



## MTQ CORPORATION LIMITED

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### FOR IMMEDIATE RELEASE

- Better utilisation and job mix from Oilfield Engineering lifted margins resulting in decreased losses
- Positive operating cash flows recorded in 2QFY2019
- In detailed discussions to reposition Neptune segment

**Singapore, 31 October 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 six months ended 30 September 2018 (“2QFY2019” and “1HFY2019” respectively).

Financial Highlights	2QFY2019	2QFY2018	Chg	1HFY2019	1HFY2018	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	26,852	30,619	(12)	51,135	61,148	(16)
Gross Profit	6,256	3,808	64	10,818	9,334	16
<i>Gross Profit Margin</i>	23.3%	12.4%		21.2%	15.3%	
Other Income	192	415	(54)	446	992	(55)
Other Operating Expenses	(3,647)	(3,759)	(3)	(7,502)	(7,431)	1
Staff Costs	(4,551)	(5,133)	(11)	(8,849)	(10,542)	(16)
Finance Costs	(271)	(206)	32	(515)	(466)	11
Share of Results of Joint Venture	8	(257)	nm	8	(514)	nm
Loss before tax	(2,013)	(5,132)	(61)	(5,594)	(8,627)	(35)

### Financial Review

The Group reported S\$26.9 million overall revenue for 2QFY2019, a decrease of 12% year-on-year (“yoy”) largely due to lower revenue from Neptune segment. Oilfield Engineering segment, on the other hand, continued to experience growth with higher utilisation and better job mix. These boosted the Group’s gross profit margin for 2QFY2019 to 23.3% from 12.4% in the corresponding quarter a year ago.

Together with a lower operation and staff cost base, the Group's overall loss before tax narrowed from S\$5.1 million in 2QFY2018 to S\$2.0 million in 2QFY2019.

Cash flows	2QFY2019	2QFY2018	1HFY2019	1HFY2018
	SGD'000	SGD'000	SGD'000	SGD'000
<b>Net cash from/(used in):</b>				
- <b>Operating activities</b>	393	(1,647)	(1,877)	(4,678)
- <b>Investing activities</b>	(1,671)	(2,147)	(4,427)	6,801
- <b>Financing activities</b>	(318)	(659)	11,490	(17,721)
<b>Net change in cash &amp; cash equivalents (inclusive of exchange rate effects)</b>	(1,670)	(4,149)	5,156	(15,775)
<b>Cash and cash equivalents at end of financial period</b>	15,915	15,633	15,915	15,633

The Group recorded positive net cash flows of S\$0.4 million from operations on the back of improved results in 2QFY2019. Within investing activities, the Group invested S\$1.2 million in taking over Mid-Continent Equipment Group Pte Ltd ("MEG")'s business in trading of oilfield equipment and spares as announced on SGXNET. Together with the quarterly repayment of a loan facility, the Group's overall cash position was S\$15.9 million as at 30 September 2018.

Balance Sheet	30 Sept 2018	31 Mar 2018
	SGD'000	SGD'000
<b>Net current assets</b>	38,593	32,950
<b>Net assets</b>	74,043	66,690
<b>Cash and cash equivalents</b>	15,915	10,759
<b>Bank borrowings and finance leases</b>	23,066	22,634
<b>Shareholder's funds</b>	71,038	63,186
<b>Net gearing<sup>1</sup></b>	8.8%	15.1%
<b>Net assets value per share<sup>2</sup></b>	33 cents	41 cents

<sup>1</sup> 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.

<sup>2</sup> 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.

## **Outlook**

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

*“In 2QFY2019, we recorded our first positive operating cash flows in several quarters now. The outlook for recovery is encouraging and steady progress is expected. We will remain patient and continue to be focused on enhancing our business fundamentals to drive further operating improvements.*

*At the same time, the Group is in continuous talks with potential stakeholders to explore opportunities to reposition the Neptune segment. We will look to provide more updates as it progresses at appropriate junctures.”*

- 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.

