45001:2018 and/or OHSAS 18001:2007.

In the reporting year, the accident severity rate has increased substantially due to two major work-related injuries. Management takes every injury seriously and has taken every measure possible to prevent its re-occurrence. 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.

	2020	**2019**
Fatal	–	–
Major injuries	2	1
Minor injuries	4	6
Total number of accidents	6	7
Man-days lost ("MDL")	84	17
Accident frequency rate[1]	3.6	3.4
Accident severity rate ("ASR")[2]	50.7[3]	8.2

[1] Computed as number of accidents per million of work hours.
[2] Computed as MDL per million of work hours.
[3] The ASR for the current year was relatively high mainly due to two incidents affecting two individual while performing manual work. Employees are constantly reminded to pay extra attention to safety precautions particularly while doing manual works. Excluding these two incidents, the ASR would have been 7.2.

<u>Promotion of worker health</u>

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:

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

SUSTAINABILITY REPORT

In light of the COVID-19 pandemic, MTQ has stepped up its workplace safety and health protocols in compliance with health authorities' guidelines by putting in place a Business Continuity Plan to implement a sustainable safe management measures, including regular temperature checks for all employees and visitors, promotion and encouragement of good personal hygiene practices and seeking medical attention should employees feel unwell. In addition, workshop facilities, office and high-contact surfaces are cleaned and disinfected regularly to prevent the spread of germs and diseases. MTQ also adopts safe distancing measures at the workplaces and continue to observe regulations stipulated by public health authorities. MTQ has workers living in dormitories in Bahrain and Singapore which have borne the brunt of COVID-19 cases. We will continue to work with local authorities to address living conditions to comply with new regulations moving ahead.

SOCIOECONOMIC COMPLIANCE

<u>Non-compliance with laws and regulations in the social and economic area</u>

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 material fines or sanctions, nor has any significant open or unresolved non-compliance or audit issues (2019: None). The Group aims to maintain this track record in future years.

SUSTAINABILITY REPORT

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 136-142
	102-5 Ownership and legal form	Page 6
	102-6 Markets served	Pages 136-142
	102-7 Scale of the organisation	Pages 4, 7-9, 132-136 and 159
	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	Pages 13 and 94-97
	102-11 Precautionary Principle or approach	Pages 13 and 36-37
	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 22-42
	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 39-40
	102-44 Key topics and concerns raised	Page 14
	REPORTING PRACTICE	
	102-45 Entities included in the consolidated financial statements	Pages 6 and 136-142
	102-46 Defining report content and topic Boundaries	Page 13
	102-47 List of material topics	Page 13
	102-48 Restatements of information	Page 13
	102-49 Changes in reporting	Page 13
	102-50 Reporting period	Page 13
	102-51 Date of most recent report	12 June 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 20-21
	102-56 External assurance	No assurance obtained

SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE & DESCRIPTION	REFERENCE
GRI 201: ECONOMIC PERFORMANCE	103-1 Explanation of the material topic and its Boundary	Pages 15-16, 56 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 17-19
	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 and its subsidiaries ("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 2018 issued by the Monetary Authority of Singapore (the "MAS") on 6 August 2018 (the "2018 CG Code"). The Board is pleased to inform that the Company is substantially in compliance with the principles and provisions of the 2018 CG Code and any deviations are explained below.

For ease of reference, the relevant principle of the 2018 CG 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 2018 CG Code.

(A) BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board is collectively responsible for providing overall strategy and direction to the Management and the Group. It 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' interests and the Company's assets;
- review the performance of the Management and financial performance of the Group;
- sets 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.

All the Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. The Board has a code of conduct and ethics for Directors which assists the Directors in the discharge of their duties. This code covers key areas such as conflicts of interest, directors' declaration of interest under the Companies Act, external appointments and dealings in the securities of the Company.

Directors facing any conflict of interest with the Group will recuse themselves from participating in any discussions and decisions on the transaction or proposed transaction involving the issues of conflict.

CORPORATE GOVERNANCE

Board Approval

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:

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

b) material acquisitions and disposals of assets;

c) corporate or financial restructuring and share issuances;

d) dividends and other returns to shareholders;

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

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

g) periodic and full-year financial results announcement and the annual report for release to the SGX-ST.

Board and Board Committees

To assist in the execution of its responsibilities and enhance the effectiveness of the Board, the Board is supported by the Board Committees, namely, the Audit Committee (the "AC") and Nomination & Remuneration Committee (the "NRC"), each of which is chaired by a Non-Executive Independent Director. The duties, authorities and accountabilities of each committee are set out in their respective written terms of reference. The composition, terms of reference and summary activities of each Committee are detailed later in this report. The Chairman of each Committee will report to the Board the outcome of the Committee meetings. Further information on the roles and responsibilities of the NRC and AC are provided in the Principles throughout this Corporate Governance Report.

Board and Board Committees meetings as well as Annual General Meeting ("AGM") are scheduled well in advance. During the year under review, the Board scheduled five Board meetings to review among other things, the financial performance of the Group, approve the release of quarterly and full year financial results, approve the annual budgets as well as consider and approve the Group's strategic direction and business development proposals. Beside these scheduled meetings, ad-hoc meetings are also convened as and when circumstances require.

The Company's Constitution allows Board meetings to be conducted by way of telephone conferencing or any other methods of simultaneous communication by electronic or telegraphic means whereby all persons participating in the meeting are able to hear each other. The Board and Board Committees may also make decisions through circulating resolutions.

CORPORATE GOVERNANCE

The number of Board and Board Committees and general meetings held in the financial year ended 31 March 2020 and the attendance of each Director are as follows:

Type of Meetings		Board	Audit Committee	Nomination & Remuneration Committee	AGM / EGM
No. of Meetings held		**5**	**4**	**1**	**2**
Name of Director		**Meetings attended**			
Kuah Kok Kim	(Chairman)	5	4 *	–	2
Kuah Boon Wee	(Executive)	5	4 *	1 *	2
Nicholas Campbell Cocks	(Lead Independent)	5	4 *	1	2
Chew Soo Lin	(Independent)	4	4	–	2
Ho Han Siong Christopher	(Non-Executive; Non-Independent)	5	4	–	2
Huang Yuan Chiang	(Independent)	5	4	1	2
Ong Eng Yaw	(Non-Executive; Non-Independent)	5	4 *	1	2

* Attendance by invitation of the Committee.

Induction, Training and Development

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.

In addition, in accordance with the SGX-ST Listing Rules, unless the NRC is of the view that training is not required as the newly appointed director has other relevant experience, the new director appointed by the Board, who has no prior experience as director of an issuer listed on the SGX-ST, must undergo mandatory training courses organised by the Singapore Institute of Directors. There was no new director appointed during the year under review.

On an on-going basis, Directors are also briefed on any changes to regulations, policies and accounting standards that affect the Group or Directors' disclosure obligations during Board meetings. The Directors may also attend relevant industry conferences, seminars or training programme in connection with their duties as Directors, at the Company's expenses.

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. During the year under review, the Directors were briefed on the following:

- revisions to the Code of Corporate Governance, changes to Quarterly Reporting Framework and Enhancements to the Continuous Disclosure
- industry developments, business initiatives as well as issues or risks affecting the Group
- new and revised financial reporting standards applicable to the Group.

CORPORATE GOVERNANCE

Access to Information

Directors have separate and independent access to the Company's Management, the Company Secretary and internal and external auditors of the Group at all times.

In order to ensure that the Board is able to fulfil its responsibilities efficiently and effectively, Management provides monthly management report, 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 each Board and Committees meeting. In respect of budgets, any material variances between the projections and actual results are also highlighted and explained. Other information is also provided to the Board members as needed on an on-going basis.

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 Company Secretary or representative from the Company Secretary's office administers, attends and prepares minutes of Board and Committee meetings and assists the Chairman in ensuring the Board procedures are followed and reviewed and the Company's Constitution and the relevant rules and regulations applicable to the Company are compiled with. The Company Secretary also assists the Chairman and the Board in implementing and strengthening corporate governance practice and processes. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its Board Committees and between Management and Independent Directors. The appointment and removal of the Company Secretary is subject to the approval of the Board as stipulated in the Company's Constitution.

Should Directors, whether as a group or individually, need independent professional advice to fulfil their duties, such advice may be obtained from external advisers and the cost of which will be borne by the Company.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board comprises seven (7) Directors of whom three (3) are Independent Directors and two (2) are Non-Executive Non-Independent Directors. Accordingly, non-executive directors make up a majority of the Board. There were no alternate Directors appointed during the year.

Independence

The Board, through the NRC, assessed the independence of the Board members taking into consideration of Provision 2.1 of the 2018 CG Code and SGX-ST Listing Rules 210(5)(i) and (ii).

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 2018 CG 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 and Mr. Ong Eng Yaw are not considered independent by virtue of their association with Tai Tak Securities Pte Ltd ("Tai Tak") and Singapore Warehouse Company (Private) Limited ("Singapore Warehouse") respectively. Both Tai Tak and Singapore Warehouse are substantial shareholders of the Company.

CORPORATE GOVERNANCE

2) Mr. Huang Yuan Chiang and Mr. Nicholas Campbell Cocks continue to be independent notwithstanding that they have served on the Board for more than 9 years from the date of their first appointment. The NRC, together with the Board, rigorously reviewed the independence of Mr. Huang Yuan Chiang and Mr. Nicholas Campbell Cocks, as recommended by the 2018 CG Code and is of the view that both Mr. Huang Yuan Chiang's and Mr. Nicholas Campbell Cocks's length of service has not compromised their objectivity and judgement in discharging their duties and responsibilities as Independent Directors, 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 their substantial knowledge over the Group's business and operations and experience as well as stability brought by long-serving Independent Directors.

3) Mr. Chew Soo Lin whom has served the Board for less than 9 years continues to be independent. He has no relationships with the Company, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement. Neither does he has 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.

As the Group Chief Executive Officer ("Group CEO") of the Company, Mr. Kuah Boon Wee is considered non-independent by virtue of his employment with the Company.

In addition, the Board has deemed Mr. Kuah Kok Kim, (i) the father of Mr. Kuah Boon Wee, the Group CEO of the Company; and (ii) a 25.11% shareholder of the Company, as non-independent.

Each member of the NRC and the Board recused himself from the NRC's and the Board's deliberation respectively on his own independence.

Three (3) out of the seven (7) Directors are independent and the Board recognises that this is not in accordance with Provision 2.2 of the 2018 CG Code that requires independent directors to make up a majority of the board when the Chairman and CEO are immediate family members. The Board, together with the NRC, is of the view that there is a strong independent element on the Board considering that there are five (5) Non-Executive Directors, making up a majority of the Board. Including the three (3) Independent Directors, the Non-Executive Directors have collectively demonstrated strong independence character and are able to provide objective advice in the best interests of the Company. Furthermore, the Board also has a Lead Independent Director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

Accordingly, no individual or small group of individuals can dominate the Board's decision-making process.

In view of the above, the Board is satisfied that the existing practices adopted by the Company enable it to make decisions in the best interests of the Company and therefore consistent with the intent of the Principle 2 of the 2018 CG Code. Nevertheless, the Board and NRC will constantly examine its composition from time to time to ensure a strong and independent element on the Board.

Board Diversity

While the Board does not have a formalised diversity policy, the Board recognised the importance of having a Board comprising persons whose diverse skills, experience and attributes provide for effective direction for the Group and contributes to the quality of its decision making. In its Board renewal process including the selection and appointment of new directors, the NRC will continue to take steps to ensure that the various aspects of diversity such as qualifications, skills, experience, gender, age, ethnicity and knowledge of the Company of the candidates will be taken into consideration as part of its recruitment exercise to be consistent with the intent of Principle 2 and Provision 2.4 of the 2018 CG Code and to arrive at a desired balanced composition of the Board.

CORPORATE GOVERNANCE

The Board, in concurrence with the NRC, is satisfied that the current size and composition of the Board and Board Committees comprises an appropriate balance, mix of skills and diversity 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, legal, management and strategic planning, providing an effective blend of business and operational expertise, which enable the Board to make decisions in the best interest of the Company. Detailed description of their background and experience are disclosed under the "Board of Directors" section of the Annual Report. The varied backgrounds of the Directors enable Management to benefit from their respective expertise and diverse background.

Board Guidance

The Non-Executive Directors and/or Independent Directors constructively review and assist the Board to facilitate and develop proposals on strategy and review the performance of the Management in meeting agreed objectives and monitor the report performance. They meet and/or hold discussions as and when required without the Management's presence to facilitate a more effective check on the Management.

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.

The Board is aware that with effect from 1 January 2022, the Mainboard Rules will be amended to mandate that an independent director who has served on a Company's board for more than nine (9) years will no longer be considered to be independent unless his appointment as an independent director is approved in separate resolutions (i) by a majority of the Company's shareholders; and (ii) by a majority of the Company's shareholders, excluding the directors and CEO, and their associates (if any of these are shareholders). The Board will take the foregoing into consideration and evaluate its board renewal process during the current financial year.

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

Meeting of Directors without Management

The Non-Executive Directors (including Independent Directors) would meet without the presence of the Management or Executive Directors before the Board meeting as and when circumstances warrant for such. Thereafter, the Lead Independent Director would feedback to the Chairman and Group CEO on any concerns or feedbacks raised by them during such meeting.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

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 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.

CORPORATE GOVERNANCE

In view that the Chairman is not an Independent Director, the Board has appointed Mr. Nicholas Campbell Cocks as the Lead Independent Director since 2013. 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 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.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NRC is formed to undertake the roles of the Nomination Committee and the Remuneration Committee.

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

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

The NRC is guided by a set of terms of reference that are in line with the 2018 CG Code and will meet at least once a year. The principal Nomination functions of the NRC include, but are not limited to, the following:

- making recommendations to the Board on appointments and re-nominations of existing Directors for re-election 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 board representations.

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.

CORPORATE GOVERNANCE

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	24.07.2019
Kuah Boon Wee	Executive Director	10.10.2006	27.07.2018
Nicholas Campbell Cocks	Lead Independent Director	01.10.2010	24.07.2019
Chew Soo Lin	Independent Director	18.05.2012	27.07.2018
Ho Han Siong Christopher	Non-Executive; Non-Independent Director	30.10.2007	24.07.2019
Huang Yuan Chiang	Independent Director	08.08.2001	28.07.2017
Ong Eng Yaw	Non-Executive; Non-Independent Director	28.10.2016	28.07.2017

The Board has accepted the NRC's recommendation to seek shareholders' approval to re-elect Mr. Ong Eng Yaw and Mr. Chew Soo Lin as Directors of the Company at the forthcoming AGM, pursuant to Article 91 of the Company's Constitution and SGX-ST Listing Rule 720(5) respectively.

Mr. Huang Yuan Chiang, who has served the Board for more than 9 years and who is due to retire by rotation pursuant to Article 91 of the Company's Constitution, will not be offering himself for re-election at the forthcoming AGM. Consequent to Mr. Huang Yuan Chiang's retirement at the forthcoming AGM, he will also cease to be the Chairman of the NRC and a member of the AC.

The retiring Directors, being eligible, had consented to remain in office. Each of these Directors, being interested in matter, had abstained from all discussions and recommendations in respect of their re-election.

Shareholders are provided with relevant information on the Directors for re-election on page 172 of this Annual Report.

Nomination and Selection of Directors

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.

Review of Directors' Independence

The NRC conducts an annual review of each director's independence and takes into consideration the relevant provisions in the 2018 CG Code and SGX-ST Listing Rules. The NRC has ascertained that save for Mr. Kuah Kok Kim, Mr. Kuah Boon Wee, Mr. Ho Han Siong Christopher and Mr. Ong Eng Yaw, all Directors are considered independent according to the criteria. Directors must also immediately report any changes in their external appointments which may affect their independence.

CORPORATE GOVERNANCE

Directors' Time Commitment

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. Based on the Directors' commitments and contributions to the Company, which are also evident in their level of attendance and participation at the Board and Board Committee meetings, the NRC and the Board are satisfied that all Directors have discharged their duties adequately for the financial year ended 31 March 2020.

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.
Chew Soo Lin	– China Real Estate Group Ltd – Duty Free International Limited – Khong Guan Limited – Kim Hin Joo (Malaysia) Berhad	– 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	– Mercator Lines (Singapore) Limited	–

CORPORATE GOVERNANCE

Name of Director	Present Directorships in Other Listed Companies	Past Directorships in Other Listed Companies Held Over the Preceding 5 Years	Principal Commitments
Ong Eng Yaw	– Singapore Reinsurance Corporation Limited	–	Mr. Ong is the Chief Operating Officer at Hwa Hong Corporation Limited. He also sits on the board of certain subsidiaries of Hwa Hong Corporation Limited.

Key Information on Directors

The profile of the Directors and key information are set out under “Board of Directors” section in this Annual Report. The Notice of AGM sets out the Directors proposed for re-election or re-appointment at the AGM.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Board Evaluation and Board Performance Criteria

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. The assessment process involves evaluation against a set of objective, quantitative and qualitative performance criteria proposed by the NRC and approved by the Board. While the 2018 CG 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. 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 2020, all the Directors are requested to complete a Board Evaluation Questionnaire designed to seek their view on the various aspects of the Board performance and the Board Committees. The results of the completed questionnaires are collated by the Company Secretary who will then submit to the NRC. 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 their decision for the change. The evaluation for the financial year ended 31 March 2020 confirmed that the Board and its Board Committees as a whole were generally functioning effectively during the year.

CORPORATE GOVERNANCE

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The NRC is guided by a set of terms of reference that are in line with the 2018 CG Code and its principal Remuneration functions include, but are not limited to the following:

- 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 as well as the key management personnel;
- 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. During the financial year, the NRC has not sought external advice nor appointed any external remuneration consultant.

