

Financial Statements and Related Announcement::Third Quarter Results

Issuer & Securities

Issuer/ Manager	MTQ CORPORATION LIMITED
Securities	MTQ CORPORATION LIMITED - SG0507000073 - M05
Stapled Security	No

Announcement Details

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Additional Details

For Financial Period Ended	31/12/2017
Attachments	<p>📄 MTQ 3Q18 Financial Statements Announcement.pdf</p> <p>📄 MTQ 3Q18 Press Release.pdf</p> <p>Total size =722K</p>

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MTQ CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 196900057Z)

Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 31 December 2017

1(a) A statement of comprehensive income for the group together with a comparative statement for the corresponding period of immediately preceding financial year.

(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 DECEMBER 2017

	Group 3 months ended			Group 9 months ended		
	31.12.17 S\$'000	31.12.16 S\$'000	Change %	31.12.17 S\$'000	31.12.16 S\$'000	Change %
Revenue	28,157	31,214	-10%	89,305	90,677	-2%
Cost of sales (Note A)	(23,556)	(25,899)	-9%	(75,370)	(73,254)	3%
Gross profit	4,601	5,315	-13%	13,935	17,423	-20%
Other income (Note B)	92	316	-71%	1,084	860	26%
Staff costs	(5,083)	(6,027)	-16%	(15,625)	(18,155)	-14%
Other operating expenses (Note C)	(3,808)	(4,372)	-13%	(11,640)	(13,539)	-14%
Loss from operating activities	(4,198)	(4,768)	-12%	(12,246)	(13,411)	-9%
Finance costs (Note D)	(198)	(337)	-41%	(664)	(1,021)	-35%
Share of results of joint venture	(212)	180	n/m	(726)	341	n/m
Loss before taxation from continuing operations	(4,608)	(4,925)	-6%	(13,636)	(14,091)	-3%
Taxation credit (Note E)	468	132	255%	999	1,111	-10%
Loss from continuing operations, net of tax	(4,140)	(4,793)	-14%	(12,637)	(12,980)	-3%
Discontinued operations:						
Profit from discontinued operations, net of tax	-	364	-100%	-	1,710	-100%
Loss for the period	(4,140)	(4,429)	-7%	(12,637)	(11,270)	12%
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange difference on translation of foreign operations	(1,278)	2,925	n/m	(2,157)	2,770	n/m
Net loss on hedge of net investment in foreign operations	-	(90)	-100%	-	(210)	-100%
Net fair value (loss)/gain on derivatives	(91)	32	n/m	(63)	(236)	-73%
Share of joint venture's remeasurement of employee benefits liabilities	(34)	-	n/m	(34)	-	n/m
<i>Items that will not be reclassified to profit or loss:</i>						
Foreign currency reserve reclassified to profit or loss upon winding-up of a subsidiary	-	2,118	-100%	363	2,118	-83%
Other comprehensive (loss)/income for the financial period, net of tax (Note F)	(1,403)	4,985	n/m	(1,891)	4,442	n/m
Total comprehensive (loss)/income for the financial period	(5,543)	556	n/m	(14,528)	(6,828)	113%
Loss for the financial period attributable to:						
Owners of the Company:						
From continuing operations	(3,856)	(4,425)	-13%	(11,837)	(12,280)	-4%
From discontinued operations	-	364	-100%	-	1,710	-100%
Total attributable to Owners of the Company	(3,856)	(4,061)	-5%	(11,837)	(10,570)	12%
Non-controlling interests	(284)	(368)	-23%	(800)	(700)	14%
	(4,140)	(4,429)	-7%	(12,637)	(11,270)	12%
Total comprehensive (loss)/income attributable to:						
Owners of the Company:						
From continuing operations	(5,117)	202	n/m	(13,564)	(8,216)	65%
From discontinued operations	-	583	-100%	-	2,071	-100%
Total attributable to Owners of the Company	(5,117)	785	n/m	(13,564)	(6,145)	121%
Non-controlling interests	(426)	(229)	86%	(964)	(683)	41%
	(5,543)	556	n/m	(14,528)	(6,828)	113%