For more information, please log on [www.mtq.com.sg](http://www.mtq.com.sg)

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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 30 September 2018**

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 30 SEPTEMBER 2018

	Group 3 months ended			Group 6 months ended		
	30.9.18 S\$'000	30.9.17 S\$'000 (Restated)	Change %	30.9.18 S\$'000	30.9.17 S\$'000 (Restated)	Change %
<b>Revenue</b>	26,852	30,619	-12%	51,135	61,148	-16%
Cost of sales (Note A)	(20,596)	(26,811)	-23%	(40,317)	(51,814)	-22%
<b>Gross profit</b>	6,256	3,808	64%	10,818	9,334	16%
Other income (Note B)	192	415	-54%	446	992	-55%
Staff costs	(4,551)	(5,133)	-11%	(8,849)	(10,542)	-16%
Other operating expenses (Note C)	(3,647)	(3,759)	-3%	(7,502)	(7,431)	1%
<b>Loss from operating activities</b>	(1,750)	(4,669)	-63%	(5,087)	(7,647)	-33%
Finance costs (Note D)	(271)	(206)	32%	(515)	(466)	11%
Share of results of associate and joint ventures	8	(257)	n/m	8	(514)	n/m
<b>Loss before taxation</b>	(2,013)	(5,132)	-61%	(5,594)	(8,627)	-35%
Income tax (expenses)/credit (Note E)	(155)	257	n/m	(326)	531	n/m
<b>Loss for the period</b>	(2,168)	(4,875)	-56%	(5,920)	(8,096)	-27%
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange difference on translation of subsidiaries, associate and joint ventures	(140)	(52)	169%	1,128	(879)	n/m
Net fair value gain on derivatives	38	42	-10%	38	28	36%
Reclassification of foreign currency translation reserve to profit or loss on winding-up of a subsidiary	-	(38)	-100%	-	(38)	-100%
<b>Other comprehensive income for the period (Note F)</b>	(102)	(48)	113%	1,166	(889)	n/m
<b>Total comprehensive income for the period</b>	(2,270)	(4,923)	-54%	(4,754)	(8,985)	-47%
<b>Loss for the period attributable to:</b>						
Owners of the Company	(1,960)	(4,578)	-57%	(5,411)	(7,580)	-29%
Non-controlling interests	(208)	(297)	-30%	(509)	(516)	-1%
	(2,168)	(4,875)	-56%	(5,920)	(8,096)	-27%
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	(2,035)	(4,662)	-56%	(4,255)	(8,447)	-50%
Non-controlling interests	(235)	(261)	-10%	(499)	(538)	-7%
	(2,270)	(4,923)	-54%	(4,754)	(8,985)	-47%

n/m : not meaningful



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**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 September 2018**

**Note A - Cost of sales includes :-**

	Group		Change %	Group		Change %
	3 months ended 30.9.18	3 months ended 30.9.17		6 months ended 30.9.18	6 months ended 30.9.17	
	S\$'000	S\$'000		S\$'000	S\$'000	
Operating lease expenses	1,247	2,883	-57%	2,005	5,519	-64%
Depreciation of property, plant and equipment	1,464	1,708	-14%	2,957	3,414	-13%

**Note B - Other income comprises :-**

	Group		Change %	Group		Change %
	3 months ended 30.9.18	3 months ended 30.9.17		6 months ended 30.9.18	6 months ended 30.9.17	
	S\$'000	S\$'000		S\$'000	S\$'000	
Interest income	47	10	370%	51	35	46%
Gain on disposal of property, plant and equipment, net	36	95	-62%	46	160	-71%
Government grants	15	50	-70%	29	276	-89%
Commission received	16	-	100%	16	14	14%
Gain on disposal of scrap material	33	5	560%	49	37	32%
Insurance claims	11	196	-94%	190	372	-49%
Others	34	59	-42%	65	98	-34%
	192	415	-54%	446	992	-55%

**Note C - Other operating expenses includes :-**

	Group		Change %	Group		Change %
	3 months ended 30.9.18	3 months ended 30.9.17		6 months ended 30.9.18	6 months ended 30.9.17	
	S\$'000	S\$'000 (Restated)		S\$'000	S\$'000 (Restated)	
Depreciation of property, plant and equipment	313	313	0%	583	622	-6%
Amortisation of intangible assets	48	11	336%	93	20	365%
Fixed assets written-off	-	-	0%	-	15	-100%
Loss/(gain) on foreign exchange, net	6	25	-76%	(20)	(106)	-81%
Allowance for doubtful receivables, net	27	-	100%	27	-	100%
Reversal of allowance for inventory obsolescence	(2)	(37)	-95%	(11)	(246)	-96%
Gain on winding-up of a subsidiary	-	(39)	-100%	-	(39)	-100%
Audit, legal, consultancy and professional fees	459	602	-24%	1,230	1,348	-9%
Operating lease expenses	823	828	-1%	1,633	1,600	2%
Utilities expenses	379	356	6%	749	723	4%