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.

CORPORATE GOVERNANCE

<u>Remuneration Structure</u>

(i) Remuneration of 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. Additional fees between 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 AC or NRC. 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 2021 ("FY2021"), 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 directors' fees are paid wholly in cash.

The Board concurred with the NRC that the proposed directors' fees for FY2021 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) Remuneration of Executive Director

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 Group CEO, being the Executive Director, does not receive directors' fees.

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 a maximum of 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.

CORPORATE GOVERNANCE

(iii) Remuneration of 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 remuneration paid to the Directors during the financial year ended 31 March 2020 are set out below:

Name of Director	Fixed Component[1] (S$'000)	Variable Component[2] (S$'000)	Provident Fund[3] (S$'000)	Benefits[4] (S$'000)	Consultancy Fees[5] (S$'000)	Directors' Fees[6] (S$'000)	Total (S$'000)
Kuah Kok Kim[7]	–	–	–	–	156	60	216
Kuah Boon Wee[7]	369	14	17	31	–	–	431
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 2020.

2 Variable Component refers to cash bonuses awarded for financial year ended 31 March 2019's performance paid out during the financial year ended 31 March 2020.

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

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

5 Consultancy Fees refer to fees for consultancy services provided to a subsidiary during the financial year ended 31 March 2020.

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

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

CORPORATE GOVERNANCE

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)	Termination Benefits[5] (S$'000)	Total (S$'000)
S$1,250,001 to S$1,500,000						
Robin King	314	–	83	25	837	1,259
S$250,001 to S$500,000						
Ian Robert Hortin	204	–	9	236	–	449
Asif Salim Vorajae	157	31	13	101	–	302
S$250,000 and below						
Vincent Tan	206	8	16	12	–	242
Sumardi Bin Sidi	154	6	12	23	–	195

1 Fixed Component refers to base salary/fees and Annual Wage Supplement (if any) paid during the financial year ended 31 March 2020.

2 Variable Component refers to cash bonus, which was awarded for financial year ended 31 March 2019's performance, paid out during the financial year ended 31 March 2020.

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.

5 Mr. Robin King was made redundant as CEO of Blossomvale Holdings Limited during the year. The above termination benefits were paid to him under his service agreement as a result.

The total amount paid to the top 5 key management personnel during the financial year ended 31 March 2020 is S$2.45 million.

Except as disclosed above, there was no termination, retirement and post-employment benefits granted to Directors, Group CEO or other key management personnel for the financial year under review.

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.

Remuneration of employees who are immediate family members of a Director or the CEO

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, the Group CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during the financial year ended 31 March 2020.

CORPORATE GOVERNANCE

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board acknowledges that it is responsible for the overall internal control and risk management framework and has implemented a system of internal controls and risk management designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems.

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 and effectiveness of the Company's internal controls including financial, operational, compliance and information technology controls and risk management 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"). Robert Tan Partners PAC was incorporated in 2015 to take over the practice of Robert Tan & Co. which was set up in 1978 and provides a wide range of services including assurance, risk assurance, investigations, corporate advisory, tax, and insolvency & corporate recovery to local and international clients. The engagement team in providing internal audit services to the Group comprises a director and a risk assurance consultant. The director has more than 15 years of relevant experience whilst the risk assurance consultant has more than 30 years of experience in internal audit.

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 financial 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 controls and risk management systems. In addition, the Board also received written assurances:

- from the Group CEO and Group Financial Controller that the Group's financial records have been properly maintained and the financial statements for the year ended 31 March 2020 give a true and fair view of the Group's operations and finances; and

- from the Group CEO, Group Financial Controller and other key management personnel that the Group's risk management and internal control systems in place are adequate and effective.

CORPORATE GOVERNANCE

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 systems;
- with the adequacy and effectiveness of the internal audit function;
- that the internal audit function is independent, effective, 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 assurances from Group CEO, Group Financial Controller and other key management personnel, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems were adequate and effective as at 31 March 2020.

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.

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC comprises the following Directors:

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

The AC comprises three (3) members, who are all Non-Executive, and majority of whom including Chairman are independent. The members of the AC are appropriately qualified to discharge their responsibilities and have relevant accounting and related financial management experience and expertise. None of the AC members were previous partners or directors of the Company's external auditor, Ernst & Young LLP, within the last two years 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 of Corporate Governance. The principal functions of the AC are found on the "Directors' Statement" section on page 47 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 2018 CG Code.

CORPORATE GOVERNANCE

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 met four times during the financial year ended 31 March 2020.

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 adequacy, effectiveness, 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 2020 are found on page 87 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 Key Audit Matters (KAMs) impacting the annual financial statements were discussed with Management and the external auditor and were reviewed by the AC. Details of the KAMs are found on pages 49 to 53 of this Annual Report.

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 Ernst & Young LLP as the external auditor of the Company for the financial year ending 31 March 2021.

CORPORATE GOVERNANCE

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company is committed to treat all shareholders fairly and equitably and recognises, protects and facilitates the exercise of shareholders' rights.

The Company 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. Financial results and annual reports will be announced within the legally prescribed periods.

The Group has an internal investor relations team which may contact and liaise with analysts and media, if necessary, upon release of its 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 FY2019/2020, together with the Appendix and notice of AGM, will be made available to the Shareholders at least 28 days in advance before the scheduled AGM date. These notices are also published in the Business Times, posted onto the SGXNet and on our corporate website www.mtq.com.sg.

If any shareholder is unable to attend the general meetings, 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 authentication of shareholder identity and other related security 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.

CORPORATE GOVERNANCE

The Company has implemented electronic poll voting for all shareholders' resolutions since 2014. All shareholders present are briefed on the voting procedures before the start of the meeting. Independent scrutineers firm is appointed to conduct the voting process and to validate the votes after each resolution. 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 on the shareholder's behalf 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 the Company's 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 or resolutions tabled at the meeting. 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 proceedings of the general meeting are minute by the Company Secretary, including all substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. These minutes are publicly available on the Company's corporate website, www.mtq.com.sg/investor.html.

The Company does not have a formal dividend policy. 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. All dividend pay-outs are clearly communicated to shareholders in public announcement via SGXNet. The Board is cognizant of the requirement to provide reasons in support of its decision in the event it is not declaring or recommending a dividend.

For the financial year ended 31 March 2020, the Company has proposed a one-tier tax exempt final dividend of 0.5 Singapore cents per ordinary share, subject to shareholders' approval at the forthcoming AGM.

(E) MANAGING STAKEHOLDER RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company actively engage with its stakeholders through various medium and channels to ensure that its business interests are aligned with those of its stakeholders.

The Company's engagement with all stakeholders including key areas of focus and engagement channels are set out in the Sustainability Report section which can be found on page 14 of this Annual Report.

The Company maintains a corporate website, www.mtq.com.sg, to communicate and engage with stakeholders.

CORPORATE GOVERNANCE

DEALINGS IN SECURITIES
(SGX-ST Listing Rule 1207(19))

The Company has adopted an internal code (the "Code") to provide guidance to the Company, its Directors and officers of the Group in regards to trading in the Company's securities.

The Directors and officers of the Group are notified and reminded 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.

Prior to the cessation of quarterly reporting of its financial results with effect from 7 February 2020, the Company, its Directors and officers of the Group are prohibited to deal in the Company's securities during the periods commencing two (2) weeks or one (1) month prior to the announcements of the Company's quarterly financial results or full-year financial results respectively.

Following the recent amendments to the Rule 705(2) of the SGX-ST in relation to the quarterly reporting framework, the Company has adopted half year and full year financial statements announcements instead of quarterly financial announcement. Accordingly, the Company, its Directors and officers of the Group are refrained from dealing in the Company's securities during the period commencing one month before the announcement of the Company's half-year and full-year financial statements with effect from 7 February 2020.

Consistent to the above, the Company will not undertake any purchase of its own ordinary shares pursuant to the Share Buyback Mandate at any time after a price-sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. The window periods as stated above also apply for share buyback.

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

The Company has compiled with its Code and has not dealt in its securities during the above window periods. In addition, the Company Secretary has, from time to time, updated the Directors and officers with regulations on prohibitions on dealing in the Company's securities.

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

Except as disclosed in the financial statements, there 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 Rule 907)

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are on an arms' length basis and are not prejudicial to the interests of the shareholders.

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.

CORPORATE GOVERNANCE

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, 13 May 2019, 12 July 2019, 24 July 2019, 30 October 2019, 6 February 2020 and 12 May 2020 as well as the Offer Information Statement dated 23 March 2018 and the status report on the use of Net Proceeds in the Company FY2017/2018 and FY2018/2019 Annual Reports.

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 a further S$0.3 million of the Net Proceeds has been utilised as set out below:

S/N	Use of Net Proceeds	Additional Amount Utilised S$'million	Cumulative Amount Utilised S$'million
1	Payment for In-Line Shares	–	1.8
2	Debt Repayment	0.3	2.7
3	Working Capital*	–	7.5
	Total	0.3	12.0

* Working capital purposes including, *inter alia*, payments of trade and other payables, compliance costs, professional fees and staff costs.

Together with the utilisation of S$11.7 million as announced on SGXNet on 12 May 2020, the Company has fully utilised the Net Proceeds of S$12.0 million from the subscription of Rights Shares under the Rights cum Warrants Issue.

The above utilisation of the Net Proceeds is consistent with the intended use of Net Proceeds disclosed in the Offer Information Statement.

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 2020.

Opinion of the Directors

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company 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 2020 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' STATEMENT

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 1.4.2019**	**At 31.3.2020**	**At 21.4.2020**	**At 1.4.2019**	**At 31.3.2020**	**At 21.4.2020**
(Ordinary shares)						
Kuah Kok Kim	54,313,010	54,313,010	54,313,010	–	–	–
Kuah Boon Wee	7,669,539	7,669,539	7,669,539	–	–	–
Huang Yuan Chiang	273,030	273,030	273,030	–	–	–
Nicholas Campbell Cocks	–	–	–	637,659	637,659	637,659
(Warrants)						
Kuah Kok Kim	4,004,207	4,004,207	4,004,207	–	–	–
Kuah Boon Wee	786,804	786,804	786,804	–	–	–
Huang Yuan Chiang	28,927	28,927	28,927	–	–	–
Nicholas Campbell Cocks	–	–	–	101,714	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.

DIRECTORS' STATEMENT

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;

DIRECTORS' STATEMENT

Share Plan (cont'd)

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

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

- 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 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 2020, 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 2019: 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 1.4.2019**	**Granted**	**Released**	**Forfeited**	**At 31.3.2020**
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 2020.

(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.

DIRECTORS' STATEMENT

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.

DIRECTORS' STATEMENT

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
19 June 2020

INDEPENDENT AUDITOR'S REPORT

To the members of MTQ Corporation Limited
For the financial year ended 31 March 2020

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 2020, the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated cash flow statement 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 2020 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.

INDEPENDENT AUDITOR'S REPORT

To the members of MTQ Corporation Limited
For the financial year ended 31 March 2020

Key audit matters (cont'd)

Impairment assessment of goodwill

Management is required to test for goodwill impairment annually. As at 31 March 2020, the carrying amount of the Group's goodwill amounted to $7,886,000 and was allocated to two cash-generating units ("CGUs").

In performing goodwill impairment testing, the recoverable amount of the CGUs which the goodwill are allocated to were 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 amounts involves management exercising significant judgement and making assumptions about future market and economic conditions.

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, 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 amounts 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 and right-of-use assets

The carrying amount of the Group's property, plant and equipment and right-of-use assets as at 31 March 2020 amounted to $26,582,000 and $8,478,000 respectively. Key categories of property, plant and equipment are leasehold buildings amounting to $19,150,000, and plant, workshop and rental equipment amounting to $7,432,000.

The carrying amount of the property, plant and equipment and right-of-use assets were significant as they represented 30% of the Group's total assets as at 31 March 2020. The COVID-19 pandemic disrupted the supply chains and resulted in slowed global economic activity. These have led to reduced oil and gas demand, which consequently resulted on weakness in upstream capital spending and thereby the demand for offshore marine goods and services. The volatility of oil prices and its demand resulted an increase in the level of estimation uncertainty in determining the recoverable amounts of these assets. Accordingly, we identified this as a key audit matter.

INDEPENDENT AUDITOR'S REPORT

To the members of MTQ Corporation Limited
For the financial year ended 31 March 2020

Key audit matters (cont'd)

Impairment assessment of property, plant and equipment and right-of-use assets (cont'd)

(i) Leasehold buildings

Management engaged an independent valuer to determine the fair value of the leasehold buildings using market approach. 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.

(ii) Plant, workshop and rental equipment and right-of-use assets

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 Notes 14 and 15 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of MTQ Corporation Limited
For the financial year ended 31 March 2020

Key audit matters (cont'd)

Recoverability of trade receivables

The carrying amount of the Group's trade receivables of $23,832,000 as at 31 March 2020 were significant to the Group as they represented 37% of the Group's total current assets as at 31 March 2020. The credit worthiness of customers may be impacted by the weakened economic conditions in the oil and gas and offshore marine industry. This is further exacerbated by a global economic slowdown caused by the COVID-19 pandemic. This may result in higher overdue trade receivables and greater collectability risks. As such, we determined the recoverability of trade receivables as 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).

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 and monitoring if there are any adverse developments on the significant customers based on the publicly available information.

- We also assessed the adequacy of the Group's disclosures on the trade receivables and the related risks such as credit risk in Notes 21 and 36 (a) to the consolidated financial statements respectively.

INDEPENDENT AUDITOR'S REPORT

To the members of MTQ Corporation Limited
For the financial year ended 31 March 2020

Key audit matters (cont'd)

<u>Impairment assessment of interests in subsidiaries and intercompany receivables (Company level)</u>

The carrying amount of the interests in subsidiaries and intercompany receivables as at 31 March 2020 amounted to $52,602,000 and $27,376,000 respectively. These investments and intercompany receivables represent 87% 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 2020, impairment losses on interests in a subsidiary of $3,634,000 and intercompany receivables of $28,507,000 were recorded at Company level. Our audit procedures included, amongst others, the following:

- In respect of interests 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 16, 19 and 21 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.

INDEPENDENT AUDITOR'S REPORT

To the members of MTQ Corporation Limited
For the financial year ended 31 March 2020

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.

- 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.

INDEPENDENT AUDITOR'S REPORT

To the members of MTQ Corporation Limited
For the financial year ended 31 March 2020

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

- 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
19 June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2020 (In Singapore dollars)

	Note	2020 $'000	2019 $'000 (Restated)
Revenue	4	74,302	47,506
Cost of sales		(50,404)	(35,804)
Gross profit		23,898	11,702
Other income	5	805	389
Staff costs		(9,568)	(7,703)
Other operating expenses		(6,202)	(6,210)
Profit/(loss) from operating activities	6	8,933	(1,822)
Finance costs	7	(1,496)	(1,524)
Share of results of associate and joint ventures	18	206	114
Profit/(loss) before taxation from continuing operations		7,643	(3,232)
Tax expense	8	(901)	(166)
Profit/(loss) from continuing operations, net of tax		6,742	(3,398)
Discontinued operation			
Loss from discontinued operation, net of tax	12	(2,508)	(2,167)
Profit/(loss) for the year		4,234	(5,565)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of subsidiaries, associate and joint ventures		(212)	292
Net fair value loss on derivatives		(78)	(59)
Foreign currency translation reserve reclassified to profit or loss upon disposal/winding-up of subsidiaries		2,363	11
Items that will not be reclassified subsequently to profit or loss:			
Net change in fair value of other investment		(7,782)	–
Other comprehensive income for the year, net of tax		(5,709)	244
Total comprehensive income for the year		(1,475)	(5,321)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2020 (In Singapore dollars)

	Note	2020 $'000	2019 $'000 (Restated)
Profit/(loss) for the year		4,234	(5,565)
Attributable to:			
Owners of the Company			
Profit/(loss) from continuing operations, net of tax		6,911	(3,268)
Loss from discontinued operation, net of tax		(2,485)	(1,918)
Profit/(loss) for the year attributable to Owners of the Company		4,426	(5,186)
Non-controlling interests		(192)	(379)
Profit/(loss) for the year		4,234	(5,565)
Total comprehensive income for the year		(1,475)	(5,321)
Attributable to:			
Owners of the Company			
Total comprehensive income from continuing operations, net of tax		393	(2,496)
Total comprehensive income from discontinued operation, net of tax		(441)	(2,378)
Total comprehensive income attributable to Owners of the Company		(48)	(4,874)
Non-controlling interests		(1,427)	(447)
Total comprehensive income for the year		(1,475)	(5,321)
Basic and diluted earnings/(loss) per share attributable to owners of the Company (cents per share)			
From continuing operations	9 (a)	3.19	(1.53)
From discontinued operation	12	(1.15)	(0.90)
Total earnings/(loss) per share	9 (b)	2.04	(2.43)

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

BALANCE SHEETS

As at 31 March 2020 (In Singapore dollars)