n/m : not meaningful

Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 31 December 2017

Note A - Cost of sales includes :-

	Group		Change %	Group		Change %
	3 months ended	3 months ended		9 months ended	9 months ended	
	31.12.17 S\$'000	31.12.16 S\$'000		31.12.17 S\$'000	31.12.16 S\$'000	
Operating lease expenses	407	1,628	-75%	5,355	3,802	41%
Depreciation of property, plant and equipment	1,646	1,890	-13%	5,060	5,606	-10%

Note B - Other income comprises :-

	Group		Change %	Group		Change %
	3 months ended	3 months ended		9 months ended	9 months ended	
	31.12.17 S\$'000	31.12.16 S\$'000		31.12.17 S\$'000	31.12.16 S\$'000	
Interest income	6	20	-70%	41	78	-47%
Gain on sale of property, plant and equipment, net	99	61	62%	259	90	188%
Government grants	51	78	-35%	327	130	152%
Commission received	-	-	n/m	14	23	-39%
Gain on disposal of scrap	23	25	-8%	60	56	7%
Insurance claims	(100)	47	n/m	272	254	7%
Others	13	85	-85%	111	229	-52%
	92	316	-71%	1,084	860	26%

Negative balance in insurance claims was a result of over-accrual in insurance claims in the previous quarter.

Note C - Other operating expenses includes :-

	Group		Change %	Group		Change %
	3 months ended	3 months ended		9 months ended	9 months ended	
	31.12.17 S\$'000	31.12.16 S\$'000		31.12.17 S\$'000	31.12.16 S\$'000	
Depreciation of property, plant and equipment	310	347	-11%	932	1,031	-10%
Amortisation of intangible assets	9	10	-10%	29	43	-33%
Fixed assets written-off	-	63	-100%	15	250	-94%
Loss/(gain) on exchange, net	103	199	-48%	(3)	(7)	-57%
Allowance for doubtful receivables, net	-	2	-100%	-	42	-100%
Bad debts written off, net	-	14	-100%	-	14	-100%
Reversal of inventory obsolescence	(4)	-	n/m	(250)	-	n/m
Loss on winding-up of a subsidiary	-	-	n/m	362	-	n/m
Audit, legal, consultancy and professional fees	683	536	27%	2,031	2,162	-6%
Operating lease expenses	829	935	-11%	2,429	2,866	-15%
Utilities expenses	341	378	-10%	1,064	1,080	-1%

Note D - Finance costs comprise :-

	Group		Change %	Group		Change %
	3 months ended	3 months ended		9 months ended	9 months ended	
	31.12.17 S\$'000	31.12.16 S\$'000		31.12.17 S\$'000	31.12.16 S\$'000	
Interest on:						
- bank loans and overdrafts	196	335	-41%	656	1,012	-35%
- finance lease payables	2	2	n/m	8	9	-11%
	198	337	-41%	664	1,021	-35%

Note E - Taxation credit :-

Included in the tax credit were (over)/under provision in respect of prior years:-

	Group		Change %	Group		Change %
	3 months ended	3 months ended		9 months ended	9 months ended	
	31.12.17 S\$'000	31.12.16 S\$'000		31.12.17 S\$'000	31.12.16 S\$'000	
- current taxation	(294)	(1,087)	-73%	(293)	(1,117)	-74%
- deferred taxation	342	386	-11%	289	404	-28%

Note F - Disclosure of tax effect relating to other comprehensive income :-

There was no tax expense/benefit incurred/derived from any component of other comprehensive income.