**Note D - Finance costs comprises :-**

	Group		Change %	Group		Change %
	3 months ended 30.9.18	3 months ended 30.9.17		6 months ended 30.9.18	6 months ended 30.9.17	
	S\$'000	S\$'000		S\$'000	S\$'000	
Interest on:						
- bank loans	253	202	25%	496	460	8%
- finance lease payables	18	4	350%	19	6	217%
	271	206	32%	515	466	11%

**Note E - Income tax (expenses)/credit :-**

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

	Group		Change %	Group		Change %
	3 months ended 30.9.18	3 months ended 30.9.17		6 months ended 30.9.18	6 months ended 30.9.17	
	S\$'000	S\$'000		S\$'000	S\$'000	
- current taxation	51	-	100%	67	1	6600%
- deferred taxation	-	118	-100%	-	(53)	-100%

**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 30 September 2018**

**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 30 SEPTEMBER 2018**

	<b>Group</b>		<b>Company</b>	
	<b>30.9.18</b> <b>S\$'000</b>	<b>31.3.18</b> <b>S\$'000</b> (Restated)	<b>30.9.18</b> <b>S\$'000</b>	<b>31.3.18</b> <b>S\$'000</b>
<b>Non-current assets</b>				
Goodwill	5,380	4,560	-	-
Intangible assets	361	380	-	-
Investment property	-	-	832	850
Property, plant and equipment	44,898	46,924	75	76
Investment in subsidiaries	-	-	49,868	49,242
Investment in associate and joint ventures	3,725	1,922	3,718	1,922
Receivables	3,186	2,388	64,930	65,182
Prepayments	15	25	15	25
Deferred tax assets	893	958	-	-
	<b>58,458</b>	<b>57,157</b>	<b>119,438</b>	<b>117,297</b>
<b>Current assets</b>				
Inventories	15,497	14,733	-	-
Trade and other receivables	28,872	26,880	15,943	14,091
Prepayments	2,388	1,607	141	89
Cash and cash equivalents	15,915	10,759	7,082	331
	<b>62,672</b>	<b>53,979</b>	<b>23,166</b>	<b>14,511</b>
<b>Total assets</b>	<b>121,130</b>	<b>111,136</b>	<b>142,604</b>	<b>131,808</b>
<b>Current liabilities</b>				
Trade and other payables	(21,334)	(19,060)	(2,390)	(3,026)
Finance lease payable	(699)	(204)	-	-
Bank borrowings	(1,022)	(981)	(1,022)	(981)
Provisions	(340)	(355)	-	-
Provision for taxation	(684)	(429)	-	-
	<b>(24,079)</b>	<b>(21,029)</b>	<b>(3,412)</b>	<b>(4,007)</b>
<b>Non-current liabilities</b>				
Trade and other payables	(225)	(250)	(2,640)	(2,629)
Finance lease payable	(44)	(32)	-	-
Bank borrowings	(21,301)	(21,417)	(12,021)	(12,285)
Deferred tax liabilities	(531)	(604)	(45)	(53)
Provisions	(907)	(1,114)	(84)	(84)
	<b>(23,008)</b>	<b>(23,417)</b>	<b>(14,790)</b>	<b>(15,051)</b>
<b>Total liabilities</b>	<b>(47,087)</b>	<b>(44,446)</b>	<b>(18,202)</b>	<b>(19,058)</b>
<b>Net assets</b>	<b>74,043</b>	<b>66,690</b>	<b>124,402</b>	<b>112,750</b>
<b>Equity attributable to owners of the Company</b>				
Share capital [1(d)(i)]	48,914	36,807	48,914	36,807
Treasury shares [1(d)(iv)]	(3)	(3)	(3)	(3)
Reserves [1(d)(i)]	22,127	26,382	75,491	75,946
Shareholders' funds	71,038	63,186	124,402	112,750
Non-controlling interests	3,005	3,504	-	-
<b>Total equity</b>	<b>74,043</b>	<b>66,690</b>	<b>124,402</b>	<b>112,750</b>

**Balance Sheet Review**

During the quarter, the Group acquired Mid-Continent Equipment Group Pte Ltd's business of supplying and distributing oilfield equipment and spares and the assets in relation thereto. As part of the acquisition, the Group has identified a provisional goodwill of US\$600,000 as at the date of acquisition. The carrying amount of the provisional goodwill will be adjusted on a retrospective basis when the final allocation of purchase price has been completed.