	Note	Group 31.3.2020 $'000	Group 31.3.2019 $'000 (Restated)	Group 1.4.2018 $'000 (Restated)	Company 31.3.2020 $'000	Company 31.3.2019 $'000 (Restated)	Company 1.4.2018 $'000 (Restated)
Non-current assets							
Goodwill	10	7,886	4,806	4,560	–	–	–
Intangible assets	11	782	919	380	–	–	–
Investment property	13	–	–	–	869	852	850
Property, plant and equipment	14	26,582	42,251	46,924	161	80	76
Right-of-use assets	15	8,478	15,803	17,422	4,556	4,832	5,137
Interests in subsidiaries	16	–	–	–	52,602	50,819	49,242
Other investment	17	4,099	–	–	–	–	–
Investment in associate and joint ventures	18	–	3,824	1,922	114	3,718	1,922
Receivables	19	3,016	3,161	2,388	16,930	48,946	65,182
Prepayments	19	–	6	25	–	6	25
Deferred tax assets	26	455	901	958	5	–	–
		51,298	71,671	74,579	75,237	109,253	122,434
Current assets							
Inventories	20	15,690	14,971	14,733	–	–	–
Trade and other receivables	21	25,190	36,979	26,378	11,355	14,457	14,085
Prepayments	19	2,712	1,600	1,576	51	74	89
Tax recoverable		–	–	502	–	–	6
Cash and cash equivalents	22	20,536	19,815	10,759	5,030	3,265	331
		64,128	73,365	53,948	16,436	17,796	14,511
Total assets		115,426	145,036	128,527	91,673	127,049	136,945
Current liabilities							
Trade and other payables	23	13,058	30,721	18,748	1,339	1,080	3,026
Lease liabilities	24	669	2,319	2,243	233	222	212
Bank borrowings	25	1,065	1,013	981	1,065	1,013	981
Provisions	27	209	897	355	–	–	–
Provision for taxation		147	729	429	28	18	–
		15,148	35,679	22,756	2,665	2,333	4,219
Net current assets		48,980	37,686	31,192	13,771	15,463	10,292

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

BALANCE SHEETS

As at 31 March 2020 (In Singapore dollars)

		Group			Company		
	Note	31.3.2020 $'000	31.3.2019 $'000 (Restated)	1.4.2018 $'000 (Restated)	31.3.2020 $'000	31.3.2019 $'000 (Restated)	1.4.2018 $'000 (Restated)
Non-current liabilities							
Trade and other payables	23	–	199	250	2,639	2,640	2,629
Lease liabilities	24	9,903	16,607	18,021	5,632	5,865	6,114
Bank borrowings	25	20,091	20,713	21,417	10,658	11,465	12,285
Deferred tax liabilities	26	479	418	604	–	48	53
Provisions	27	135	269	1,114	90	87	84
		30,608	38,206	41,406	19,019	20,105	21,165
Total liabilities		45,756	73,885	64,162	21,684	22,438	25,384
Net assets		69,670	71,151	64,365	69,989	104,611	111,561
Equity attributable to owners of the Company							
Share capital	28	48,915	48,914	36,807	48,915	48,914	36,807
Treasury shares	28	(10)	(3)	(3)	(10)	(3)	(3)
Reserves	29	19,237	19,285	24,159	21,084	55,700	74,757
Shareholders' funds		68,142	68,196	60,963	69,989	104,611	111,561
Non-controlling interests		1,528	2,955	3,402	–	–	–
Total equity		69,670	71,151	64,365	69,989	104,611	111,561

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 2020 (In Singapore dollars)

		Attributable to owners of the Company							
Group	**Note**	**Share capital $'000**	**Treasury shares $'000**	**Foreign currency translation reserve $'000**	**Retained earnings $'000**	**Other reserves $'000**	**Share-holders' funds $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Balance as at 1 April 2018		36,807	(3)	(3,152)	28,224	1,310	63,186	3,504	66,690
Adoption of SFRS(I) 16		–	–	–	(2,223)	–	(2,223)	(102)	(2,325)
Balance as at 1 April 2018 (Restated)		36,807	(3)	(3,152)	26,001	1,310	60,963	3,402	64,365
Loss for the year, net of tax (Restated)		–	–	–	(5,186)	–	(5,186)	(379)	(5,565)
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 (Restated)		–	–	363	(5,186)	(51)	(4,874)	(447)	(5,321)
Issuance of ordinary shares pursuant to MTQ Rights cum Warrants Issue, net of transaction costs	28	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 (Restated)		48,914	(3)	(2,789)	20,815	1,259	68,196	2,955	71,151

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 2020 (In Singapore dollars)

Group	Note	Attributable to owners of the Company							
		Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Other reserves $'000	Share-holders' funds $'000	Non-controlling interests $'000	Total equity $'000
Balance as at 31 March 2019		48,914	(3)	(2,789)	23,319	1,259	70,700	3,070	73,770
Adjustment to initial accounting for business combination		–	–	–	(66)	–	(66)	–	(66)
Adoption of SFRS(I) 16		–	–	–	(2,438)	–	(2,438)	(115)	(2,553)
Balance as at 31 March 2019 (Restated) and 1 April 2019		48,914	(3)	(2,789)	20,815	1,259	68,196	2,955	71,151
Profit/(loss) for the year, net of tax		–	–	–	4,426	–	4,426	(192)	4,234
Exchange difference on translation of subsidiaries, associate and joint ventures		–	–	9	–	–	9	(221)	(212)
Reclassification to profit or loss on disposal of subsidiaries	12	–	–	2,363	–	–	2,363	–	2,363
Net change in fair value of other investment	29	–	–	–	–	(6,778)	(6,778)	(1,004)	(7,782)
Net fair value loss on derivatives		–	–	–	–	(68)	(68)	(10)	(78)
Total comprehensive income for the year		–	–	2,372	4,426	(6,846)	(48)	(1,427)	(1,475)
Issuance of ordinary shares on exercise of warrants pursuant to MTQ Rights cum Warrants Issue	28	1	–	–	–	–	1	–	1
Share buy-back	28	–	(7)	–	–	–	(7)	–	(7)
Total contributions by and distributions to owners		1	(7)	–	–	–	(6)	–	(6)
Balance as at 31 March 2020		48,915	(10)	(417)	25,241	(5,587)	68,142	1,528	69,670

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2020 (In Singapore dollars)

	Note	2020 $'000	2019 $'000 (Restated)
Cash flows from operating activities:			
Profit/(loss) before taxation from continuing operations		7,643	(3,232)
Loss before taxation from discontinued operation	12	(2,342)	(1,863)
Adjustments for:			
Depreciation of property, plant and equipment	14	4,936	6,940
Depreciation of right-of-use assets	15	1,762	2,372
Amortisation of intangible assets	11	347	265
Gain on disposal of property, plant and equipment		(305)	(32)
Fixed assets written-off	6	17	–
Loss on disposal/winding-up of subsidiaries		1,278	11
Allowance for impairment of trade and sundry receivables, net	21	682	29
Bad debts written-off	6	2	–
Allowance for inventory obsolescence	6,20	124	265
Interest income		(36)	(82)
Interest expense		1,763	2,030
Share of results of associate and joint ventures	18	(206)	(114)
Provisions made during the year	27	178	152
Operating cash flows before changes in working capital		15,843	6,741
Increase in receivables and prepayments		(7,707)	(10,882)
Increase in inventories and work-in-progress		(1,750)	(151)
(Decrease)/increase in payables		(6,366)	11,897
Others		622	525
Cash generated from operations		642	8,130
Interest income received		36	82
Interest expense paid		(1,760)	(2,027)
Income taxes (paid)/received, net		(354)	200
Net cash (used in)/generated from operating activities		(1,436)	6,385

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2020 (In Singapore dollars)

	Note	2020 $'000	2019 $'000 (Restated)
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,188)	(1,419)
Addition of intangible assets		(211)	(213)
Investment in a joint venture		–	(1,796)
Acquisition of a business	16	–	(1,192)
Cash acquired from step-up acquisition of a subsidiary	16	1,116	–
Proceeds from disposal of property, plant and equipment		801	53
Proceeds from disposal of a subsidiary, net of cash disposed and transaction costs	12	5,469	–
Loans to joint ventures		(219)	(1,042)
Loans granted to staff		(139)	(69)
Loans repaid by staff		43	36
Net cash generated from/(used in) investing activities		5,672	(5,642)
Cash flows from financing activities:			
Proceeds from Rights cum Warrants Issue		–	12,107
Proceeds from exercise of warrants pursuant to MTQ Rights cum Warrants Issue		1	–
Repayment of bank borrowings		(1,032)	(1,014)
Repayment of principal portion of lease liabilities		(1,630)	(2,366)
Shares buy-back	28	(7)	–
Net cash (used in)/generated from financing activities		(2,668)	8,727
Net increase in cash and cash equivalents		1,568	9,470
Cash and cash equivalents at 1 April	22	19,815	10,759
Effect of exchange rate changes on cash and cash equivalents		(847)	(414)
Cash and cash equivalents at 31 March	22	20,536	19,815

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

1. Corporate information

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

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

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

The nature of the operations and principal activities of the subsidiaries are described in Note 33. There have been no significant changes in the nature of these activities during the financial year except for the disposal of the operating businesses and assets as disclosed in Note 12.

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)").

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.

Outbreak of the Coronavirus Disease ("COVID-19")

The COVID-19 outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects and is expected to impact the business of the Group subsequent to the financial year end. The outbreak and the response of governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report.

These are expected to have an impact on our earnings, cash flows and financial condition of the Group in the next financial year. The Group has financial assets determined by reference to fair or market values as at 31 March 2020. The fair value of these assets may be subject to fluctuation due to the COVID-19 outbreak. Debtors turnover days could increase as our customers are also facing the same interference in their businesses, and this may result in higher credit risks and impact the working capital of the Group. However, financial support from governments in countries where the Group operates will help the Group to defray certain operating costs. The situation continues to evolve with significant level of uncertainty and the Group is unable to reasonably estimate the full financial impact of the COVID-19 outbreak currently.

The Group is monitoring the situation closely, conscientiously managing its costs and adapting its operating strategies to tide over the situation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

2.2 Changes in accounting policies and estimates

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group adopted all the new and revised standards which are effective for annual periods beginning on or after 1 April 2019. Except for the impact arising from the adoption of SFRS(I) 16 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) 16 *Leases*

On 1 April 2019, the Group adopted SFRS(I) 16 *Leases*, which is effective for annual periods beginning on or after 1 April 2019.

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. 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 has adopted SFRS(I) 16 using the full retrospective method of adoption with the date of initial application on 1 April 2018. On the adoption of SFRS(I) 16, the Group had measured 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 elected the practical expedient 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.

On the adoption of SFRS(I) 16, the Group had recognised right-of-use assets and lease liabilities for its leases previously classified as operating leases, except for short-term leases and low-value assets.

Impact on the statement of financial position (increase/(decrease)):

	Group $'000	Company $'000
As at 1 April 2018		
Assets		
Right-of-use assets	17,422	5,137
Prepayments	(31)	–
Liabilities		
Trade and other payable	(312)	–
Lease liabilities	20,028	6,326
Equity		
Retained earnings	(2,223)	(1,189)
Non-controlling interests	(102)	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

2.2 Changes in accounting policies and estimates (cont'd)

SFRS(I) 16 *Leases* (cont'd)

Impact on the statement of financial position (increase/(decrease)) (cont'd):

	Group $'000	Company $'000
As at 31 March 2019 and 1 April 2019		
Assets		
Right-of-use assets	15,803	4,832
Prepayments	(38)	–
Liabilities		
Trade and other payable	(304)	–
Lease liabilities	18,622	6,087
Equity		
Retained earnings	(2,438)	(1,255)
Non-controlling interests	(115)	–

Impact on the consolidated statement of comprehensive income (increase/(decrease)):

	2019 $'000
Cost of sales	(42)
Staff costs	(313)
Other operating expenses	(403)
Finance costs	987

Impact on consolidated cash flow statement (increase/(decrease)):

	2019 $'000
Cash flows from operating activities	
Depreciation of right-of-use assets	2,372
Increase in payables	8
Increase in receivables and prepayments	(7)
Interest expense	987
Interest expense paid	987
Cash flows from financing activities	
Repayment of principal portion of lease liabilities	2,159

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

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**
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) 9, SFRS(I) 1-39 and SFRS(I) 7: *Interest Rate Benchmark Reform*	1 January 2020
Amendments to References to the Conceptual Framework in SFRS(I) Standards	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

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

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

(b) Business combinations and goodwill (cont'd)

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.

2.6 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.

<u>Trading sales</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

2.7 Revenue recognition (cont'd)

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.

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

2.8 Employee benefits (cont'd)

Equity compensation plan (cont'd)

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

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and land rights	–	27 to 50 years
Workshop equipment	–	2 to 3 years
Tenancy rights	–	1 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

2.9 Leases (cont'd)

Group as a lessee (cont'd)

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

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 interests in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

(ii) in respect of deductible temporary differences associated with interests 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

2.11 Taxes (cont'd)

(b) Deferred tax (cont'd)

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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

2.12 Intangible assets (cont'd)

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.

Customer relationships

Customer relationships acquired are initially recognised at cost and amortised on a straight-line basis over its estimated finite useful life of 5 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.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

2.14 Property, plant and equipment (cont'd)

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

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, interests in subsidiaries are accounted for at cost less any impairment losses.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

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.

2.18 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

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

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.

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

2.20 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Investment in debt instruments

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.

Amortised cost

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.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("FVOCI"). Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in FVOCI, changes in fair value are recognised in profit or loss.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

2.20 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. 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 a financial asset to be in default when internal or 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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 deducted from the asset's carrying amount and 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.

2.29 Discontinued operations

A component of the Group is classified as a 'discontinued operation' when it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In profit or loss of the comparative period of the previous year, all income and expenses from discontinued operation are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in profit or loss. Consequently, certain comparative figures were re-presented to reflect the financial effect of excluding the "discontinued operation".

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:

<u>Income taxes</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

(a) Judgements made in applying accounting policies (cont'd)

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.

(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 21. The carrying amount of trade receivables as at 31 March 2020 is $23,832,000 (31 March 2019: $35,375,000, 1 April 2018: $25,509,000).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

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

Impairment of property, plant and equipment and right-of-use assets

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 value-in-use calculations for plant, workshop and rental equipment and right-of-use assets. The fair values of the Group's leasehold buildings are determined by accredited independent valuer using market comparable approach. The value-in-use calculations for plant, workshop and rental equipment and right-of-use assets are based on cash flow projections and they require management's assumptions regarding revenue, gross margins, growth rates and discount rates.

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

For interests 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 interests in subsidiaries are disclosed in Note 16.

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 2020 are disclosed in Notes 19 and 21.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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	
	2020	2019	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
		(Restated)		(Restated)		(Restated)		(Restated)
Major product or service lines								
Oilfield Engineering								
Engineering services	57,069	36,393	–	–	–	–	57,069	36,393
Trading/sales of oilfield equipment, pipe support/suspensions, spares	–	–	15,469	9,613	–	–	15,469	9,613
Rental of equipment	–	–	–	–	400	742	400	742
Other services	1,364	758	–	–	–	–	1,364	758
	58,433	37,151	15,469	9,613	400	742	74,302	47,506
Timing of transfer of goods or services								
At a point in time	–	–	15,469	9,613	–	–	15,469	9,613
Over time	58,433	37,151	–	–	400	742	58,833	37,893
	58,433	37,151	15,469	9,613	400	742	74,302	47,506

5. Other income

	Group	
	2020	2019
	$'000	$'000
		(Restated)
Interest income	42	85
Rental income	116	–
Gain on disposal of property, plant and equipment	333	34
Commission received	32	16
Gain on disposal of scrap material	178	132
Government grants	80	80
Others	24	42
	805	389

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

6. Profit/(loss) from operating activities

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

	Group 2020 $'000	Group 2019 $'000 (Restated)
(a) Manpower costs		
(i) Amounts recognised in profit or loss		
Salaries, wages and bonuses	16,281	13,342
Defined contribution plan expense	1,907	1,844
Others	1,558	1,426
	19,746	16,612
Included in cost of sales	10,178	8,909
Included in staff costs	9,568	7,703
	19,746	16,612

(ii) Amounts paid during the financial year

The amounts paid to a director and key management personnel (including those from discontinued operation) during financial years ended 31 March 2020 and 31 March 2019 are as follows:

	Group 2020 $'000	Group 2019 $'000
Director's remuneration:		
- Salaries, wages and bonuses	382	362
- Defined contribution plan expense	17	17
- Others	32	17
	431	396
Other key management personnel:		
- Salaries, wages and bonuses*	2,014	1,509
- Defined contribution plan expense	151	123
- Others	396	441
	2,561	2,073

* Included in salaries, wages and bonuses is an amount of $837,000 (2019: $144,000) termination benefits paid to a key management personnel who has left the position during the financial years ended 31 March 2020 and 2019 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

	Note	Group 2020 $'000	Group 2019 $'000 (Restated)
(b) Other operating expenses			
Allowance for impairment of trade receivables		53	2
Bad debts written-off		2	–
Amortisation of intangible assets		329	228
Depreciation of property, plant and equipment		504	582
Depreciation of right-of-use assets		686	646
Directors' fees paid to directors of the Company		262	262
Allowance for inventory obsolescence	20	124	265
Gain on foreign exchange, net		(277)	(45)
Consultancy fees paid to a director of the Company		157	155
Legal and professional fees		459	431
Loss on winding-up of a subsidiary		–	11
Fixed assets written-off		17	–
Utilities expenses		266	246
(c) Cost of sales			
Depreciation of right-of-use assets		63	59
Depreciation of property, plant and equipment		3,130	3,693

(d) Auditors' remuneration

Audit and non-audit fees paid by the Group (including those recognised under discontinued operation) are as follows:

		2020 $'000	2019 $'000
Non-audit fees paid to:			
- Auditors of the Company		81	70
- Auditors of subsidiaries		98	75
Audit fees paid to:			
- Auditors of the Company		342	501
- Auditors of subsidiaries		199	307

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

7. Finance costs

	Group 2020 $'000	Group 2019 $'000 (Restated)
Interest on:		
- Bank loans	982	1,006
- Lease liabilities	511	515
- Others	3	3
	1,496	1,524

8. Tax expense

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

	Group 2020 $'000	Group 2019 $'000 (Restated)
Consolidated statement of comprehensive income		
Current income tax		
- Current income tax	26	18
- Over provision in respect of previous years	–	(72)
- Withholding tax expense	18	261
	44	207
Deferred income tax		
- Movement in temporary differences	644	(94)
- Write-off of deferred tax assets	339	–
- (Over)/under provision in respect of previous years	(126)	53
	857	(41)
Tax expense recognised in statement of comprehensive income	901	166

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

8. Tax expense (cont'd)

(b) Relationship between tax expense and accounting profit/(loss)

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

	Group	
	2020	**2019**
	$'000	**$'000**
		(Restated)
Profit/(loss) before tax from continuing operations	7,643	(3,232)
Loss before tax from discontinued operation (Note 12)	(2,342)	(1,863)
Accounting profit/(loss) before taxation	5,301	(5,095)
Tax at Singapore statutory tax rate of 17% (2019: 17%)	901	(866)
Effect of difference in effective tax rates of other countries	1,550	(196)
Non-deductible expenses	845	322
Income not subject to taxation	(3,586)	(1,798)
Effect of partial tax exemption and tax incentives	(6)	(8)
Deferred tax assets not recognised	1,270	2,607
(Over)/under provision in respect of previous years		
- current tax	(154)	(57)
- deferred tax	(126)	55
Write-off of deferred tax assets	339	–
Withholding tax expense	47	402
Others	(13)	9
Tax expense	1,067	470
Attributable to:		
Continuing operations	901	166
Discontinued operation	166	304
	1,067	470

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

9. Earnings/(loss) per share

(a) Continuing operations

Basic earnings/(loss) per share are calculated by dividing profit/(loss) from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit/(loss) from continuing operations, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued upon conversion of all the dilutive potential ordinary shares into ordinary shares. The potential ordinary shares that would be issued under MTQ Share Plan are excluded from the calculation of the diluted loss per share for the 12 months ended 31 March 2019 due to its anti-dilutive effect.