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Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 31 December 2017

1(b)(i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Group		Company	
	31.12.17	31.3.17	31.12.17	31.3.17
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Goodwill	10,300	10,451	-	-
Intangible assets	70	102	-	-
Investment properties	-	-	862	897
Property, plant and equipment	49,221	54,694	103	176
Investment in subsidiaries	-	-	54,940	59,189
Other investment	114	114	114	114
Investment in joint ventures	2,159	1,108	1,808	-
Receivables	2,433	2,440	70,318	53,892
Prepayments	29	7	29	-
Deferred tax assets	7,265	7,089	-	-
	71,591	76,005	128,174	114,268
Current assets				
Inventories	14,745	14,966	-	-
Trade and other receivables	32,870	46,878	10,687	20,328
Prepayments	2,800	2,541	86	94
Cash and cash equivalents	13,274	31,408	1,613	10,987
	63,689	95,793	12,386	31,409
Total assets	135,280	171,798	140,560	145,677
Current liabilities				
Trade and other payables	(23,794)	(26,017)	(969)	(1,383)
Finance lease payable	(212)	(331)	-	-
Bank borrowings	(10,202)	(3,190)	(1,000)	(1,044)
Provisions	(340)	(444)	-	-
Provision for taxation	(392)	(518)	-	-
	(34,940)	(30,500)	(1,969)	(2,427)
Non-current liabilities				
Other payables	(269)	(309)	(4,283)	(7,169)
Finance lease payable	(78)	(498)	-	-
Long term bank borrowings	(12,652)	(37,722)	(12,652)	(12,311)
Deferred tax liabilities	(654)	(1,407)	(64)	(55)
Provisions	(1,268)	(1,390)	(82)	(82)
	(14,921)	(41,326)	(17,081)	(19,617)
Total liabilities	(49,861)	(71,826)	(19,050)	(22,044)
Net assets	85,419	99,972	121,510	123,633
Equity attributable to owners of the Company				
Share capital [1(d)(i)]	36,807	36,807	36,807	36,807
Treasury shares [1(d)(iv)]	(3)	(4)	(3)	(4)
Reserves [1(d)(i)]	43,552	57,142	84,706	86,830
Shareholders' funds	80,356	93,945	121,510	123,633
Non-controlling interests	5,063	6,027	-	-
Total equity	85,419	99,972	121,510	123,633

Balance Sheet Review

The change in net asset were mainly due to the total comprehensive loss of S\$14.5 million recorded for the financial period.

Cash and cash equivalents reduced as the Group repaid some of its bank borrowings during the period, resulting in a decrease in overall bank borrowings from S\$40.9 million to S\$22.9 million. Reduction in current trade and other receivables were mainly due to the receipt of the final part consideration of S\$9.5 million arising from the disposal of Engine Systems last financial year. Investment in joint ventures increased by about S\$1.1 million mainly due to the acquisition of Tranche 1 Shares of In-Line Group as announced on 25 July 2017.

Apart from the above, changes in working capital items were mainly due to timing differences.



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Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 31 December 2017

1(b)(ii) Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	31.12.17		31.3.17	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	1,212	9,202	2,124	1,397
Amount repayable after one year	6,330	6,400	7,809	30,411
	<u>7,542</u>	<u>15,602</u>	<u>9,933</u>	<u>31,808</u>

The Group's borrowings and finance leases as at 31 December 2017 decreased from S\$41.7 million to S\$23.1 million mainly due to net repayment of bank loans. Details of the collateral for the secured bank borrowings are as follows:

S\$7.3 million secured facility

- First all-monies registered legal mortgage over a leasehold land and property at Bahrain International Investment Park, Hidd, Kingdom of Bahrain;
- First registered fixed and floating charge over the assets of a subsidiary;
- Registered charge over the book debts of the Company.

There were no debt securities as at 31 December 2017 and 31 March 2017.