Investment in associate and joint ventures increased by S\$1.8 million following the acquisition of Tranche 2 Shares of In-Line Group.

The remaining change in net assets was mainly due to the S\$12.1 million proceeds from Rights cum Warrants Issue exercise received, partially offset by the total comprehensive loss of S\$4.8 million recorded for the financial period.

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 30 September 2018**

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**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.**

	30.9.18		31.3.18	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	1,721	-	1,185	-
Amount repayable after one year	5,665	15,680	5,917	15,532
	<u>7,386</u>	<u>15,680</u>	<u>7,102</u>	<u>15,532</u>

The Group's borrowings and finance leases as at 30 September 2018 increased from S\$22.6 million to S\$23.1 million mainly due to the increase of finance lease, appreciation of USD exchange rate against SGD, partially offset by the fixed repayment of a bank loan. Details of the collateral for the secured bank borrowings are as follows:

S\$6.6 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 30 September 2018 and 31 March 2018.



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**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 September 2018**

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 30 SEPTEMBER 2018**

	Group		Group	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.9.18	30.9.17	30.9.18	30.9.17
	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)		(Restated)
<b>Cash flows from operating activities:</b>				
Loss before taxation	(2,013)	(5,132)	(5,594)	(8,627)
Adjustments for:				
Depreciation of property, plant and equipment	1,777	2,021	3,540	4,036
Amortisation of intangible assets	48	11	93	20
Gain on winding-up of a subsidiary	-	(39)	-	(39)
Gain on sale of property, plant and equipment, net	(36)	(95)	(46)	(160)
Fixed assets written-off	-	-	-	15
Allowance for doubtful receivables, net	27	-	27	-
Reversal of allowance for inventory obsolescence	(2)	(37)	(11)	(246)
Share of results of associate and joint ventures	(8)	257	(8)	514
Employee equity benefits expense	-	4	-	11
Provisions made during the period	38	66	42	146
Interest income	(47)	(10)	(51)	(35)
Interest expense	271	206	515	466
<b>Operating cash flows before changes in working capital</b>	<b>55</b>	<b>(2,748)</b>	<b>(1,493)</b>	<b>(3,899)</b>
(Increase)/decrease in inventories and work-in-progress	(997)	338	(13)	865
(Increase)/decrease in receivables and prepayments	(1,184)	3,563	(2,896)	3,569
Increase/(decrease) in payables	2,247	(1,863)	2,072	(3,990)
Currency realignment	12	(417)	503	(378)
<b>Cash generated from/(used in) operations</b>	<b>133</b>	<b>(1,127)</b>	<b>(1,827)</b>	<b>(3,833)</b>
Interest income received	47	10	51	35
Interest expense paid	(271)	(206)	(515)	(486)
Income taxes received/(paid), net	484	(324)	414	(394)
<b>Net cash generated from/(used in) operating activities</b>	<b>393</b>	<b>(1,647)</b>	<b>(1,877)</b>	<b>(4,678)</b>
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(821)	(346)	(1,048)	(1,032)
Addition of intangible assets	(20)	-	(65)	-
Acquisition of a business	(1,192)	-	(1,192)	-
Proceeds from disposal of a subsidiary, net of cash disposed and transaction costs	-	-	-	9,513
Proceeds from disposal of property, plant and equipment	505	198	522	279
Investment in a joint venture	-	(1,808)	(1,796)	(1,808)
Loans to joint ventures	(153)	(178)	(817)	(178)
Loans granted to staff	-	(24)	(48)	(24)
Loans repaid by staff	10	11	17	51
<b>Net cash (used in)/generated from investing activities</b>	<b>(1,671)</b>	<b>(2,147)</b>	<b>(4,427)</b>	<b>6,801</b>
<b>Cash flows from financing activities:</b>				
Share buy-back	-	(37)	-	(37)
Proceeds from Rights cum Warrants Issue	-	-	12,107	-
Repayment of bank borrowings	(256)	(259)	(506)	(17,308)
Repayment of finance lease payable	(62)	(363)	(111)	(376)
<b>Net cash (used in)/generated from financing activities</b>	<b>(318)</b>	<b>(659)</b>	<b>11,490</b>	<b>(17,721)</b>
Net change in cash and cash equivalents	(1,596)	(4,453)	5,186	(15,598)
Cash and cash equivalents at beginning of financial period	17,585	19,782	10,759	31,408
Effect of exchange rate changes on cash and cash equivalents	(74)	304	(30)	(177)
<b>Cash and cash equivalents at end of financial period</b>	<b>15,915</b>	<b>15,633</b>	<b>15,915</b>	<b>15,633</b>