The outstanding warrants are also excluded from the calculation of diluted earnings per share as the average market prices of ordinary shares during the 12 months ended 31 March 2019 and 31 March 2020 were lower than the exercise price of the warrants.

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

		Group	
		2020	**2019**
	Note	**$'000**	**$'000**
			(Restated)
Profit/(loss) for the year attributable to owners of the Company		4,426	(5,186)
Add: Loss from discontinued operation, net of tax, attributable to owners of the Company	12	2,485	1,918
Profit/(loss) from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic and diluted per share from continuing operations		6,911	(3,268)

	Number of shares	
	2020	**2019**
	'000	**'000**
Weighted average number of ordinary shares for basic earnings/(loss) per share computation*	216,317	213,440
Effects of dilution:		
– Employee share-based payment scheme	11	–
Weighted average number of ordinary shares for diluted earnings/(loss) per share computation	216,328	213,440

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

9. Earnings/(loss) per share (cont'd)

(a) Continuing operations (cont'd)

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

a) Nil (2019: 61,806,000) ordinary shares that the Company issued pursuant to MTQ Rights cum Warrants Issue (Note 28);

b) 38,000 (2019: Nil) ordinary shares that the Company bought back (Note 28);

c) 4,000 (2019: Nil) ordinary shares that the Company issued on exercise of warrants pursuant to MTQ Rights cum Warrants Issue (Note 28).

(b) Earnings/(loss) per share computation

The basic and diluted earnings/(loss) per share are calculated by dividing the profit/(loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted earnings/(loss) per share computation. These profit/(loss) and share data are presented in the tables in Note 9(a) above.

10. Goodwill

	Note	Group $'000
At 1 April 2018		4,560
Acquisition through business combination		248
Currency realignment		(2)
At 31 March 2019, as restated		4,806
At 1 April 2019, as previously reported		5,373
Restatement due to adjustment to initial accounting for business combination:		
– Acquisition through business combination	16	(572)
– Currency realignment		5
At 1 April 2019, as restated		4,806
Acquisitions through business combination	16	2,998
Currency realignment		82
At 31 March 2020		7,886

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"). With the completion of the allocation of purchase price during the financial year, a goodwill arising from the acquisition of the business amounting $248,000 was recognised and retrospectively adjusted for. This has been included as part of the Premier Group CGU for impairment testing purpose. Information on the acquisition of the business has been disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

10. Goodwill (cont'd)

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to two (31 March 2019: one, 1 April 2018: one) cash-generating units ("CGUs") for impairment testing as follows:

- Premier Group
- In-Line Valve Business

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

	Group		
	31.3.2020	**31.3.2019**	**1.4.2018**
	$'000	**$'000**	**$'000**
		(Restated)	
Premier Group	4,816	4,806	4,560
In-Line Valve Business	3,070	–	–
	7,886	4,806	4,560

The recoverable amounts of the CGUs are determined based on value-in-use calculation derived from cash flow projections covering a five-year period. The terminal value of the CGUs 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 CGUs.

<u>Key assumptions used in the value-in-use calculation</u>

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

	31.3.2020	**31.3.2019**	**1.4.2018**
Revenue projection for the first year	Financial budgets	Financial budgets	Financial budgets
Revenue growth rates for a further 4 years	10.0% to 17.0%	21.0% to 70.0%	1.5% to 43.0%
Gross margins	25.0% to 32.0%	24.0% to 28.0%	19.0% to 34.0%
Long-term growth rates (per annum)	1.8% to 2.5%	3.0%	1.5% to 3.0%
Discount rates (per annum)	7.94% to 15.87%	8.9%	8.9% to 11.8%

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

10. Goodwill (cont'd)

Impairment testing of goodwill (cont'd)

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

Discount rates

The discount rate is based on pre-tax weighted average cost of capital ("WACC") applicable to the CGUs and represents the current market assessment of the CGUs-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 amounts of the CGUs to be materially lower than the related carrying amounts.

Impairment

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

11. Intangible assets

Group	Customer relationships	Software	Know-how	Other intangible assets	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 1 April 2018	–	297	354	30	681
Additions	–	26	84	115	225
Acquisition through business combination	572	–	–	–	572
Currency realignment	(5)	(14)	13	1	(5)
At 31 March 2019, as restated	567	309	451	146	1,473
At 1 April 2019, as previously reported	–	309	451	146	906
Restatement due to adjustment to initial accounting for business combination:					
– Acquisition through business combination	572	–	–	–	572
– Currency realignment	(5)	–	–	–	(5)
At 1 April 2019, as restated	567	309	451	146	1,473
Additions	–	36	13	162	211
Disposal of subsidiaries	–	(279)	–	(33)	(312)
Currency realignment	29	(1)	24	5	57
At 31 March 2020	596	65	488	280	1,429

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

11. Intangible assets (cont'd)

Group	Customer relationships	Software	Know-how	Other intangible assets	Total
	$'000	$'000	$'000	$'000	$'000
Accumulated amortisation:					
At 1 April 2018	–	240	59	2	301
Amortisation for the year	66	40	130	29	265
Currency realignment	–	(14)	2	–	(12)
At 31 March 2019, as restated	66	266	191	31	554
At 1 April 2019, as previously reported	–	266	191	31	488
Restatement due to adjustment to initial accounting for business combination:					
– Acquisition through business combination	66	–	–	–	66
At 1 April 2019, as restated	66	266	191	31	554
Amortisation for the year	115	28	148	56	347
Disposal of subsidiaries	–	(279)	–	–	(279)
Currency realignment	6	–	15	4	25
At 31 March 2020	187	15	354	91	647
Net carrying amount:					
At 31 March 2020	409	50	134	189	782
At 31 March 2019, as restated	501	43	260	115	919
At 1 April 2018	–	57	295	28	380

12. Discontinued operation

On 24 July 2019, the Group announced that, its subsidiary, Neptune Marine Services Limited, has entered into a binding Share Purchase Agreement ("SPA") for the sale of its operating businesses and assets to MMA Offshore Limited ("MMA") (the "Transaction") via the sale of the shares in certain subsidiaries ("Target Companies").

The Transaction was completed on 7 November 2019. As a result, the income and expenses of the Target Companies are presented separately in the consolidated statement of comprehensive income as "Loss from discontinued operation, net of tax" for the years ended 31 March 2020 and 2019. The comparative results of the Group have been re-presented to report separately profit and loss items from continuing and discontinued operation.

Following the completion of the Transaction, the name of its subsidiary has been changed from Neptune Marine Services Limited to Blossomvale Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

12. Discontinued operation (cont'd)

The summarised financial information of the discontinued operation is as follows:

Income statement disclosures

	2020 $'000	2019 $'000 (Restated)
Revenue	49,068	83,390
Cost of sales	(38,320)	(66,897)
Gross profit	10,748	16,493
Other income	304	439
Staff costs	(6,271)	(9,577)
Other operating expenses	(5,578)	(8,712)
Loss from operating activities	(797)	(1,357)
Finance costs	(267)	(506)
Loss on disposal of subsidiaries	(1,278)	–
Loss before taxation	(2,342)	(1,863)
Tax expense (Note 8)	(166)	(304)
Loss from discontinued operation, net of tax	(2,508)	(2,167)

Cash flow statement disclosures

	2020 $'000	2019 $'000 (Restated)
Operating	(3,122)	7,115
Investing	5,460	(463)
Financing	(995)	(1,768)
Net cash inflows	1,343	4,884

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

12. Discontinued operation (cont'd)

The effects of disposal of the Target Companies on the financial statements of the Group are as follow:

	Note	2020 $'000
Property, plant and equipment	14	13,070
Right-of-use assets	15	6,111
Intangible assets	11	33
Inventories		831
Trade and other receivables		16,965
Prepayments		1,260
Cash and cash equivalents		1,166
Trade and other payables		(11,375)
Lease liabilities	24	(7,687)
Provisions	27	(707)
Provision for taxation		(463)
Deferred tax liabilities	26	(392)
Net assets disposed		18,812
Consideration received in cash and cash equivalents		6,635
Deferred Contingent Consideration		529
Shares of MMA received		12,733
Total sales consideration		19,897
Less: Net assets disposed		(18,812)
Less: Reclassification of foreign currency translation reserve to profit or loss on disposal		(2,363)
Loss on disposal of subsidiaries		(1,278)
Consideration received in cash and cash equivalents		6,635
Cash and cash equivalents of the subsidiary disposed		(1,166)
Net cash inflow from disposal of the subsidiaries		5,469

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

12. Discontinued operation (cont'd)

Loss per share disclosures

The information on loss per share from discontinued operation is as follows:

	2020 $'000	2019 $'000 (Restated)
Loss from discontinued operation attributable to owners of the Company	(2,485)	(1,918)
Basic and diluted loss per share (cents per share)	(1.15)	(0.90)

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted loss per share computation. These losses and share data are presented in the tables in Note 9(a).

13. Investment property

	Company $'000
Balance sheet:	
Cost	
At 1 April 2018	7,310
Additions	50
At 31 March 2018 and 1 April 2019	7,360
Additions	69
At 31 March 2020	7,429
Accumulated depreciation	
At 1 April 2018	6,460
Depreciation	48
At 31 March 2019 and 1 April 2019	6,508
Depreciation	52
At 31 March 2020	6,560
Net carrying amount	
At 31 March 2020	869
At 31 March 2019	852
At 31 March 2018	850

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

13. Investment property (cont'd)

	Company	
	2020	2019
	$'000	$'000
Statement of comprehensive income:		
Rental income from investment property charged to subsidiaries	1,216	1,170
Direct operating expenses (including repairs and maintenance) arising from rental generating properties	1,158	1,104

The fair value of the investment property held by the Company as at 31 March 2020 amounted to $6,500,000 (31 March 2019: $6,650,000, 1 April 2018: $6,650,000). 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 2020 is as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

14. Property, plant and equipment

	Note	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
Group						
Cost						
At 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 and 1 April 2019		29,633	76,852	11,770	164	118,419
Currency realignment		791	559	(69)	13	1,294
Additions		69	1,128	603	296	2,096
Acquisition through business combination	16	–	–	63	–	63
Disposals/write-offs		–	(7,278)	(610)	–	(7,888)
Disposal of subsidiaries		–	(28,605)	(4,730)	(191)	(33,526)
Transfers		–	261	21	(282)	–
At 31 March 2020		30,493	42,917	7,048	–	80,458
Accumulated depreciation and impairment loss						
At 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 and 1 April 2019		10,609	58,056	7,503	–	76,168
Currency realignment		157	453	(7)	–	603
Depreciation		577	3,860	499	–	4,936
Disposals/write-offs		–	(6,791)	(584)	–	(7,375)
Disposal of subsidiaries		–	(18,502)	(1,954)	–	(20,456)
At 31 March 2020		11,343	37,076	5,457	–	53,876
Net carrying amount						
At 31 March 2020		19,150	5,841	1,591	–	26,582
At 31 March 2019		19,024	18,796	4,267	164	42,251
At 1 April 2018		19,123	22,362	4,890	549	46,924

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

	Workshop equipment	Furniture and fixtures, office equipment and motor vehicles	Total
	$'000	$'000	$'000
Company			
Cost			
At 1 April 2018	209	2,345	2,554
Additions	–	58	58
At 31 March 2019 and 1 April 2019	209	2,403	2,612
Additions	–	118	118
Disposal/write-offs	–	(357)	(357)
At 31 March 2020	209	2,164	2,373
Accumulated depreciation			
At 1 April 2018	209	2,269	2,478
Depreciation	–	54	54
At 31 March 2019 and 1 April 2019	209	2,323	2,532
Depreciation	–	37	37
Disposal/write-offs	–	(357)	(357)
At 31 March 2020	209	2,003	2,212
Net carrying amount			
At 31 March 2020	–	161	161
At 31 March 2019	–	80	80
At 31 March 2018	–	76	76

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

14. 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 31.3.2020 $'000	31.3.2019 $'000	1.4.2018 $'000
Leasehold building						
182 Pandan Loop, Singapore 128373*	Office building and workshop	14,271	27 years lease from 16 September 2009	869	852	850
Bahrain International Investment Park, HIDD, Kingdom of Bahrain	Office building and workshop	22,397	50 years lease from 1 September 2009	13,007	12,735	12,669
54 Loyang Way Singapore 508747	Office building and workshop	6,912	57 years lease from 1 March 1995	5,274	5,437	5,604

* This leasehold building has been classified as investment property at Company level as the property is leased to subsidiaries (Note 13).

(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 31.3.2020 $'000	31.3.2019 $'000	1.4.2018 $'000
Leasehold buildings	13,007	12,735	12,669
Assets under construction	–	–	358
Furniture and fixtures, office equipment and motor vehicles	542	440	3,444
Plant, workshop, ROVs, vessels and rental equipment	3,248	4,715	11,193

(c) Assets under construction

During the financial years ended 31 March 2019 and 31 March 2018, included in the Group's assets under construction is an amount of $164,000 and $549,000 relating to the construction of workshop and equipment respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

15. Right-of-use assets

	Land and land rights $'000	Workshop equipment $'000	Tenancy rights $'000	Total $'000
Group				
Cost				
At 1 April 2018	–	–	–	–
Adjustment for adoption of SFRS(I) 16	11,715	69	12,585	24,369
At 1 April 2018, as restated	11,715	69	12,585	24,369
Additions	(27)	74	706	753
At 31 March 2019, as restated	11,688	143	13,291	25,122
At 1 April 2019, as previously reported	–	–	–	–
Restatement due to adjustment for adoption of SFRS(I) 16	11,688	143	13,291	25,122
At 1 April 2019, as restated	11,688	143	13,291	25,122
Additions	–	–	426	426
Acquisition through business combination (Note 16)	–	–	180	180
Currency realignment	80	–	(170)	(90)
Disposal of subsidiaries	–	–	(12,324)	(12,324)
At 31 March 2020	11,768	143	1,403	13,314
Accumulated depreciation				
At 1 April 2018	–	–	–	–
Adjustment for adoption of SFRS(I) 16	3,068	54	3,825	6,947
At 1 April 2018, as restated	3,068	54	3,825	6,947
Depreciation	374	27	1,971	2,372
At 31 March 2019, as restated	3,442	81	5,796	9,319
At 1 April 2019, as previously reported	–	–	–	–
Restatement due to adjustment for adoption of SFRS(I) 16	3,442	81	5,796	9,319
At 1 April 2019, as restated	3,442	81	5,796	9,319
Depreciation	373	30	1,359	1,762
Currency realignment	14	–	(46)	(32)
Disposal of subsidiaries	–	–	(6,213)	(6,213)
At 31 March 2020	3,829	111	896	4,836
Net carrying amount				
At 31 March 2020	7,939	32	507	8,478
At 31 March 2019, as restated	8,246	62	7,495	15,803
At 1 April 2018, as restated	8,647	15	8,760	17,422

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

15. Right-of-use assets (cont'd)

	Land and land rights $'000
Company	
Cost	
At 1 April 2018	–
Adjustment for adoption of SFRS(I) 16	7,382
At 1 April 2018, as restated	7,382
Adjustments	(27)
At 31 March 2019, as restated	7,355
At 1 April 2019, as previously reported	–
Restatement due to adjustment for adoption of SFRS(I) 16	7,355
At 1 April 2019, as restated, and 31 March 2020	7,355
Accumulated depreciation	
At 1 April 2018	–
Adjustment for adoption of SFRS(I) 16	2,245
At 1 April 2018, as restated	2,245
Depreciation	278
At 31 March 2019, as restated	2,523
At 1 April 2019, as previously reported	–
Restatement due to adjustment for adoption of SFRS(I) 16	2,523
At 1 April 2019, as restated	2,523
Depreciation	276
At 31 March 2020	2,799
Net carrying amount	
At 31 March 2020	4,556
At 31 March 2019, as restated	4,832
At 1 April 2018, as restated	5,137

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

16. Interests in subsidiaries

	Company		
	31.3.2020	31.3.2019	1.4.2018
	$'000	$'000	$'000
Unquoted shares, at cost:			
Beginning of financial year	30,567	36,425	39,981
Acquisition of subsidiaries	3,604	–	–
Winding-up of a subsidiary	–	(5,858)	(3,556)
End of financial year	34,171	30,567	36,425
Allowance for impairment in cost of investments	(10,634)	(7,791)	(11,258)
	23,537	22,776	25,167
Intercompany indebtedness:			
Non-trade amounts due from subsidiaries	30,502	28,721	24,075
Allowance for impairment of intercompany indebtedness	(1,437)	(678)	–
	29,065	28,043	24,075
Total interests in subsidiaries	52,602	50,819	49,242

Further details regarding the cost of investments in subsidiaries are set out in Note 33.