MTQ CORPORATION LIMITED
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Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 31 December 2017

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 DECEMBER 2017

	Group			
	3 months ended 31.12.17 S\$'000	3 months ended 31.12.16 S\$'000	9 months ended 31.12.17 S\$'000	9 months ended 31.12.16 S\$'000
Cash flows from operating activities:				
Loss before taxation from continuing operations	(4,608)	(4,925)	(13,636)	(14,091)
Profit before taxation from discontinued operations	-	452	-	2,250
Adjustments for:				
Depreciation of property, plant and equipment	1,956	2,284	5,992	6,988
Amortisation of intangible assets	9	10	29	43
(Gain)/loss on winding up of a subsidiary	-	(161)	362	(161)
Gain on sale of property, plant and equipment, net	(99)	(73)	(259)	(110)
Fixed assets written-off	-	66	15	253
Allowance for doubtful receivables, net	-	3	-	46
Bad debts written off, net	-	14	-	14
(Reversal of)/allowance for inventory obsolescence	(4)	16	(250)	95
Share of joint venture results	212	(180)	726	(341)
Employee equity benefits expense	-	9	11	(3)
Provisions made	20	57	166	186
Interest income	(6)	(22)	(41)	(91)
Interest expense	198	344	664	1,088
Operating loss before changes in working capital	(2,322)	(2,106)	(6,221)	(3,834)
(Increase)/decrease in inventories	(477)	(1,042)	388	(1,237)
Decrease/(increase) in receivables and prepayments	759	(5,517)	4,425	15,355
Increase/(decrease) in payables	1,375	3,981	(2,680)	(4,408)
Currency realignment	(327)	2,113	(740)	1,607
Cash (used in)/generated from operations	(992)	(2,571)	(4,828)	7,483
Interest income received	6	22	41	91
Interest expense paid	(198)	(375)	(684)	(1,092)
Income taxes (paid)/received, net	(12)	1,411	(329)	(1,570)
Net cash (used in)/generated from operating activities	(1,196)	(1,513)	(5,800)	4,912
Cash flows from investing activities:				
Purchase of property, plant and equipment	(795)	(395)	(1,827)	(1,036)
Proceeds from disposal of a subsidiary, net of cash disposed and transaction costs	-	11,414	9,513	11,414
Proceeds from sale of property, plant and equipment	101	223	380	270
Acquisition of a joint venture	-	-	(1,808)	-
Loans to a joint venture	-	-	(178)	-
Loans granted to staff	(8)	-	(32)	-
Loans repaid by staff	62	14	113	43
Net cash (used in)/from investing activities	(640)	11,256	6,161	10,691
Cash flows from financing activities:				
Dividend paid by a subsidiary to non-controlling interests	-	-	-	(747)
Proceeds from bank borrowings	1,400	700	1,400	700
Share buy-back	-	-	(37)	(56)
Repayment of bank borrowings	(1,612)	(3,774)	(18,920)	(4,289)
Repayment of finance lease	(68)	(35)	(518)	(222)
Net cash used in financing activities	(280)	(3,109)	(18,075)	(4,614)
Net change in cash and cash equivalents	(2,116)	6,634	(17,714)	10,989
Cash and cash equivalents at beginning of financial period	15,633	29,652	31,408	24,967
Effect of exchange rate changes on cash and cash equivalents	(243)	(61)	(420)	269
Cash and cash equivalents at end of financial period	13,274	36,225	13,274	36,225

Note

Cash and cash equivalents consist of the following:-

	Group	
	As at 31.12.17 S\$'000	As at 31.12.16 S\$'000
Continuing Operations:		
Fixed deposits	1,325	15,586
Cash at bank and in hand	11,949	20,639
	13,274	36,225

Cash Flows Review

The Group had a net cash outflow of S\$1.2 million from operations for the quarter due to the losses for the period. Financing wise, the Group had net repayments of bank borrowings of S\$17.5 million and S\$0.2 million during 9MFY2018 and 3QFY2018 respectively. Overall, the Group's ending cash and cash equivalents decreased by S\$2.1 million during the quarter to S\$13.3 million as at 31 December 2017.

Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 31 December 2017

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2017

Group	Attributable to owners of the Company						Shareholders' Funds	Non-Controlling Interest	Total Equity
	Share Capital	Treasury Shares	Foreign Currency Translation Reserve	Retained Earnings	Fair Value Adjustment Reserve	Other Reserves			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000			
Balance as at 1 April 2016	36,807	(116)	(4,997)	72,155	-	1,815	105,664	7,710	113,374
Loss for the financial period, net of tax	-	-	-	(10,570)	-	-	(10,570)	(700)	(11,270)
Other comprehensive income/(loss)									
Exchange difference on translation of subsidiaries	-	-	2,723	-	-	-	2,723	47	2,770
Reclassification to profit or loss on disposal of a subsidiary	-	-	2,118	-	-	-	2,118	-	2,118
Net loss on hedge of net investment in foreign operation	-	-	(210)	-	-	-	(210)	-	(210)
Net fair value of loss on derivatives	-	-	-	-	-	(206)	(206)	(30)	(236)
Other comprehensive income/(loss) for the financial period	-	-	4,631	-	-	(206)	4,425	17	4,442
Total comprehensive income/(loss) for the financial period	-	-	4,631	(10,570)	-	(206)	(6,145)	(683)	(6,828)
Contributions by and distributions to owners									
Dividend paid by a subsidiary to non-controlling interests	-	-	-	-	-	-	-	(661)	(661)
Settlement of share-based payment arrangements	-	168	-	-	-	(168)	-	-	-
Employee equity benefits expense	-	-	-	-	-	1	1	-	1
Share buy-back	-	(56)	-	-	-	-	(56)	-	(56)
Total contributions by and distribution to owners	-	112	-	-	-	(167)	(55)	(661)	(716)
Balance as at 31 December 2016	36,807	(4)	(366)	61,585	-	1,442	99,464	6,366	105,830
Balance as at 1 April 2017	36,807	(4)	(1,417)	57,022	-	1,537	93,945	6,027	99,972
Loss for the financial period, net of tax	-	-	-	(11,837)	-	-	(11,837)	(800)	(12,637)
Other comprehensive (loss)/income									
Exchange difference on translation of subsidiaries	-	-	(2,001)	-	-	-	(2,001)	(156)	(2,157)
Reclassification to profit or loss on winding-up of a subsidiary	-	-	363	-	-	-	363	-	363
Net fair value of loss on derivatives	-	-	-	-	-	(55)	(55)	(8)	(63)
Share of joint venture's remeasurement of employee benefits liabilities	-	-	-	-	-	(34)	(34)	-	(34)
Other comprehensive loss for the financial period	-	-	(1,638)	-	-	(89)	(1,727)	(164)	(1,891)
Total comprehensive loss for the financial period	-	-	(1,638)	(11,837)	-	(89)	(13,564)	(964)	(14,528)
Contributions by and distributions to owners									
Settlement of share-based payment arrangements	-	38	-	-	-	(38)	-	-	-
Employee equity benefits expense	-	-	-	-	-	12	12	-	12
Share buy-back	-	(37)	-	-	-	-	(37)	-	(37)
Total contributions by and distribution to owners	-	1	-	-	-	(26)	(25)	-	(25)
Balance as at 31 December 2017	36,807	(3)	(3,055)	45,185	-	1,422	80,356	5,063	85,419



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Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 31 December 2017

STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2017

Company

	Share Capital	Treasury Shares	Retained Earnings	Other Reserve	Shareholders' Funds
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April 2016	36,807	(116)	57,685	2,749	97,125
Profit for the financial period, net of tax, representing total comprehensive income for the financial period	-	-	19,998	-	19,998
Share buy-back	-	(56)	-	-	(56)
Settlement of share-based payment arrangements	-	168	-	(168)	-
Share issuance expense	-	-	-	(47)	(47)
Total transactions with owners in their capacity as owners	-	112	-	(215)	(103)
Balance as at 31 December 2016	36,807	(4)	77,683	2,534	117,020
Balance as at 1 April 2017	36,807	(4)	84,288	2,542	123,633
Loss for the financial period, net of tax, representing total comprehensive income for the financial period	-	-	(2,098)	-	(2,098)
Share buy-back	-	(37)	-	-	(37)
Settlement of share-based payment arrangements	-	38	-	(38)	-
Employee equity benefits expense	-	-	-	12	12
Total transactions with owners in their capacity as owners	-	1	-	(26)	(25)
Balance as at 31 December 2017	36,807	(3)	82,190	2,516	121,510

Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 31 December 2017

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or

warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	31.12.17	30.9.17
	(S\$'000)	(S\$'000)
Share Capital	36,807	36,807
	31.12.17	31.12.16
	('000)	('000)
Total number of issued shares	154,521	154,521
Total number of treasury shares	8	7
Total number of issued shares excluding treasury shares	154,513	154,514

There were no subsidiary holdings as at 31 December 2017 and 31 December 2016.

MTQ Share Plan

As at 31 December 2017, 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 December 2016: 113,831). The movements in the number of shares comprised in Awards granted under the MTQ Share Plan for the quarter are as follows:

Shares comprised in Awards granted:

Date of Grant	Outstanding	Number of shares		Outstanding
	as at 1/10/2017	Granted	Released	as at 31/12/2017
26/8/2015	11,392	-	-	11,392
	11,392	-	-	11,392

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31.12.17	31.3.17
	('000)	('000)
Total number of issued shares	154,521	154,521
Total number of treasury shares	8	7
Total number of issued shares excluding treasury shares	154,513	154,514

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no movement in treasury shares in the quarter ended 31 December 2017. There was 8,303 treasury shares as at 31 December 2017 (31 December 2016: 6,511).

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Nil.

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation as in the most recently audited financial statements. The Group has also applied FRS and INT FRS that became effective in the financial year beginning on or after 1 April 2017. The adoption of these FRS and INT FRS has no significant impact on the financial statements.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.



MTQ CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 196900057Z)

Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 31 December 2017

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group					
	Continuing operations		Discontinued operations		Total	
	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended
Earnings per ordinary share:-	31.12.17	31.12.16	31.12.17	31.12.16	31.12.17	31.12.16
	(cents)	(cents)	(cents)	(cents)	(cents)	(cents)
Basic and diluted (Note A)	(2.50)	(2.86)	-	0.24	(2.50)	(2.62)
	9 months ended	9 months ended	9 months ended	9 months ended	9 months ended	9 months ended
	31.12.17	31.12.16	31.12.17	31.12.16	31.12.17	31.12.16
	(cents)	(cents)	(cents)	(cents)	(cents)	(cents)
Basic and diluted (Note A)	(7.66)	(7.95)	-	1.11	(7.66)	(6.84)

Note A

	Group					
	Continuing operations		Discontinued operations		Total	
	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended	3 months ended
	31.12.17	31.12.16	31.12.17	31.12.16	31.12.17	31.12.16
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(Loss)/profit attributable to owners of the Company	(3,856)	(4,425)	-	364	(3,856)	(4,061)
	9 months ended	9 months ended	9 months ended	9 months ended	9 months ended	9 months ended
	31.12.17	31.12.16	31.12.17	31.12.16	31.12.17	31.12.16
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(Loss)/profit attributable to owners of the Company	(11,837)	(12,280)	-	1,710	(11,837)	(10,570)

	Number of shares		Number of shares	
	3 months ended	3 months ended	9 months ended	9 months ended
	31.12.17	31.12.16	31.12.17	31.12.16
	'000	'000	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation	154,513	154,515	154,509	154,422

Effects of dilution:

Potential ordinary shares that would be issued upon under the MTQ Share Plan are excluded from the calculation of diluted loss per share due to its anti-dilution effect.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	31.12.17	31.3.17	31.12.17	31.3.17
	(\$)	(\$)	(\$)	(\$)
Net asset value per ordinary share*	0.52	0.61	0.79	0.80

* Based on the net assets after deducting the non-controlling interests, divided by total number of issued shares excluding treasury shares as at end of financial period.