**Note**

Cash and cash equivalents consist of the following:-

	Group	
	As at	As at
	30.9.18	30.9.17
	S\$'000	S\$'000
Fixed deposits	7,096	1,289
Cash at bank and on hand	8,819	14,344
	<b>15,915</b>	<b>15,633</b>

**Cash Flows Review**

The Group recorded positive net cash flows of S\$0.4 million from operations on the back of improved results in 2QFY2019. Within investing activities, the Group invested S\$1.2 million in taking over Mid-Continent Equipment Group Pte Ltd's business in trading of oilfield equipment and spares as announced on SGXNET. Together with the quarterly repayment of a loan facility, the Group's overall cash position was S\$15.9 million as at 30 September 2018.



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**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 September 2018**

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 30 SEPTEMBER 2018**

Group	Attributable to owners of the Company					Shareholders' Funds	Non-Controlling Interest	Total Equity
	Share Capital	Treasury Shares	Foreign Currency Translation Reserve	Retained Earnings	Other Reserves			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000			
<b>Balance as at 1 April 2017 (As previously reported)</b>	36,807	(4)	(1,417)	57,022	1,537	93,945	6,027	99,972
<b>Adoption of SFRS(I) 1</b>	-	-	1,417	(1,417)	-	-	-	-
<b>Balance as at 1 April 2017 (Restated)</b>	36,807	(4)	-	55,605	1,537	93,945	6,027	99,972
<b>Loss for the period</b>	-	-	-	(7,580)	-	(7,580)	(516)	(8,096)
<b>Other comprehensive income</b>								
Exchange difference on translation of subsidiaries	-	-	(853)	-	-	(853)	(26)	(879)
Reclassification of FCTR to profit or loss on wind-up of a subsidiary	-	-	(38)	-	-	(38)	-	(38)
Net fair value gain on derivatives	-	-	-	-	24	24	4	28
Other comprehensive income for the period	-	-	(891)	-	24	(867)	(22)	(889)
<b>Total comprehensive income for the period</b>	-	-	(891)	(7,580)	24	(8,447)	(538)	(8,985)
<b>Contributions by and distributions to owners</b>								
Settlement of share-based payment arrangements	-	38	-	-	(38)	-	-	-
Employee equity benefits expense	-	-	-	-	12	12	-	12
Share buy-back	-	(37)	-	-	-	(37)	-	(37)
<b>Total contributions by and distribution to owners</b>	-	1	-	-	(26)	(25)	-	(25)
<b>Balance as at 30 September 2017 (Restated)</b>	36,807	(3)	(891)	48,025	1,535	85,473	5,489	90,962
<b>Balance as at 31 March 2018 (As previously reported)</b>	36,807	(3)	(4,168)	29,240	1,310	63,186	3,504	66,690
<b>Adoption of SFRS(I) 1</b>	-	-	1,016	(1,016)	-	-	-	-
<b>Balance as at 31 March 2018 (Restated) and 1 April 2018</b>	36,807	(3)	(3,152)	28,224	1,310	63,186	3,504	66,690
<b>Loss for the period</b>	-	-	-	(5,411)	-	(5,411)	(509)	(5,920)
<b>Other comprehensive income</b>								
Exchange difference on translation of subsidiaries	-	-	1,123	-	-	1,123	5	1,128
Net fair value gain on derivatives	-	-	-	-	33	33	5	38
Other comprehensive income for the period	-	-	1,123	-	33	1,156	10	1,166
<b>Total comprehensive income for the period</b>	-	-	1,123	(5,411)	33	(4,255)	(499)	(4,754)
<b>Contributions by and distributions to owners</b>								
Issuance of ordinary shares pursuant to MTQ Rights cum Warrants	12,107	-	-	-	-	12,107	-	12,107
Issue, net of transaction costs	12,107	-	-	-	-	12,107	-	12,107
<b>Total contributions by and distribution to owners</b>	24,214	-	-	-	-	24,214	-	24,214
<b>Balance as at 30 September 2018</b>	48,914	(3)	(2,029)	22,813	1,343	71,038	3,005	74,043