Movement in allowance for impairment in cost of investments:

	Company	
	2020	2019
	$'000	$'000
At 1 April	7,791	11,258
Charge for the year	2,843	2,391
Winding-up of a subsidiary	–	(5,858)
At 31 March	10,634	7,791

During the year, management carried out a review of the recoverable amounts of the cost of investments in subsidiaries. Following the review, an impairment loss of $2,843,000 (2019: $2,391,000) was recognised on the cost of investment for a subsidiary. The recoverable amounts of the cost of investments 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 interests 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

16. Interests in subsidiaries (cont'd)

Intercompany indebtedness

The amounts and loans owing by subsidiaries included as part of the Company's net interests 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	
	31.3.2020	**31.3.2019**	**1.4.2018**
	$'000	**$'000**	**$'000**
Amount due from a subsidiary – nominal value	5,153	4,156	–
Less: Allowance for impairment	(1,437)	(678)	–
	3,716	3,478	–
Allowance for impairment:			
At 1 April	678	–	478
Currency realignment	(32)		
Charge for the year	791	678	–
Write-off during the year	–	–	(478)
At 31 March	1,437	678	–

Business acquisitions

(a) Mid-Continent Distribution Pte. Ltd. ("Mid-Continent")

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:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

16. Interests in subsidiaries (cont'd)

Business acquisitions (cont'd)

(a) Mid-Continent Distribution Pte. Ltd. ("Mid-Continent") (cont'd)

Accounting for acquisition of Mid-Continent

As at 31 March 2019, the fair value of the net identifiable assets were determined on a provisional basis as the allocation of purchase price had not been finalised. With the completion of the allocation of purchase price in the current financial year, the following adjustments to the initial accounting for the business combination were made retrospectively:

- Reduction of goodwill by $572,000 (Note 10).
- Recognition of intangible asset amounting to $572,000 relating to customer relationships that existed as at acquisition date, resulting in additional amortisation of $66,000 in the period ended 31 March 2019 (Note 11).

Impact of the acquisition on profit or loss

From the acquisition date, Mid-Continent has contributed $2,324,000 and $214,000 to the Group's revenue and profit for the financial year ended 31 March 2019 respectively. Had the business combination taken place on 1 April 2018, the Group's revenue and its loss, net of tax for the financial year ended 31 March 2019 would have been increased by $1,660,000 and $153,000 respectively.

(b) In-Line Group

On 25 July 2018, 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") over 3 tranches. Tranche 1 was completed on 25 July 2018 with the Company acquiring 33.3% of ownership interests in the In-Line Group. Tranche 2 was completed on 28 June 2019 with the Company acquiring an additional 33.3% of ownership interests in In-Line Group. 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 financial year ended 31 March 2019 with no further adjustments.

Tranche 2
As at 31 March 2019, the Group has performed a provisional PPA for the acquisition of Tranche 2 interests in the In-Line Group and has computed the provisional goodwill amount of $1,585,000. The Group has finalised the PPA in the current financial year with no further adjustments.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

16. Interests in subsidiaries (cont'd)

Business acquisitions (cont'd)

(b) In-Line Group (cont'd)

Acquisition of Tranche 3 shares

On 30 July 2019, the Company completed the sale and purchase of Tranche 3 Shares of In-Line Group. Following the acquisition, In-Line Group becomes 100% wholly-owned subsidiaries of the Company.

As at acquisition date, the fair value of the identifiable assets and liabilities of In-Line Group were as follows:

	Note	Group $'000
Property, plant and equipment	14	63
Right-of-use assets	15	180
Cash and cash equivalents		1,116
Inventories		165
Trade and other receivables		788
Trade and other payables		(1,363)
Lease liabilities	24	(179)
Provision for tax		(76)
Total identifiable net assets at fair value		694
Goodwill arising from acquisition	10	2,998
Total interests in subsidiaries at acquisition date		3,692

Effect of acquisition of In-Line Group on cash flows

	Note	Group $'000
Total consideration, including costs previously recognised as investment in joint venture		3,692
Less: Cost of investment reclassified from investment in joint venture	18	(3,692)
Purchase consideration settled in cash		–
Add: Cash and cash equivalents of subsidiaries		1,116
Net cash inflows on acquisition of subsidiaries		1,116

Impact of the acquisition on profit or loss

From the acquisition date, In-Line Group has contributed $1,463,000 and $53,000 to the Group's revenue and profit for the financial year ended 31 March 2020 respectively. Had the business combination taken place on 1 April 2019, the Group's revenue and its profit, net of tax for the financial year ended 31 March 2020 would have been increased by $1,313,000 and $103,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

17. Other investment

	Group		
	31.3.2020	31.3.2019	1.4.2018
	$'000	$'000	$'000
Quoted equity shares	4,099	–	–

The Group's investment in quoted equity shares relates to its interest in equity shares of MMA Offshore Limited ("MMA") as part of the purchase consideration received for the sale of its operating businesses and assets of Neptune Marine Services Limited during the year (Note 12). Management has assessed and is of the view that the Group does not retain significant influence over MMA. The investment was irrevocably designated at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

18. Investment in associate and joint ventures

	Note	Group
		$'000
Equity accounted:		
At 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 and 1 April 2019		3,824
Deemed disposal during the year	16	(3,692)
Dividends		(320)
Share of results of associate and joint ventures		206
Share of associate's and joint ventures' foreign currency translation reserve		(18)
At 31 March 2020		–

	Company
	$'000
Unquoted shares, at cost:	
At 1 April 2018	1,922
Acquisition during the year	1,796
At 31 March 2019 and 1 April 2019	3,718
Deemed disposal during the year	(3,604)
At 31 March 2020	114

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

PT Binder Indonesia

The Group has 50% (31 March 2019: 50%, 1 April 2018: 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		
	31.3.2020	**31.3.2019**	**1.4.2018**
	$'000	**$'000**	**$'000**
Summarised balance sheet:			
Cash and cash equivalents	239	37	43
Other current assets	7,758	7,758	5,663
Total current assets	7,997	7,795	5,706
Total non-current assets	145	194	450
Total assets	8,142	7,989	6,156
Current trade and other payables	7,080	6,856	3,230
Non-current other payables	3,483	3,354	3,407
Total liabilities	10,563	10,210	6,637
Net liabilities	(2,421)	(2,221)	(481)
Group's share of net liabilities at 50% ownership interest	(1,210)	(1,110)	(241)
Carrying amount of the investment	–	–	–

	Group	
	31.3.2020	**31.3.2019**
	$'000	**$'000**
Summarised statement of comprehensive income:		
Revenue	12,193	8,501
Other income	55	59
Operating expenses	(12,676)	(10,535)
Loss before tax	(428)	(1,975)
Income tax expense	–	–
Loss after tax	(428)	(1,975)
Other comprehensive income	228	234
Total comprehensive income	(200)	(1,741)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

PT Binder Indonesia (cont'd)

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 $1,210,000 (2019: $1,110,000). 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 2018, 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 2018 with the Company acquiring 33.3% of ownership interests in the In-Line Group. Tranche 2 was completed on 28 June 2019 with the Company acquiring an additional 33.3% of ownership interests in In-Line Group. Tranche 3 was completed on 30 July 2019 with the company acquiring the remaining 33.4% of ownership interests in In-Line Group. Following the acquisition, In-Line Group becomes 100% wholly-owned subsidiaries of the Company.

Summarised financial information in respect of In-Line Group 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	**1.4.2018**
	$'000	**$'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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

In-Line Group (cont'd)

	Group	
	1.4.2019 to 30.7.2019	31.3.2019
	$'000	$'000
Summarised statement of comprehensive income:		
Revenue	1,313	4,749
Operating expenses	(930)	(4,171)
Profit before tax	383	578
Income tax expense	(74)	(52)
Profit after tax	309	526
Other comprehensive income	(27)	(14)
Total comprehensive income	282	512

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

Other associate

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

	Group	
	31.3.2020	31.3.2019
	$'000	$'000
Profit/(loss) after tax	133	(896)
Other comprehensive income	(7)	32
Total comprehensive income	126	(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 $34,000 (2019: $59,000). The Group has not incurred obligations or made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

19. Receivables and prepayments

	Group			Company		
	31.3.2020	31.3.2019	1.4.2018	31.3.2020	31.3.2019	1.4.2018
Receivables	$'000	$'000	$'000	$'000	$'000	$'000
Non-current						
Amounts due from subsidiaries						
- Interest-free loans	–	–	–	75,374	77,768	79,271
- Interest-bearing loan	–	–	–	5,323	6,078	6,866
Allowance for amounts due from subsidiaries	–	–	–	(63,767)	(35,260)	(21,157)
	–	–	–	16,930	48,586	64,980
Loans due from joint ventures	2,868	3,081	2,342	–	353	184
Staff loans, at amortised cost	148	80	46	–	7	18
	3,016	3,161	2,388	16,930	48,946	65,182

Interest-bearing loan to a subsidiary is funded by bank borrowings – Facility 1 (Note 25). It is denominated in United States Dollars and bears interest at the rate of 1.5% (31 March 2019: 1.5%, 1 April 2018: 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.

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		
	31.3.2020	31.3.2019	1.4.2018
	$'000	$'000	$'000
Amounts due from subsidiaries – nominal value	80,697	83,846	21,157
Less: Allowance for impairment	(63,767)	(35,260)	(21,157)
	16,930	48,586	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

19. Receivables and prepayments (cont'd)

Receivables (cont'd)

Expected credit losses (cont'd)

	Company	
	31.3.2020	31.3.2019
	$'000	$'000
At 1 April under SFRS(I) 9	35,260	21,157
Charge for the year	28,507	14,103
At 31 March	63,767	35,260

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 2025 (31 March 2019: 2024, 1 April 2018: 2023). 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	31.3.2020	31.3.2019	1.4.2018	31.3.2020	31.3.2019	1.4.2018
		$'000	$'000	$'000	$'000	$'000	$'000
Staff loans at amortised costs:							
Current, classified under trade and other receivables	21	95	57	38	7	11	11
Non-current, classified under receivables		148	80	46	–	7	18
		243	137	84	7	18	29

	Group			Company		
	31.3.2020	31.3.2019	1.4.2018	31.3.2020	31.3.2019	1.4.2018
	$'000	$'000	$'000	$'000	$'000	$'000
		(Restated)	(Restated)			
Prepayments						
Current						
Advances to suppliers	2,130	603	296	–	–	–
Other prepayments	582	997	1,280	51	74	89
	2,712	1,600	1,576	51	74	89
Non-current						
Other prepayments	–	6	25	–	6	25
	–	6	25	–	6	25

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

20. Inventories

	Group		
	31.3.2020	31.3.2019	1.4.2018
	$'000	$'000	$'000
Balance sheet:			
First-in-first-out basis			
- Raw materials	6,973	5,453	6,512
- Work-in-progress	2,863	3,089	2,714
- Finished goods	3,700	4,787	4,962
- Goods-in-transit	353	517	72
	13,889	13,846	14,260
Weighted average basis			
- Finished goods	1,405	1,106	460
- Work-in-progress	10	19	13
- Goods-in-transit	386	–	–
	1,801	1,125	473
Total inventories at lower of cost and net realisable value	15,690	14,971	14,733
Inventories are stated after deducting allowance for inventory obsolescence of:			
- first-in-first-out basis	852	687	386
- weighted average basis	214	248	283
	1,066	935	669

	Group	
	31.3.2020	31.3.2019
Movement in allowance for inventory obsolescence:		
At 1 April	935	669
Allowance for inventory obsolescence included in other operating expenses	124	265
Written-off	(4)	–
Currency realignment	11	1
At 31 March	1,066	935

Inventories recognised as cost of sales amounted to $48,538,000 (2019: $33,021,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

21. Trade and other receivables

		Group			Company		
	Note	31.3.2020	31.3.2019	1.4.2018	31.3.2020	31.3.2019	1.4.2018
		$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables		23,832	35,375	25,509	–	–	–
Staff loans, current	19	95	57	38	7	11	11
Sundry deposits		88	234	181	2	2	2
Sundry receivables		415	451	650	259	250	241
Loans due from joint ventures		760	862	–	641	388	–
Amounts due from subsidiaries		–	–	–	10,446	13,806	13,831
		25,190	36,979	26,378	11,355	14,457	14,085

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

Loans due from joint ventures amounting to $641,000 (31 March 2019: $Nil, 1 April 2018: $Nil) are unsecured and repayable on demand. These loans bears an interest rate of 12.5% per annum and are to be settled in cash. The remaining loans due from joint ventures are unsecured, interest-free, repayable on demand and are expected to be settled in cash.

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.

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

	Group			Company		
	31.3.2020	31.3.2019	1.4.2018	31.3.2020	31.3.2019	1.4.2018
	$'000	$'000	$'000	$'000	$'000	$'000
Trade receivables	2,262	2,415	2,355	–	–	–
Sundry receivables	405	–	–	–	–	–
Trade and other receivables	2,667	2,415	2,355	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

21. Trade and other receivables (cont'd)

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

	Group			Company		
	31.3.2020	31.3.2019	1.4.2018	31.3.2020	31.3.2019	1.4.2018
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore Dollars	6,267	4,269	3,446	8,580	9,489	7,379
Australian Dollars	499	12,135	3,992	–	1,958	3,506
United States Dollars	18,053	13,360	13,266	2,054	2,372	2,958
Bahraini Dinar	100	251	197	–	–	–
British Pounds	16	6,693	5,217	462	388	–
Others	255	271	260	259	250	242
	25,190	36,979	26,378	11,355	14,457	14,085

Expected credit losses

Trade receivables

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

	Group					
	31.3.2020		31.3.2019		1.4.2018	
	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL	Gross carrying amount	Allowance for ECL
	$'000	$'000	$'000	$'000	$'000	$'000
Current	14,800	–	25,335	–	17,991	–
Less than 30 days past due	2,903	–	6,753	–	3,899	–
30 to 60 days past due	2,407	–	1,399	–	705	–
61 to 90 days past due	1,880	–	484	–	660	–
More than 90 days past due	4,104	(2,262)	3,819	(2,415)	4,609	(2,355)
	26,094	(2,262)	37,790	(2,415)	27,864	(2,355)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

21. Trade and other receivables (cont'd)

Expected credit losses (cont'd)

Trade receivables (cont'd)

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

	Group	
	31.3.2020	**31.3.2019**
	$'000	**$'000**
At 1 April under SFRS(I) 9	2,415	2,355
Exchange differences	(76)	31
Charge for the year	252	29
Written-off	(329)	–
At 31 March	2,262	2,415

Sundry receivables

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

	Group					
	31.3.2020		**31.3.2019**		**1.4.2018**	
	Gross carrying amount	**Allowance for ECL**	**Gross carrying amount**	**Allowance for ECL**	**Gross carrying amount**	**Allowance for ECL**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Sundry receivables	820	(405)	451	–	650	–

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

	Group	
	31.3.2020	**31.3.2019**
	$'000	**$'000**
At 1 April under SFRS(I) 9	–	–
Currency realignment	(25)	–
Charge for the year	430	–
At 31 March	405	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

22. Cash and cash equivalents

	Group			Company		
	31.3.2020	**31.3.2019**	**1.4.2018**	**31.3.2020**	**31.3.2019**	**1.4.2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Fixed deposits	8,086	5,381	1,163	–	3,003	–
Cash at banks and in hand	12,450	14,434	9,596	5,030	262	331
	20,536	19,815	10,759	5,030	3,265	331

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed deposits are made for varying periods of between one day and six months (31 March 2019: two weeks and one months, 1 April 2018: one week and three months) depending on the immediate cash requirements of the Group, at a weighted average interest rate of 1.58% (31 March 2019: 1.57%, 1 April 2018: 0.90%) per annum. At the end of the reporting period, fixed deposits of $183,000 (31 March 2019: $2,124,000, 1 April 2018: $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		
	31.3.2020	**31.3.2019**	**1.4.2018**	**31.3.2020**	**31.3.2019**	**1.4.2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Singapore Dollars	7,284	4,611	1,939	4,939	3,248	283
Australian Dollars	9,330	7,519	2,001	–	–	–
United States Dollars	3,528	5,149	3,492	89	15	46
British Pounds	226	964	1,659	–	–	–
Bahraini Dinar	157	280	151	–	–	–
Others	11	1,292	1,517	2	2	2
	20,536	19,815	10,759	5,030	3,265	331

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

23. Trade and other payables

	Group			Company		
	31.3.2020 $'000	31.3.2019 $'000 (Restated)	1.4.2018 $'000 (Restated)	31.3.2020 $'000	31.3.2019 $'000	1.4.2018 $'000
Current						
Trade payables	5,864	21,628	7,264	–	–	–
Sundry payables	1,599	1,032	577	12	143	44
Accrual for staff-related costs	3,532	4,675	4,308	473	243	417
Sundry accruals	2,013	3,171	5,057	283	299	326
Trade amounts due to a joint venture	50	215	1,542	–	–	–
Amounts owing to subsidiaries	–	–	–	571	395	2,239
	13,058	30,721	18,748	1,339	1,080	3,026
Non-current						
Interest-free loans owing to subsidiaries	–	–	–	2,639	2,640	2,629
Sundry payables	–	199	250	–	–	–
	–	199	250	2,639	2,640	2,629
Total trade and other payables	13,058	30,920	18,998	3,978	3,720	5,655

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

	Group			Company		
	31.3.2020 $'000	31.3.2019 $'000 (Restated)	1.4.2018 $'000 (Restated)	31.3.2020 $'000	31.3.2019 $'000	1.4.2018 $'000
Singapore Dollars	4,160	5,452	3,931	3,978	3,720	4,416
Australian Dollars	460	12,019	4,988	–	–	596
United States Dollars	4,641	7,551	5,953	–	–	643
Bahraini Dinar	3,293	1,695	1,470	–	–	–
British Pounds	360	3,679	2,451	–	–	–
Euro	77	122	18	–	–	–
Others	67	402	187	–	–	–
	13,058	30,920	18,998	3,978	3,720	5,655

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

23. 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.