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8 A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

3 months ended 31 December 2017 ("3QFY2018") vs 3 months ended 31 December 2016 ("3QFY2017")

The Group reported S\$28.2 million revenue for 3QFY2018, a decrease of 10% year-on-year. The Group's gross profit margin for the quarter was 16.3% reflecting competitive pricing pressures.

The Group's efforts in cost cutting continue to yield positive results which saw the Group's other operating expenses and staff costs reduce as compared to the prior periods. Finance costs also declined due to the lower borrowings during the year. Share of joint venture results was weaker mainly due to certain tender processes taking longer than expected.

Overall, the Group's losses from continuing operations narrowed slightly on the back of better results from the Oilfield Engineering segment. The subsea businesses in Australia remained subdued.

9 months ended 31 December 2017 ("9MFY2018") vs 9 months ended 31 December 2016 ("9MFY2017")

The Group reported S\$89.3 million revenue for 9MFY2018, a decrease of 2% year-on-year. The Group's gross profit margin for the quarter was 15.6% reflecting competitive pricing pressures.

The Group's efforts in cost cutting continue to yield positive results which saw the Group's other operating expenses and staff costs reduce as compared to the prior periods. Finance costs also declined due to the lower borrowings during the year. Share of joint venture results was weaker mainly due to certain tender processes taking longer than expected.

Overall, the Group's losses from continuing operations narrowed slightly on the back of better results from the Oilfield Engineering segment. The subsea businesses in Australia remained subdued.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast nor prospect statement has been previously disclosed to shareholders.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

While general sentiment is improving, regaining profitability will take more time. The Group's net debt gearing remains very modest and the Group will look to further strengthen its financial position through this prolonged downturn.

11 If a decision regarding dividend has been made, the required information has been disclosed.

a) Current Financial Period Reported On

Any dividend declared for the present financial period? No

b) Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the previous corresponding period? No

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the financial period ended 31 December 2017.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs.

14 Negative confirmation by the Board pursuant to Rule 705(5)

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial results of the Company and of the Group for the quarter ended 31 December 2017 to be false or misleading, in any material aspect.

15 Confirmation of Undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual

Pursuant to Listing Rule 720(1), the Company has received undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

Tan Lee Fang
Company Secretary
30 January 2018



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

3QFY2018 losses narrow amid challenging market

- Improvement in Oilfield Engineering segment but Subsea activities remain subdued

Singapore, 30 January 2018 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, reported today its results for the three months and nine months ended 31 December 2017 (“3QFY2018” and “9MFY2018” respectively).

Financial Highlights	3QFY2018	3QFY2017	Chg	9MFY2018	9MFY2017	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	28,157	31,214	(10)	89,305	90,677	(2)
Gross Profit	4,601	5,315	(13)	13,935	17,423	(20)
Gross Profit Margin	16.3%	17.0%		15.6%	19.2%	
Other Income	92	316	(71)	1,084	860	26
Other Operating Expenses	(3,808)	(4,372)	(13)	(11,640)	(13,539)	(14)
Staff Costs	(5,083)	(6,027)	(16)	(15,625)	(18,155)	(14)
Finance Costs	(198)	(337)	(41)	(664)	(1,021)	(35)
Share of Results of Joint Venture	(212)	180	nm	(726)	341	nm
Loss from Continuing Operations, net of tax	(4,140)	(4,793)	(14)	(12,637)	(12,980)	(3)

Financial Review

The Group reported S\$28.2 million revenue for 3QFY2018, a decrease of 10% year-on-year. The Group's gross profit margin for the quarter was 16.3% reflecting competitive pricing pressures.