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

**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 September 2018**

**STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

<u>Company</u>	<b>Share Capital</b>	<b>Treasury Shares</b>	<b>Retained Earnings</b>	<b>Other Reserve</b>	<b>Shareholders' Funds</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance as at 1 April 2017</b>	36,807	(4)	84,288	2,542	123,633
<b>Loss for the period, representing total comprehensive income for the period</b>	-	-	(835)	-	(835)
Employee equity benefits expense	-	-	-	12	12
Share buy-back	-	(37)	-	-	(37)
Settlement of share-based payment arrangements	-	38	-	(38)	-
<b>Total contributions by and distribution to owners</b>	-	1	-	(26)	(25)
<b>Balance as at 30 September 2017</b>	<b>36,807</b>	<b>(3)</b>	<b>83,453</b>	<b>2,516</b>	<b>122,773</b>
<b>Balance as at 1 April 2018</b>	36,807	(3)	73,430	2,516	112,750
<b>Loss for the period, representing total comprehensive income for the period</b>	-	-	(455)	-	(455)
Issuance of ordinary shares pursuant to MTQ Rights cum Warrants Issue, net of transaction costs	12,107	-	-	-	12,107
<b>Total contributions by and distribution to owners</b>	<b>12,107</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,107</b>
<b>Balance as at 30 September 2018</b>	<b>48,914</b>	<b>(3)</b>	<b>72,975</b>	<b>2,516</b>	<b>124,402</b>



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**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 September 2018**

**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.**

	<b>30.9.18</b>	<b>30.6.18</b>
	(S\$'000)	(S\$'000)
Share Capital	48,914	48,914
	<b>30.9.18</b>	<b>30.9.17</b>
	('000)	('000)
Total number of issued shares	216,327	154,521
Total number of treasury shares	8	8
Total number of issued shares excluding treasury shares	216,319	154,513

There were no subsidiary holdings as at 30 September 2018 and 30 September 2017.

**MTQ Share Plan**

As at 30 September 2018, the aggregate number of shares comprised in Awards granted pursuant to the MTQ Share Plan which are not released amounted to 11,392 shares (30 September 2017: 11,392). 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	Granted	Number of shares		Outstanding
	as at 1/7/2018		Released	Forfeited	as at 30/9/2018
26/8/2015	11,392	-	-		11,392
	11,392	-	-	-	11,392

**Warrants**

During the period ended 30 June 2018, the Company issued 15,451,245 warrants and these warrants remain outstanding as at 30 September 2018 (30 September 2017: Nil).

**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.**

	<b>30.9.18</b>	<b>31.3.18</b>
	('000)	('000)
Total number of issued shares	216,327	154,521
Total number of treasury shares	8	8
Total number of issued shares excluding treasury shares	216,319	154,513

**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 30 September 2018. There were 8,303 treasury shares as at 30 September 2018 and 30 June 2018.

**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 adopted SFRS(I) on 1 April 2018. These financial statements for the quarter ended 30 September 2018 are the first set of financial statements the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 March 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS"). Please refer to paragraph 5 for more details.