24. Lease liabilities

The Group has entered into commercial leases on certain premises and equipment. The Group also has certain leases with lease terms of 12 months or less and leases with low value, which the Group applied the recognition exemptions for these leases.

	Note	Group	
		31.3.2020	**31.3.2019**
		$'000	**$'000**
			(Restated)
At 1 April		–	–
Reclassification from finance lease		304	236
Adjustment for lease liabilities arising from operating commitments on adoption of SFRS(I) 16		18,622	20,028
At 1 April, as restated		18,926	20,264
Acquisition of business	16	179	–
Additions		860	1,039
Accretion of interest		779	987
Currency realignment		(76)	(11)
Payments		(2,409)	(3,353)
Disposal of subsidiaries	12	(7,687)	–
At 31 March, as restated		10,572	18,926
Current		669	2,319
Non-current		9,903	16,607
		10,572	18,926

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

24. Lease liabilities (cont'd)

Amounts recognised in consolidated statement of comprehensive income

	Group	
	31.3.2020	**31.3.2019**
	$'000	**$'000**
Depreciation of right-of-use assets	749	705
Interest expense on lease liabilities	511	515
Expense relating to short-term leases	363	256
Expense relating to leases of low-value assets	20	21
Total amounts recognised in income statement	1,643	1,497

	Company	
	31.3.2020	**31.3.2019**
	$'000	**$'000**
At 1 April	–	–
Adjustment for adoption of SFRS(I) 16	6,087	6,326
At 1 April, as restated	6,087	6,326
Additions	–	(27)
Accretion of interest	301	312
Payments	(523)	(524)
At 31 March, as restated	5,865	6,087
Current	233	222
Non-current	5,632	5,865
	5,865	6,087

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

25. Bank borrowings

	Group			Company		
	31.3.2020	31.3.2019	1.4.2018	31.3.2020	31.3.2019	1.4.2018
	$'000	$'000	$'000	$'000	$'000	$'000
Bank borrowings, current portion						
Secured (Facility 1)	1,065	1,013	981	1,065	1,013	981
Total current bank borrowings	1,065	1,013	981	1,065	1,013	981
Bank borrowings, non-current portion						
Secured (Facility 1)	4,258	5,065	5,885	4,258	5,065	5,885
Unsecured (Facility 2)	6,400	6,400	6,400	6,400	6,400	6,400
Unsecured (Facility 3)	9,433	9,248	9,132	–	–	–
Total non-current bank borrowings	20,091	20,713	21,417	10,658	11,465	12,285
Total bank borrowings	21,156	21,726	22,398	11,723	12,478	13,266

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

	Group			Company		
	31.3.2020	31.3.2019	1.4.2018	31.3.2020	31.3.2019	1.4.2018
	$'000	$'000	$'000	$'000	$'000	$'000
Singapore Dollars	12,000	12,000	12,000	6,400	6,400	6,400
United States Dollars	9,156	9,726	10,398	5,323	6,078	6,866
	21,156	21,726	22,398	11,723	12,478	13,266

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 19).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

25. Bank borrowings (cont'd)

Facility 2

The multi-currency denominated long term bank loan as at 31 March 2020 was refinanced during the year and is now repayable on 3 May 2023. Interest is payable at the rate of 3.00% per annum over the SIBOR or 3.10% per annum over the LIBOR in 2020 and depending on the currencies being drawn.

Facility 3

The multi-currency denominated long term bank loan as at 31 March 2020 was refinanced during the year and is now repayable on 2 April 2023. Interest is payable at the rate of 2.60% (31 March 2019: 2.85%, 1 April 2018: 2.85%) per annum over the prevailing Swap Offer or 2.60% per annum over the bank's prevailing Cost of Funds (31 March 2019: 3.00%, 1 April 2018: 3.00% per annum over the LIBOR in 2019 and 2018 respectively) depending on the currencies being drawn.

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

	1 April 2019	Cash flows	Non-cash changes		31 March 2020
			Foreign exchange movement	Reclassification	
	$'000	$'000	$'000	$'000	$'000
Bank borrowings					
Current	1,013	(1,032)	19	1,065	1,065
Non-current	20,713	–	443	(1,065)	20,091
Total	21,726	(1,032)	462	–	21,156

	1 April 2018	Cash flows	Non-cash changes		31 March 2019
			Foreign exchange movement	Reclassification	
	$'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
Total	22,398	(1,014)	342	–	21,726

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

26. Deferred tax assets/(liabilities)

	Note	Group $'000	Company $'000
At 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)
At 31 March 2019 and 1 April 2019		483	(48)
Charge to profit and loss during the financial year		(899)	53
Disposal of subsidiaries	12	392	–
At 31 March 2020		(24)	5

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

	Group			Company		
	31.3.2020 $'000	31.3.2019 $'000	1.4.2018 $'000	31.3.2020 $'000	31.3.2019 $'000	1.4.2018 $'000
Deferred tax assets						
Unabsorbed capital allowances and unutilised tax losses	511	1,238	1,511	76	–	25
Excess of tax written down value of property, plant and equipment over net book value	16	–	–	–	–	–
Employee benefits	40	42	40	16	14	13
Other provisions	–	610	40	–	–	–
Transaction costs on equity issue of a subsidiary	–	–	1	–	–	–
Unrealised foreign exchange loss	–	221	–	–	–	–
Others	–	198	8	–	–	–
	567	2,309	1,600	92	14	38
Deferred tax liabilities						
Excess of net book value over tax written down value of property, plant and equipment	(576)	(1,614)	(1,175)	(87)	(62)	(91)
Others	(15)	(212)	(71)	–	–	–
	(591)	(1,826)	(1,246)	(87)	(62)	(91)
Deferred tax (liabilities)/ assets, net	(24)	483	354	5	(48)	(53)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

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

	Group			Company		
	31.3.2020	31.3.2019	1.4.2018	31.3.2020	31.3.2019	1.4.2018
	$'000	$'000	$'000	$'000	$'000	$'000
Deferred tax assets	455	901	958	5	–	–
Deferred tax liabilities	(479)	(418)	(604)	–	(48)	(53)

At the end of the reporting period, the Group had unutilised tax losses with no expiry of approximately $164,318,000 (31 March 2019: $190,666,000, 1 April 2018: $188,197,000) and unabsorbed capital allowances of approximately $Nil (31 March 2019: $11,970,000, 1 April 2018: $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 $49,161,000 (31 March 2019: $56,310,000, 1 April 2018: $56,131,000) from these unutilised tax losses and unabsorbed capital allowances has not been recognised in the financial statements due to the uncertainty of their recoverability.

27. Provisions

	Group			Company		
	31.3.2020	31.3.2019	1.4.2018	31.3.2020	31.3.2019	1.4.2018
	$'000	$'000	$'000	$'000	$'000	$'000
Current	209	897	355	–	–	–
Non-current	135	269	1,114	90	87	84
	344	1,166	1,469	90	87	84

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

27. Provisions (cont'd)

Represented by:

	Make good provision $'000	Long-service leave $'000	Onerous contracts $'000	Liquidated damages	Total $'000
Group					
At 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 and 1 April 2019	87	968	111	–	1,166
Currency realignment	–	(37)	(12)	3	(46)
Provisions during the year	3	108	–	67	178
Utilised during the year	–	(148)	(99)	–	(247)
Disposal of subsidiaries	–	(707)	–	–	(707)
At 31 March 2020	90	184	–	70	344

	Make good provision	
	31.3.2020 $'000	31.3.2019 $'000
Company		
At 1 April	87	84
Accretion of interest	3	3
At 31 March	90	87

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

27. Provisions (cont'd)

Provision for long service leave

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

Provision for liquidated damages

This relates to the provision for potential claim for liquidated damages arising from current discussion with the customers for late deliveries. While the discussion is still ongoing, the Management has deemed it prudent to make a provision for liquidated damages of $70,000 as at 31 March 2020.

28. Share capital and treasury shares

	Group and Company			
	2020		2019	
	No. of shares '000	$'000	No. of shares '000	$'000
a) Ordinary shares issued and fully paid				
At 1 April	216,327	48,914	154,521	36,807
Issuance of ordinary shares pursuant to MTQ Rights cum Warrants Issue, net of transaction costs	–	–	61,806	12,107
Issuance of ordinary shares on exercise of warrants pursuant to MTQ Rights cum Warrants Issue	4	1	–	–
At 31 March	216,331	48,915	216,327	48,914

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

a) Ordinary shares issued and fully paid (cont'd)

On 18 April 2018, 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 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. Part of the share issuance expenses amounting to $254,000 are deducted against share capital.

During the financial year, 4,000 (2019: Nil) warrants were exercised and accordingly, 15,447,000 (2019: 15,451,000) warrants remained outstanding as at reporting date.

	Group and Company			
	2020		2019	
	No. of shares '000	$'000	No. of shares '000	$'000
b) Treasury share				
At 1 April	8	3	8	3
Share buy-back	38	7	–	–
At 31 March	46	10	8	3

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

The Company acquired 38,000 (2019: Nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $7,000 (2019: $Nil) and this was presented as a component within shareholder equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

29. Reserves

	Note	Group 31.3.2020 $'000	Group 31.3.2019 $'000 (Restated)	Group 1.4.2018 $'000 (Restated)	Company 31.3.2020 $'000	Company 31.3.2019 $'000 (Restated)	Company 1.4.2018 $'000 (Restated)
Retained earnings		25,241	20,815	26,001	18,568	53,184	72,241
Foreign currency translation reserve		(417)	(2,789)	(3,152)	–	–	–
Other reserves							
- Gain on sale/transfer of treasury shares		2,507	2,507	2,507	2,507	2,507	2,507
- 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	10	9	9	9
- Net fair value of loss on derivatives		(152)	(84)	(33)	–	–	–
- Share of joint venture's remeasurement of employee benefits liabilities		(96)	(96)	(96)	–	–	–
- Fair value reserve of other investment at FVOCI		(6,778)	–	–	–	–	–
		(5,587)	1,259	1,310	2,516	2,516	2,516
		19,237	19,285	24,159	21,084	55,700	74,757

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

29. 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 Blossomvale Holdings Limited (formerly known as Neptune Marine Services Limited) while retaining control and the reduction of share capital of Blossomvale Holdings Limited prior to financial year ended 31 March 2020.

Employee equity benefits reserve

Employee equity benefits reserve represents the equity-settled awards granted to employees (Note 34). 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.

Fair value reserve of other investment at FVOCI

Fair value reserve of other investment at FVOCI represents the cumulative fair value changes, net of tax, of an investment security at FVOCI.

	Group	
	Fair value reserve	
	31.3.2020	31.3.2019
	$'000	$'000
At 1 April	–	–
Fair value adjustment on investment security carried at FVOCI	6,778	–
At 31 March	6,778	–

30. Dividends

	Group and Company	
	2020	2019
	$'000	$'000
Proposed but not recognised as a liability as at 31 March:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final tax-exempt (one-tier) dividend for 2020: 0.5 cents (2019: Nil cents) per share	1,081	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

31. Commitments and contingencies

(a) 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		
	31.3.2020	**31.3.2019**	**1.4.2018**	**31.3.2020**	**31.3.2019**	**1.4.2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Authorised and committed	1,150	43	179	–	–	–

(b) Contingent liabilities

	Group			Company		
	31.3.2020	**31.3.2019**	**1.4.2018**	**31.3.2020**	**31.3.2019**	**1.4.2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Corporate guarantees issued by the Company for bank facilities utilised by subsidiaries	–	–	–	581	1,421	3,666
Guarantees issued to external parties	857	3,438	4,076	160	26	365

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 performance and warranty bonds issued to customers which commit the Group to make payments upon failure to perform under the terms of the relevant contracts.

Guarantee issued to MMA

In conjunction with the Transaction, the Company has entered into a deed of guarantee with MMA to guarantee, *inter alia*, the satisfaction and performance of Blossomvale Holdings Limited of its obligations under the SPA. This includes Blossomvale Holdings Limited's obligation to pay any amounts or claims that may be made or brought by MMA under or in connection with the SPA but limited to the amount of the total consideration.

(c) 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 $23,075,000 (31 March 2019: $89,335,000, 1 April 2018: $99,982,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

32. 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 and Australia.

(ii) Oilfield engineering

Provides engineering services for the servicing, manufacturing, assembly and fabrication of oilfield equipment such as valves and blow-out-preventers used in the oil and gas industry. This segment also engages in the business of renting and sale of oilfield equipment and spare parts. 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, United Kingdom 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. Following the disposal of its operating businesses and assets to MMA Offshore Limited (Note 12) during the year, this segment has been re-presented as discontinued operation.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

(a) Operating segments (cont'd)

	Continuing operations						Per
	Investment holding $'000	Oilfield engineering $'000	Eliminations $'000	Note	Subtotal $'000	Discontinued operation (Neptune) $'000	consolidated financial statements $'000
Year ended 31 March 2020							
Revenue:							
External sales	–	74,302	–		74,302	49,068	123,370
Inter-segment sales	4,731	2,382	(7,179)	A	(66)	66	–
Total sales	4,731	76,684	(7,179)		74,236	49,134	123,370
Results:							
Interest income	42	–	–		42	(6)	36
Depreciation and amortisation	(622)	(4,090)	–		(4,712)	(2,333)	(7,045)
Allowance for inventory obsolescence, net	–	(124)	–		(124)	–	(124)
Allowance for impairment of trade receivables, net	–	(53)	–		(53)	(629)	(682)
Bad debts written off	–	(2)	–		(2)	–	(2)
Loss on disposal of subsidiaries	–	–	–		–	(1,278)	(1,278)
Finance costs	(742)	(754)	–		(1,496)	(267)	(1,763)
Share of results of associate and joint ventures	–	206	–		206	–	206
Segment (loss)/profit before tax	(5,148)	12,791	–		7,643	(2,342)	5,301
Tax credit/(expense)	53	(615)	–		(562)	(166)	(728)
Write-off deferred tax assets	(339)	–	–		(339)	–	(339)
Assets and liabilities:							
Additions to non-current assets	192	1,552	–		1,744	989	2,733
Segment assets	34,180	80,791	–		114,971	–	114,971
Deferred tax assets							455
Total assets							115,426
Segment liabilities	(10,544)	(13,430)	–		(23,974)	–	(23,974)
Provision for taxation							(147)
Deferred tax liabilities							(479)
Bank borrowings and lease liabilities relating to finance leases							(21,156)
Total liabilities							(45,756)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

(a) Operating segments (cont'd)

	Continuing operations						
	Investment holding $'000 (Restated)	Oilfield engineering $'000 (Restated)	Eliminations $'000	Note	Subtotal $'000 (Restated)	Discontinued operation (Neptune) $'000 (Restated)	Per consolidated financial statements $'000 (Restated)
Year ended 31 March 2019							
Revenue:							
External sales	–	47,506	–		47,506	83,390	130,896
Inter-segment sales	4,252	1,927	(6,241)	A	(62)	62	–
Total sales	4,252	49,433	(6,241)		47,444	83,452	130,896
Results:							
Interest income	85	–	–		85	(3)	82
Depreciation and amortisation	(667)	(4,541)	–		(5,208)	(4,369)	(9,577)
Allowance for inventory obsolescence	–	(265)	–		(265)	–	(265)
Allowance for impairment of trade receivables, net	–	(2)	–		(2)	(27)	(29)
Loss on winding-up of a subsidiary	(11)	–	–		(11)	–	(11)
Finance costs	(736)	(788)	–		(1,524)	(506)	(2,030)
Share of results of associate and joint ventures	(114)	228	–		114	–	114
Segment (loss)/profit before tax	(5,188)	1,956	–		(3,232)	(1,863)	(5,095)
Tax expense	(57)	(109)	–		(166)	(304)	(470)
Assets and liabilities:							
Additions to non-current assets	108	1,750	–		1,858	819	2,677
Segment assets	22,237	65,010	–		87,247	56,888	144,135
Deferred tax assets							901
Total assets							145,036
Segment liabilities	(9,450)	(11,372)	–		(20,822)	(29,886)	(50,708)
Provision for taxation							(729)
Deferred tax liabilities							(418)
Bank borrowings and lease liabilities relating to finance leases							(22,030)
Total liabilities							(73,885)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

(a) Operating segments (cont'd)

	Continuing operations						
	Investment holding $'000 (Restated)	Oilfield engineering $'000 (Restated)	Eliminations $'000	Note	Subtotal $'000 (Restated)	Discontinued operation (Neptune) $'000 (Restated)	Per consolidated financial statements $'000 (Restated)
As at 1 April 2018							
Segment assets	17,564	61,629	–		79,193	48,376	127,569
Deferred tax assets							958
Total assets							128,527
Segment liabilities	(9,837)	(10,161)	–		(19,998)	(20,497)	(40,495)
Provision for taxation							(429)
Deferred tax liabilities							(604)
Bank borrowings and lease liabilities relating to finance leases							(22,634)
Total liabilities							(64,162)

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		
	2020 $'000	2019 $'000	31.3.2020 $'000	31.3.2019 $'000 (Restated)	1.4.2018 $'000 (Restated)
Singapore	42,420	37,252	21,646	28,216	24,070
Australia	36,866	59,929	4,109	13,795	15,896
Bahrain	31,408	18,717	18,793	19,881	26,294
United Kingdom	12,676	14,998	3,279	5,711	4,948
	123,370	130,896	47,827	67,603	71,208

Non-current assets information presented above consist of goodwill, intangible assets, property, plant and equipment, right-of-use assets, other investment 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

(c) Information about major customers

Revenue from one major customer amounted to $10,377,000 (2019: $14,677,000) arising from sales by the Oilfield Engineering segment (2019: Neptune segment).