The Group's efforts in cost cutting continue to yield positive results which saw the Group's other operating expenses and staff costs reduce as compared to the prior periods. Finance costs also declined due to the lower borrowings during the year. Share of joint venture results was weaker mainly due to certain tender processes taking longer than expected.

Overall, the Group's losses from continuing operations narrowed slightly on the back of better results from the Oilfield Engineering segment. The subsea businesses in Australia remained subdued.

Cash flows	3QFY2018	3QFY2017	9MFY2018	9MFY2017
	SGD'000	SGD'000	SGD'000	SGD'000
Net cash from/(used in):				
- Operating activities	(1,196)	(1,513)	(5,800)	4,912
- Investing activities	(640)	11,256	6,161	10,691
- Financing activities	(280)	(3,109)	(18,075)	(4,614)
Net change in cash & cash equivalents (inclusive of exchange rate effects)	(2,116)	6,634	(17,714)	10,989
Cash and cash equivalents at end of financial period	13,274	36,225	13,274	36,225

The Group had a net cash outflow of S\$1.2 million from operations for the quarter. Financing wise, the Group had net repayments of bank borrowings of S\$17.5 million and S\$0.2 million during 9MFY2018 and 3QFY2018 respectively. Overall, the Group's ending cash and cash equivalents decreased by S\$2.1 million during the quarter to S\$13.3 million as at 31 December 2017.

Balance Sheet	31 Dec 2017	31 Mar 2017
	SGD'000	SGD'000
Net current assets	28,749	65,293
Net assets	85,419	99,972
Net tangible assets	75,049	89,419
Cash and cash equivalents	13,274	31,408
Bank borrowings and finance leases	23,144	41,741
Shareholder's funds	80,356	93,945
Net gearing ¹	10.4%	9.4%
Net assets value per share ²	52 cents	61 cents

¹ Net gearing ratio is calculated based on net debt divided by net capitalization. The Group includes within its net debt, bank borrowings and finance lease payable, less cash and cash equivalents. Net capitalization refers to net debt plus total equity.

² Net assets value is calculated based on the Group's net assets after deducting the non-controlling interest, divided by the total number of issued shares excluding treasury shares as at the end of the financial period.

Results & outlook

Commenting on the financial results and outlook, Mr Kuah Boon Wee, Group Chief Executive Officer said,

“In our oilfield engineering segment, we recorded a modest improvement for the quarter and the level of inquiries is more encouraging. Our Subsea Service business recorded a weak quarter and while general sentiment is improving, regaining profitability will take more time. Our marketing efforts are focused on targeting the Middle East and Southeast Asia areas.

While our net debt gearing remains very modest, we are conscious that we have yet to return to profitability as a Group. That said, improving market sentiments will also generate opportunities. Thus the Group will look to further strengthen its financial position through this prolonged downturn.”

- End -

About MTQ Corporation Limited (Bloomberg Code: MTQ.SP)

Established in 1969, **MTQ Corporation Limited (“MTQ”)** specialises in engineering solutions for oilfield equipment, including repair, manufacture and rental operations. Well-known for its broad experience for over 30 years and commitment to service quality, MTQ 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. The Premier group, in addition to repair and manufacture of oilfield equipment, is also supplier of oilfield equipment and tools manufactured by some of the leading global brands. Neptune Marine Services Limited is located in Perth, Western Australia, and has operational presence in the UK and Asia. Neptune provides engineering services to offshore oil and gas, marine and renewable energy industries with a focus on subsea and topside services. The Binder group, based in Perth with a production facility in Indonesia, designs and manufactures proprietary and custom-built pipe support and pipe suspension solutions for the oil and gas sector.

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