**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 September 2018**

**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.**

In adopting SFRS(I)s on 1 April 2018, the Group is required to apply all of the mandatory transition requirements in SFRS(I). The Group's opening balance sheet has been prepared as at 1 April 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

The adoption of new/revised SFRS(D)s and INT SFRS(D)s did not have any significant impact on the financial performance or position of the Group except for the following:

a) Application of SFRS(I) 1 First Time Adoption of SFRS(I)

The Group has elected for the optional exemption to reset the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 April 2017. As a result, an accumulated amount of S\$1,417,000 of foreign currency translation loss was reclassified to the opening retained earnings as at 1 April 2017.

b) Comparatives

The comparative figures that have been restated with significant impact arising from the adoption of SFRS(I) described above are summarised below:

**Consolidated statement of comprehensive income**

	3 months ended 30 September 2017			6 months ended 30 September 2017		
	Reported under SFRS	Effect of transition to SFRS(I)	Restated under SFRS(I)	Reported under SFRS	Effect of transition to SFRS(I)	Restated under SFRS(I)
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Other operating expenses	(4,160)	401	(3,759)	(7,832)	401	(7,431)
Reclassification of foreign currency translation reserve to profit or loss on winding-up of a subsidiary	363	(401)	(38)	363	(401)	(38)

**Group Balance Sheet**

	As at 31 March 2018			As at 1 April 2017		
	Reported under SFRS	Effect of transition to SFRS(I)	Restated under SFRS(I)	Reported under SFRS	Effect of transition to SFRS(I)	Restated under SFRS(I)
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Retained earnings	29,240	(1,016)	28,224	57,022	(1,417)	55,605
Foreign currency translation reserve	(4,168)	1,016	(3,152)	(1,417)	1,417	-

There is no impact to net assets and total equity.

**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			
	3 months ended 30.9.18	3 months ended 30.9.17 (Restated)	6 months ended 30.9.18	6 months ended 30.9.17 (Restated)
<b>Earnings per ordinary share:-</b>				
Basic and diluted (cents)	(0.91)	(2.96)	(2.57)	(4.91)
Loss attributable to owners of the Company (S\$'000)	(1,960)	(4,578)	(5,411)	(7,580)
Weighted average number of ordinary shares for basic earnings per share computation ('000)	216,318	154,499	210,577	154,507

Effects of dilution:

Potential ordinary shares that would be issued under the MTQ Share Plan and outstanding warrants 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	
	30.9.18 (S\$)	31.3.18 (S\$)	30.9.18 (S\$)	31.3.18 (S\$)
Net asset value per ordinary share*	0.33	0.41	0.58	0.73

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



**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 September 2018**

**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 30 September 2018 ("2QFY2019") vs 3 months ended 30 September 2017 ("2QFY2018")

The Group reported S\$26.9 million overall revenue for 2QFY2019, a decrease of 12% year-on-year ("yoy") largely due to lower revenue from Neptune segment. Oilfield Engineering segment, on the other hand, continued to experience growth with higher utilisation and better job mix. These boosted the Group's gross profit margin for 2QFY2019 to 23.3% from 12.4% in the corresponding quarter a year ago.

Together with a lower operation and staff cost base, the Group's overall loss before tax narrowed from S\$5.1 million in 2QFY2018 to S\$2.0 million in 2QFY2019.

6 months ended 30 September 2018 ("6MFY2019") vs 6 months ended 30 September 2017 ("6MFY2018")

The Group reported S\$51.1 million overall revenue for 6MFY2019, a decrease of 16% year-on-year ("yoy") largely due to lower revenue from Neptune segment. Oilfield Engineering segment, on the other hand, continued to experience growth with higher utilisation and better job mix. These boosted the Group's gross profit margin for 6MFY2019 to 21.2% from 15.3% in the corresponding period a year ago.

Together with a lower operation and staff cost base, the Group's overall loss before tax narrowed from S\$8.6 million in 6MFY2018 to S\$5.6 million in 6MFY2019.

**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.**

The outlook for recovery is encouraging and steady progress is expected. The Group will remain patient and continue to be focused on enhancing our business fundamentals to drive further operating improvements.

**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 30 September 2018.

**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 30 September 2018 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.

**16 Use of Net Proceeds from 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 and 26 July 2018 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 Annual Report.

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\$2.1 million of the Net Proceeds has been utilised for working capital purposes including, *inter alia*, payments of trade and other payables, compliance costs, professional fees and staff costs.

Together with the S\$6.9 million utilised as announced on SGXNET on 26 July 2018, the Company has utilised S\$9.0 million of the Net Proceeds 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	0.6
3	Working Capital	1.8	6.6
	Total	2.1	9.0

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

The Board will make periodic announcements on the utilisation of the remaining S\$3.0 million of the Net Proceeds as and when such proceeds are materially disbursed.

**BY ORDER OF THE BOARD**

Tan Lee Fang  
Company Secretary  
31 October 2018