33. 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		
			31.3.2020 %	31.3.2019 %	1.4.2018 %
	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
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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

33. 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		
			31.3.2020	31.3.2019	1.4.2018
			%	%	%
	Held by the Company and its subsidiaries (cont'd)				
ii	MTQ Castings Sdn Bhd (previously known as Metalock Castings Sdn Bhd) (Malaysia)	Inactive (Malaysia)	–*	–*	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	100	–
i	Premier Estate Private Limited (Republic of Singapore)	Investment holding (Republic of Singapore)	100	100	100
ii,iv	Blossomvale Holdings Limited (Formerly known as Neptune Marine Services Limited) (Australia)	Investment holding (Australia)	87.1	87.1	87.1
iii,iv	Blossomvale (NMI) Pty Ltd (Formerly known as 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

33. 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		
			31.3.2020	**31.3.2019**	**1.4.2018**
			%	**%**	**%**
	Held by the Company and its subsidiaries (cont'd)				
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
iii,iv	Blossomvale (NFS) Pty Ltd (Formerly known as 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
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
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
iii,iv	Allied Diving Services Pty Ltd (Australia)	Inactive (Australia)	87.1	87.1	87.1
iii,iv	Blossomvale (NDH) Inc (Formerly known as Neptune Delaware Holdings Inc) (United States of America)	Investment holding (United States of America)	87.1	87.1	87.1

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

33. 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		
			31.3.2020	31.3.2019	1.4.2018
			%	%	%
	Held by the Company and its subsidiaries (cont'd)				
iii,iv	Blossomvale (USA) (NUS) Llc (Formerly known as Neptune Underwater Services (USA) Llc) (United States of America)	Inactive (United States of America)	87.1	87.1	87.1
i,iv	Blossomvale (NAH) Pte Ltd (Formerly known as 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
i,iv	Blossomvale (NAIS) Pte Ltd (Formerly known as Neptune Access IRM Pte Ltd) (Republic of Singapore)	Inactive (Republic of Singapore)	87.1	87.1	87.1
i,iv	Blossomvale (NMO) Pte Ltd (Formerly known as 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
iii,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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

33. 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		
			31.3.2020	31.3.2019	1.4.2018
			%	%	%
	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	Blossomvale Scotland Holdings Ltd (Formerly known as 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
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
ii,iv	Blossomvale ROV Services Holdings Ltd (Formerly known as Neptune ROV Services Holdings Ltd) (United Kingdom)	Investment holding (United Kingdom)	87.1	87.1	87.1
ii,iv	Blossomvale ROV Services Ltd (Formerly known as 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

33. 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		
			31.3.2020 %	31.3.2019 %	1.4.2018 %
	Held by the Company and its subsidiaries (cont'd)				
ii,iv	Blossomvale Subsea Stabilisation Sdn Bhd (Formerly known as 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	Blossomvale (ROS) Pte Ltd (Formerly known as Neptune ROV Services Pte Ltd) (Republic of Singapore)	Inactive (Republic of Singapore)	87.1	87.1	87.1
ii,iv	Neptune Offshore Services (PNG) Ltd (Papua New Guinea)	Diving (Papua New Guinea)	–[#]	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
ii,iv	Submersible Technology Services Sdn Bhd (Malaysia)	Inactive (Malaysia)	87.1	87.1	87.1
ii,iv	Blossomvale NMSSB Sdn Bhd (Formerly known as 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
iii	Binder Group Pty Ltd (Australia)	Design and manufacturing of proprietary and custom-built pipe support and pipe suspension solutions (Australia)	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

33. 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		
			31.3.2020	31.3.2019	1.4.2018
			%	%	%
	Held by the Company and its subsidiaries (cont'd)				
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
iii, vi	In-Line Valve Company Limited (United Kingdom)	Design, engineering, assembly and testing of flow control valves (United Kingdom)	100	66.7	33.3
iii, vi	In-Line Valve (ME) Limited (United Arab Emirates)	Inactive (United Arab Emirates)	100	66.7	33.3

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 Blossomvale Holdings Limited (formerly known as Neptune Marine Limited) Group, that have material non-controlling interest ("NCI") as an aggregate. Total loss allocated to NCI of Blossomvale Holdings Limited Group during the year was $192,000 (2019: $379,000). Accumulated NCI of Blossomvale Holdings Limited Group as at 31 March 2020 was $1,528,000 (2019: $2,955,000).

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.

vi On 30 July 2019, the Company completed the sale and purchase of Tranche 3 Shares of In-Line Group. Following the acquisition, In-Line Group becomes a 100% wholly-owned subsidiary of the Company. During the financial year ended 31 March 2019 and 2018, In-Line Group was accounted for as an investment in Joint Venture.

* Wound-up during the financial year ended 31 March 2019

\# Disposed during the year

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

33. Subsidiaries (cont'd)

(b) Summarised financial information about subsidiaries with material NCI

Summarised financial information excluding consolidation adjustments and intercompany eliminations of Blossomvale Holdings Limited Group as follows:

Summarised balance sheets

	Blossomvale Holdings Limited Group		
	31.3.2020	31.3.2019	1.4.2018
	$'000	$'000	$'000
Current			
Assets	10,309	36,159	24,603
Liabilities	(1,487)	(24,946)	(11,464)
Net current assets	8,822	11,213	13,139
Non-current			
Assets	4,099	14,446	16,863
Liabilities	(15)	(516)	(1,245)
Net non-current assets	4,084	13,930	15,618
Net assets	12,906	25,143	28,757

Summarised statement of comprehensive income

	Blossomvale Holdings Limited Group	
	2020	2019
	$'000	$'000 (Restated)
Other income	152	57
Loss before tax from continuing operations	(973)	(1,019)
Tax expense	(339)	–
Loss after tax from continuing operations	(1,312)	(1,019)
Loss after tax from discontinued operations	(10,979)	(2,048)
Loss after tax for the year	(12,291)	(3,067)
Other comprehensive income	54	(547)
Total comprehensive income	(12,237)	(3,614)
Other summarised information		
Net cash flows (used in)/generated from operations	(3,737)	5,170

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

34. Employee benefits

MTQ Share Plan

The Group has adopted a compensation scheme, known as the MTQ Share Plan (the "Share Plan"), approved by shareholders of the Company at an Extraordinary General Meeting held on 26 July 2013, to grant the right to receive fully paid ordinary shares ("Award"). The Share Plan, inter alia, allows for the participation of employees of the Group and employees of associated companies (a company as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")) who meet the eligibility criteria, but 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) <u>Size and duration</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

34. Employee benefits (cont'd)

MTQ Share Plan (cont'd)

(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").

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

34. Employee benefits (cont'd)

MTQ Share Plan (cont'd)

(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.

As at 31 March 2020, 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 2019: 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 1.4.2019**	**Granted**	**Released**	**Forfeited**	**At 31.3.2020**
26.8.2015	11,392	–	–	–	11,392

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

35. 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	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Associate and Joint ventures				
- Sales of goods	372	109	–	–
- Purchase of goods	2,630	2,827	–	–
Subsidiaries				
- Dividend income	–	–	318	–
- Management fee income	–	–	3,075	2,516
- Rental income from investment property	–	–	1,217	1,170
- Interest on loans	–	–	280	308

(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.

36. 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, lease liabilities 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

36. 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 a financial asset to be in default when internal or 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

(a) Credit risk (cont'd)

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.

(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 21.

(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 19 and 21.

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 $581,000 (31 March 2019: $1,421,000, 1 April 2018: $3,666,000) (Note 31(b)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

36. 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					
	31.3.2020		**31.3.2019**		**1.4.2018**	
	$'000	**% of total**	**$'000**	**% of total**	**$'000**	**% of total**
By country						
Singapore	1,406	6	2,664	8	7,278	28
Australia	479	2	7,553	21	4,542	18
United Kingdom	700	3	5,813	16	5,056	20
Saudi Arabia	10,772	45	4,046	11	3,562	14
Malaysia	3,713	16	3,079	9	1,686	7
Indonesia	1,361	6	998	3	965	4
United States	63	–*	1,226	4	189	1
Bahrain	849	3	492	1	146	1
Brunei	400	2	189	1	33	–*
Papua New Guinea	–	–	5,456	16	–	–
United Arab Emirates	906	4	964	3	622	2
Japan	403	2	500	1	199	1
Dubai	529	2	12	–*	–	–
Others	2,251	9	2,383	6	1,231	4
	23,832	100	35,375	100	25,509	100
By industry sectors						
Oil and gas	23,753	100	34,720	98	25,166	99
Marine and shipping	11	–*	145	1	34	–*
Mining	19	–*	103	–*	96	–*
Others	49	–*	407	1	213	1
	23,832	100	35,375	100	25,509	100

* Less than 1%.

At the end of the reporting period, approximately 40% (31 March 2019: 34%, 1 April 2018: 24%) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

36. 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 19 and 21.

(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 2020, approximately 29% (2019: 21%) of the Group's trade and other receivables and 49% (2019: 23%) 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 22.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

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

(b) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(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			
	2020		2019	
	Effect on profit/(loss) before tax Increase/ (decrease) $'000	Effect on equity Increase/ (decrease) $'000	Effect on profit/(loss) before tax Increase/ (decrease) $'000	Effect on equity Increase/ (decrease) $'000
USD				
- strengthened 3% (2019: 3%)	48	486	27	803
- weakened 3% (2019: 3%)	(48)	(486)	(27)	(803)
AUD				
- strengthened 3% (2019: 3%)	4	63	–	107
- weakened 3% (2019: 3%)	(4)	(63)	–	(107)
SGD				
- strengthened 3% (2019: 3%)	3	(275)	5	(275)
- weakened 3% (2019: 3%)	(3)	275	(5)	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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

36. 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	1 year or less	1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000
	(Restated)	(Restated)	(Restated)	(Restated)
Group				
31.3.2020				
Non-derivative financial liabilities				
Trade and other payables	(13,058)	(13,058)	–	–
Bank borrowings	(23,397)	(1,812)	(21,585)	–
Lease liabilities	(17,563)	(1,165)	(3,219)	(13,179)
Contractual undiscounted financial liabilities	(54,018)	(16,035)	(24,804)	(13,179)
31.3.2019				
Non-derivative financial liabilities				
Trade and other payables	(30,920)	(30,721)	(199)	–
Bank borrowings	(24,381)	(2,026)	(20,234)	(2,121)
Lease liabilities	(27,703)	(3,236)	(9,284)	(15,183)
Contractual undiscounted financial liabilities	(83,004)	(35,983)	(29,717)	(17,304)
1.4.2018				
Non-derivative financial liabilities				
Trade and other payables	(18,998)	(18,748)	(250)	–
Bank borrowings	(24,587)	(1,874)	(20,678)	(2,035)
Lease liabilities	(29,958)	(3,225)	(9,551)	(17,182)
Contractual undiscounted financial liabilities	(73,543)	(23,847)	(30,479)	(19,217)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

36. 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 (Restated)	1 year or less $'000 (Restated)	1 to 5 years $'000 (Restated)	More than 5 years $'000 (Restated)
Company				
31.3.2020				
Non-derivative financial liabilities				
Trade and other payables	(3,978)	(1,339)	–	(2,639)
Bank borrowings	(12,888)	(1,455)	(11,433)	–
Lease liabilities	(8,629)	(523)	(2,092)	(6,014)
Contractual undiscounted financial liabilities	(25,495)	(3,317)	(13,525)	(8,653)
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)
Lease liabilities	(9,152)	(523)	(2,092)	(6,537)
Contractual undiscounted financial liabilities	(27,540)	(3,167)	(13,075)	(11,298)
1.4.2018				
Non-derivative financial liabilities				
Trade and other payables	(5,655)	(3,026)	–	(2,629)
Bank borrowings	(14,649)	(1,473)	(11,141)	(2,035)
Lease liabilities	(9,717)	(525)	(2,101)	(7,091)
Contractual undiscounted financial liabilities	(30,021)	(5,024)	(13,242)	(11,755)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

36. 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		
31.3.2020		
Issued financial guarantees to external parties	857	857
31.3.2019		
Issued financial guarantees to external parties	3,438	3,438
1.4.2018		
Issued financial guarantees to external parties	4,076	4,076
Company		
31.3.2020		
Issued guarantees for bank facilities utilised by subsidiaries	581	581
Issued financial guarantees to external parties	160	160
31.3.2019		
Issued guarantees for bank facilities utilised by subsidiaries	1,421	1,421
Issued financial guarantees to external parties	26	26
1.4.2018		
Issued guarantees for bank facilities utilised by subsidiaries	3,666	3,666
Issued financial guarantees to external parties	365	365

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

36. 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 and fixed deposits. Bank borrowings are contracted with the objectives of minimising interest burden by carefully evaluating the relative benefits between fixed rate and variable rate whilst maintaining an acceptable debt maturity profile.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change in the interest rates, with all other variables held constant:

	Effect on Group's profit/ (loss) before tax (decrease)/increase	
	2020	**2019**
	$'000	**$'000**
50 basis points increase (2019: 50 basis points increase)	(65)	109
50 basis points decrease (2019: 50 basis points decrease)	65	(109)

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's cash and cash equivalents and bank borrowings where applicable. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

37. Classification of financial assets and liabilities

		Group			Company		
	Note	**31.3.2020**	**31.3.2019**	**1.4.2018**	**31.3.2020**	**31.3.2019**	**1.4.2018**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
			(Restated)	**(Restated)**		**(Restated)**	**(Restated)**
Financial assets measured at FVOCI							
Other investment	17	4,099	–	–	–	–	–
Financial assets measured at amortised cost							
Receivables	19	3,016	3,161	2,388	16,930	48,946	65,182
Trade and other receivables	21	25,190	36,979	26,378	11,355	14,457	14,085
Cash and cash equivalents	22	20,536	19,815	10,759	5,030	3,265	331
Total financial assets		52,841	59,955	39,525	33,315	66,668	79,598
Total non-financial assets		62,585	85,081	89,002	58,358	60,381	57,347
Total assets		115,426	145,036	128,527	91,673	127,049	136,945
Financial liabilities measured at amortised cost							
Trade and other payables	23	13,058	30,920	18,998	3,978	3,720	5,655
Lease liabilities	24	10,572	18,926	20,264	5,865	6,087	6,326
Bank borrowings	25	21,156	21,726	22,398	11,723	12,478	13,266
Total financial liabilities		44,786	71,572	61,660	21,566	22,285	25,247
Total non-financial liabilities		970	2,313	2,502	118	153	137
Total liabilities		45,756	73,885	64,162	21,684	22,438	25,384

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

38. Fair value 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 2020 and 2019.

(b) Assets measured at fair value

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

	Note	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Group					
31.3.2020					
Financial asset:					
Other investment	17	4,099	–	–	4,099
31.3.2019					
Financial asset:					
Other investment	17	–	–	–	–
1.4.2018					
Financial asset:					
Other investment	17	–	–	–	–

Other investment (Note 17) relates to the one investment in the current financial year, of which is based on quoted closing prices at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

38. Fair value of assets and liabilities (cont'd)

(c) Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amount of cash and cash equivalents (Note 22), trade and other receivables (other than non-current amounts due from subsidiaries) (Notes 19 and 21), trade and other payables (other than non-current amounts due from subsidiaries) (Note 23), lease liabilities (Note 24) and bank borrowings (Note 25) 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 19 and 23) reasonably approximate their fair values as their discounted expected future cash flows are not materially different from their notional amounts.

39. 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 2020 and 31 March 2019.

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	**31.3.2020**	**31.3.2019**	**1.4.2018**
		$'000	**$'000**	**$'000**
			(Restated)	**(Restated)**
Bank borrowings	25	21,156	21,726	22,398
Lease liabilities relating to finance leases		–	304	236
Less: Cash and cash equivalents	22	(20,536)	(19,815)	(10,759)
Net debt		620	2,215	11,875
Shareholders' funds		68,142	68,196	60,963
Add: Non-controlling interests		1,528	2,955	3,402
Net capitalisation		70,290	73,366	76,240
Net debt gearing ratio		1%	3%	16%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020 (In Singapore dollars)

40. Comparative figure

The comparative figures have been restated to conform to current year's presentation of discontinued operation separately from the continuing operations following the disposal of the operating businesses and assets of Neptune Marine Services Limited (Note 12), the adoption of SFRS(I) 16 using the full retrospective method of adoption with the date of initial application on 1 April 2018 (Note 2.2) and the retrospective adjustment to the initial accounting for the business combination of Mid-Continent (Note 16).

41. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Directors on 19 June 2020.

STATISTICS OF SHAREHOLDINGS

As at 17 June 2020

Issued and Fully Paid-Up Capital (including Treasury Shares)	:	S$ 49,488,815.62
Number of Issued Shares (excluding Treasury Shares)	:	216,285,670
Number/ Percentage of Treasury Shares	:	45,603 (0.021%)
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	70	5.69	3,279	–*
100 - 1,000	87	7.07	45,483	0.02
1,001 - 10,000	468	38.02	2,601,690	1.21
10,001 - 1,000,000	586	47.60	43,023,276	19.89
1,000,001 and above	20	1.62	170,611,942	78.88
TOTAL	**1,231**	**100.00**	**216,285,670**	**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	37,806,101	17.48
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	9,563,569	4.42
6	DBS NOMINEES (PRIVATE) LIMITED	7,773,469	3.59
7	OCBC SECURITIES PRIVATE LIMITED	4,276,742	1.98
8	PHILLIP SECURITIES PTE LTD	3,645,238	1.69
9	UOB KAY HIAN PRIVATE LIMITED	2,467,968	1.14
10	RAFFLES NOMINEES (PTE.) LIMITED	2,168,696	1.00
11	PETER LOCK HONG CHEONG	1,766,611	0.82
12	ABN AMRO CLEARING BANK N.V.	1,601,110	0.74
13	WONG SIEW KEONG	1,600,000	0.74
14	TAN KAH BOH ROBERT@ TAN KAH BOO	1,542,074	0.71
15	TAN KIM SENG	1,521,739	0.70
16	KEPPEL INVESTMENT LTD	1,469,128	0.68
17	STUART GEORGE MONTGOMERY	1,359,440	0.63
18	CHAN WING TO	1,250,260	0.58
19	JOHN REGINALD STOTT KIRKHAM	1,030,000	0.48
20	YEO SIEW CHANG	1,007,000	0.47
	TOTAL	**170,611,942**	**78.89**

STATISTICS OF SHAREHOLDINGS

As at 17 June 2020

SUBSTANTIAL SHAREHOLDERS AS AT 17 JUNE 2020

(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]	12.41	–	–
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]	12.41
Kurt Robert Malkolm Lindblad	–	–	26,831,478[2]	12.41
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 4 of the Securities and Futures Act.

4 SG Investments Pte Ltd is deemed to be interested in Shares held by Tai Tak Securities Pte Ltd by virture of Section 4 of the Securities and Futures 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 4 of the Securities and Futures 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 4 of the Securities and Futures Act.

Note:

The above percentage is calculated based on the Company's issued share capital (excluding treasury shares and subsidiary holdings) of 216,285,670 Shares.

PUBLIC FLOAT

As at 17 June 2020, approximately 42.35% 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 17 June 2020

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	21	4.56	724	–*
100 - 1,000	116	25.16	70,386	0.46
1,001 - 10,000	234	50.76	853,690	5.53
10,001 - 1,000,000	88	19.09	8,176,224	52.93
1,000,001 and above	2	0.43	6,345,659	41.08
TOTAL	**461**	**100.00**	**15,446,683**	**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	15.16
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	904,617	5.86
4	SINGAPORE WAREHOUSE COMPANY (PRIVATE) LTD	898,392	5.82
5	CITIBANK NOMINEES SINGAPORE PTE LTD	831,341	5.38
6	LIEW CHEE KONG	500,000	3.24
7	UOB KAY HIAN PRIVATE LIMITED	445,312	2.88
8	OCBC SECURITIES PRIVATE LIMITED	426,694	2.76
9	NG SOON HOCK (HUANG SHUNFU)	414,650	2.68
10	DBS NOMINEES (PRIVATE) LIMITED	275,714	1.78
11	YEO SIEW CHANG	264,300	1.71
12	WONG SIEW KEONG	210,000	1.36
13	GOH HAN PENG (WU HANPING)	188,000	1.22
14	IFAST FINANCIAL PTE. LTD.	128,000	0.83
15	ABN AMRO CLEARING BANK N.V.	111,061	0.72
16	TAN KAH BOH ROBERT@ TAN KAH BOO	110,148	0.71
17	TAN BOON PIANG	109,293	0.71
18	READYMIX HOLDINGS INTERNATIONAL PTE LTD	101,714	0.66
19	PETER LOCK HONG CHEONG	100,000	0.65
20	CHAN WING TO	89,304	0.58
	TOTAL	**12,454,199**	**80.63**

STATISTICS OF WARRANTHOLDINGS

As at 17 June 2020

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

This Notice has been made available on SGXNet, the Company's website and via an advertisement on Business Times dated 29 June 2020. A printed copy of this Notice will NOT be despatched to members.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or the "**Meeting**") of MTQ Corporation Limited (the "**Company**") will be convened and held by way of electronic means on Tuesday, 28 July 2020 at 2.00 p.m. (Singapore time) 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 2020 together with the Independent Auditor's Report thereon. **(Resolution 1)**

2. To declare a one-tier tax-exempt final dividend of 0.5 Singapore cents per ordinary share for the financial year ended 31 March 2020. (2019: Nil) **(Resolution 2)**

3. 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. Ong Eng Yaw (Retiring under Article 91) **(Resolution 3)**
   Mr. Chew Soo Lin (Retiring under Rule 720(5)) **(Resolution 4)**
   [See Explanatory Note (i)]

4. To note the retirement of Mr. Huang Yuan Chiang as Director pursuant to Article 91 of the Constitution of the Company at the conclusion of this Annual General Meeting.
   [See Explanatory Note (ii)]

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

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

AS SPECIAL BUSINESS

7. To approve the payment of Directors' fees of up to S$290,000 (2020: S$290,000) for the year ending 31 March 2021, to be paid quarterly in arrears. **(Resolution 6)**
   [See Explanatory Note (iii)]

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

8. **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

NOTICE OF ANNUAL GENERAL MEETING

(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, provided the options and awards were granted in compliance with the Listing Manual; and

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

provided such adjustment in sub-paragraph 2(a) and (b) above are made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of this Resolution;

(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. **(Resolution 7)**
[See Explanatory Note (iv)]

NOTICE OF ANNUAL GENERAL MEETING

9. **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. **(Resolution 8)**
[See Explanatory Note (v)]

10. **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; and

(2) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution; and

(3) such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 9)**
[See Explanatory Note (vi)]

11. **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 29 June 2020 (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,

NOTICE OF ANNUAL 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 (vii)] **(Resolution 10)**

By Order of the Board

Tan Lee Fang
Company Secretary
Singapore, 29 June 2020

Explanatory Notes:

(i) Mr. Ong Eng Yaw will, upon re-election as a Director of the Company, remain as a member of the Nomination and Remuneration Committee, and will be considered non-independent.

Mr. Chew Soo Lin will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee, and will be considered independent.

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 2019/2020.

(ii) Mr. Huang Yuan Chiang, upon his retirement as a Director of the Company, ceases to be the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee.

(iii) The Ordinary Resolution 6 proposed in item 7 above, if passed, will authorise the Directors of the Company to pay Directors' fees for the year ending 31 March 2021 to Directors quarterly in arrears.

(iv) The Ordinary Resolution 7 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or 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 (a) the conversion or exercise of any convertible securities; (b) share options or vesting of share awards, provided the options and awards were granted in compliance with the Listing Manual; and (c) any subsequent bonus issue, consolidation or subdivision of shares, provided such adjustments in sub-paragraphs (a) and (b) above are made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution.

(v) The Ordinary Resolution 8 proposed in item 9 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.

NOTICE OF ANNUAL GENERAL MEETING

(vi) The Ordinary Resolution 9 proposed in item 10 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.

(vii) Ordinary Resolution 10 proposed in item 11 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 2020 are set out in greater detail in the Appendix.

Important Notes:

1. Pre-Registration

The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Company's announcement dated 29 June 2020 which has been uploaded together with this Notice of AGM on SGXNet and the Company's website on the same day. The announcement and this Notice of AGM may also be accessed at the Company's website at the URL http://www.mtq.com.sg/investor.html.

A member will be able to participate at the AGM by watching the AGM proceeding via a "live" audio-visual webcast via mobile phones, tablets or computers or listening to the proceeding through a "live" audio-only stream via telephone. In order to do so, a member must pre-register by **2.00 p.m. on 25 July 2020** (the "**Pre-Registration Deadline**"), at the URL https://www.meetings.vision/mtq-agm-registration for the Company to authenticate his/her/its status as members. Authenticated members will receive email instructions on how to access to the "live" audio-visual webcast or "live" audio-only stream of the proceeding of the AGM by **12.00 p.m. on 27 July 2020** (the "**Confirmation Email**").

Members who do not receive the Confirmation Email by **12.00 p.m. on 27 July 2020**, but have registered by the **Pre-Registration Deadline**, should contact the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at +65 6230 9768 or email to SRS.TeamD@boardroomlimited.com.

Investors who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 (other than CPF/SRS investors) and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceeding through "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should approach their respective relevant intermediaries through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

2. Submission of Questions

A member who pre-registers to watch the "live" audio-visual webcast or listen to the "live" audio-only stream may also submit questions related to the resolutions to be tabled for approval at the AGM. To do so, all questions must be submitted by **2.00 p.m. on 25 July 2020**:

(a) via the pre-registration website at the URL https://www.meetings.vision/mtq-agm-registration; or

(b) via email to the Company at mtqagm2020@mtq.com.sg.

NOTICE OF ANNUAL GENERAL MEETING

When sending in the questions via email, please provide full name, identification/registration number and the manner in which the shares are hold in the Company (e.g. via CDP, CPF or SRS), for verification purposes, failing which the submission will be treated as invalid.

The Company will endeavour to address all substantial and relevant questions received from members relating to the agenda of Meeting during the AGM through the "live" audio-visual webcast or "live" audio-only stream or prior to the AGM by publishing the responses to those questions via SGXNet and on the Company's website at the URL http://www.mtq.com.sg/investor.html.

3. Submission of Proxy Form

Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**") may be accessed at the Company's website at the URL http://www.mtq.com.sg/investor.html, and is made available with this Notice of AGM on SGXNet on the same day.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of Meeting as proxy for that resolution will be treated as invalid.

CPF/SRS investors who wish to appoint the Chairman as proxy to attend, speak, vote on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by **5.00 p.m. on 16 July 2020**, being seven (7) working days before the date of the AGM.

Investors who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 (other than CPF/SRS investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries through which they hold such shares as soon as possible in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to vote on their behalf.

The Chairman of the Meeting, as proxy, need not be a member of the Company.

The Proxy Form must be submitted in the following manner:

(a) if submitted electronically, be submitted via email to the Company at mtqagm2020@mtq.com.sg; or

(b) if in hard copy submitted by post, be deposited at the registered address of the Company, 182 Pandan Loop, Singapore 128373.

in either case, the Proxy Form shall be received by the Company not less than forty-eight (48) hours before the time appointed for the Meeting, that is no later than **2.00 p.m. on 26 July 2020**.

A member who wishes to submit the Proxy Form must first **download, complete and sign the Proxy Form**, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

The Proxy Form must be executed under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company), if the Proxy Form is submitted by post, must be deposited with the Proxy Form (or if submitted electronically via email, be emailed with the Proxy Form), failing which the Proxy Form may be treated as invalid.

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form (including any related attachment). In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the Shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Company.

NOTICE OF ANNUAL GENERAL MEETING

4. <u>Annual Report and other documents</u>

The Annual Report for the financial year ended 31 March 2020 (the "**Annual Report 2019/2020**") and the Appendix dated 29 June 2020 in relation to the proposed renewal of the share buyback mandate (the "**Appendix**") have been uploaded on SGXNet on 29 June 2020 and may be accessed via SGXNet and also at the Company's website as follows:

(a) the Annual Report 2019/2020 may be accessed at the URL http://www.mtq.com.sg/investor.html by clicking on the hyperlinks "Download Annual Report" under the "Annual Report 2020" section of "Annual Report"; and

(b) the Appendix may be accessed at the URL http://www.mtq.com.sg/investor.html by clicking on the hyperlinks under the "Proposed Renewal of the Share Buyback Mandate" section of "Circulars".

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST

The following additional information on Mr. Ong Eng Yaw and Mr. Chew Soo Lin, both 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.

	Ong Eng Yaw	**Chew Soo Lin**
Date of Appointment	28 October 2016	18 May 2012
Date of last re-appointment (if applicable)	28 July 2017	27 July 2018
Age	48	72
Country of principal residence	Singapore	Singapore
The Board's comments on this re-appointment	Based on the recommendation of the Nomination and Remuneration Committee, the Board (Mr. Ong Eng Yaw and Mr. Chew Soo Lin abstained from deliberating their own re-election), proposed to the Company's shareholders to approve the re-election of Mr. Ong Eng Yaw and Mr. Chew Soo Lin as Directors of the Company.	
Whether appointment is executive, and if so, the area of responsibility	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive; Non-Independent Director / Member of Nomination and Remuneration Committee	Independent Director / Chairman of Audit Committee
Professional qualifications	Please refer to the respective Directors' biographies on page 5.	
Working experience and occupation(s) during the past 10 years	Please refer to the respective Directors' biographies on page 5.	
Shareholding interest in the listed issuer and its subsidiaries	No	No
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	No	No
Conflict of interest (including any competing business)	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
Other Principal Commitments Including Directorships	Please refer to the respective Directors' Principal Commitments and Directorships in the Corporate Governance Section on pages 30 to 31.	
Responses to questions (a) to (k) under Appendix 7.4.1 of the SGX Listing Manual	Negative Confirmation for both Mr. Ong Eng Yaw and Mr. Chew Soo Lin	

MTQ CORPORATION LIMITED

(Company Registration No. 196900057Z)
(Incorporated In the Republic of Singapore)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:

1. The Annual General Meeting ("**AGM**" or the "**Meeting**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Company's announcement dated 29 June 2020 which has been uploaded together with Notice of AGM on SGXNet and Company's website on the same day. The announcement and this proxy form may also be accessed at the URL http://www.mtq.com.sg/investor.html.
2. A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. CPF/SRS investors who wish to appoint the Chairman as proxy to attend, speak, vote on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by **5.00 p.m. on 16 July 2020**, being seven (7) working days before the date of the AGM.

   Investors who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 (other than CPF/SRS investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries through which they hold such shares as soon as possible in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to vote on their behalf.
4. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 29 June 2020.
5. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the AGM**.

This form of proxy has been made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements, the Company's website at the URL http://www.mtq.com.sg/investor.html and the online registration website at the URL https://www.meetings.vision/mtq-agm-registration. A printed copy of this proxy form will NOT be despatched to members.

I/We, ______________________ NRIC/Passport/Company Registration No. ______________________

of ____ (Address)

being a member/members of **MTQ Corporation Limited** (the "**Company**"), hereby appoint the **Chairman of the Meeting**, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting ("**AGM**" or the "**Meeting**") of the Company to be held by way of electronic means via "live" audio-visual webcast or "live" audio-only stream on **Tuesday, 28 July 2020 at 2.00 p.m.** (Singapore time) and at any adjournment thereof.

Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes for or against a resolution to be proposed at the AGM, please indicate with a "✓" in the space provided under "For" or "Against". If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution to be proposed at the AGM, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to vote "For" or "Against" or to abstain from voting. **In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid**.

No.	Resolutions relating to:	For	Against	Abstain
1	Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2020 together with the Independent Auditor's Report			
2	Payment of proposed final dividend			
3	Re-election of Mr. Ong Eng Yaw as a Director			
4	Re-election of Mr. Chew Soo Lin 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 FY2021 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			

Dated this __________ day of ________________ 2020

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

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. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM**. The instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**") may be accessed at the Company's website at URL http://www.mtq.com.sg/investor.html, the online registration webpage at URL https://www.meetings.vision/mtq-agm-registration and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of Meeting as proxy for that resolution will be treated as invalid.
3. CPF/SRS investors who wish to appoint the Chairman as proxy to attend, speak, vote on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their voting instructions by **5.00 p.m. on 16 July 2020**, being seven (7) working days before the date of the AGM.

   Investors who hold their shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 (other than CPF/SRS investors) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries through which they hold such shares as soon as possible in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to vote on their behalf.
4. The Chairman of the Meeting, as a proxy, need not be a member of the Company.

Fold along this line and glue overleaf

Affix postage stamp

The Company Secretary
MTQ Corporation Limited
182 Pandan Loop
Singapore 128373

Fold along this line and glue overleaf

5. The Proxy Form must be submitted in the following manner:
   (a) if submitted electronically, be submitted via email to the Company at mtqagm2020@mtq.com.sg; or
   (b) if submitted by post, be deposited at the registered office of the Company, 182 Pandan Loop, Singapore 128373.

   in either case, the Proxy Form shall be received by the Company not less than forty-eight (48) hours before the time appointed for the Meeting, that is no later than **2.00 p.m. on 26 July 2020**.

   A member who wishes to submit an instrument of proxy must first **download, complete and sign the Proxy Form**, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measure which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.
6. The Proxy Form must be executed under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand (or if submitted electronically via email, alternatively by way of affixation of an electronic signature) of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company), if the Proxy Form is submitted by post, must be deposited with the Proxy Form (or if submitted electronically via email, be emailed with the Proxy Form), failing which the Proxy Form may be treated as invalid.
7. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 June 2020.

Fold along this line and glue overleaf

MTQ CORPORATION LIMITED
Co. Reg. No. 196900057Z
182 Pandan Loop Singapore 128373
Tel: (65) 6777 7651
Fax: (65) 6777 6433