

## Financial Statements and Related Announcement::First Quarter Results



## Issuer &amp; Securities

<b>Issuer/ Manager</b>	MTQ CORPORATION LIMITED
<b>Securities</b>	MTQ CORPORATION LIMITED - SG0507000073 - M05 MTQ CORPORATION LIMITEDW230417 - SG5HA0000002 - CRWW
<b>Stapled Security</b>	No

## Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
<b>Date &amp; Time of Broadcast</b>	26-Jul-2018 17:23:25
<b>Status</b>	New
<b>Announcement Sub Title</b>	First Quarter Results
<b>Announcement Reference</b>	SG180726OTHRMSY
<b>Submitted By (Co./ Ind. Name)</b>	Tan Lee Fang
<b>Designation</b>	Company Secretary
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	Please see attached.

## Additional Details

<b>For Financial Period Ended</b>	30/06/2018
<b>Attachments</b>	<p> <a href="#">MTQ 1Q19 SGX Financial Statements Announcement.pdf</a></p> <p> <a href="#">MTQ 1QFY2019 Press Release.pdf</a></p> <p>Total size =1019K</p>

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

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

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**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 JUNE 2018**

	<b>Group</b>		
	<b>3 months ended</b>		
	<b>30.6.18</b>	<b>30.6.17</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	24,283	30,529	-20%
Cost of sales (Note A)	(19,721)	(25,003)	-21%
Gross profit	4,562	5,526	-17%
Other income (Note B)	254	577	-56%
Staff costs	(4,298)	(5,409)	-21%
Other operating expenses (Note C)	(3,855)	(3,672)	5%
<b>Loss from operating activities</b>	(3,337)	(2,978)	12%
Finance costs (Note D)	(244)	(260)	-6%
Share of results of associate and joint ventures	-	(257)	-100%
<b>Loss before taxation</b>	(3,581)	(3,495)	2%
Income tax (expenses)/credit (Note E)	(171)	274	n/m
<b>Loss for the period</b>	(3,752)	(3,221)	16%
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of subsidiaries	1,268	(827)	n/m
Net fair value loss on derivatives	-	(14)	-100%
<b>Other comprehensive income for the period (Note F)</b>	1,268	(841)	n/m
<b>Total comprehensive income for the period</b>	(2,484)	(4,062)	-39%
<b>Loss for the period attributable to:</b>			
Owners of the Company	(3,451)	(3,002)	15%
Non-controlling interests	(301)	(219)	37%
	(3,752)	(3,221)	16%
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(2,220)	(3,785)	-41%
Non-controlling interests	(264)	(277)	-5%
	(2,484)	(4,062)	-39%

n/m : not meaningful



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## Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 June 2018

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

	Group		
	3 months ended 30.6.18 S\$'000	3 months ended 30.6.17 S\$'000	Change %
Operating lease expenses	758	2,636	-71%
Depreciation of property, plant and equipment	1,493	1,706	-12%

### Note B - Other income comprises :-

	Group		
	3 months ended 30.6.18 S\$'000	3 months ended 30.6.17 S\$'000	Change %
Interest income	4	25	-84%
Gain on disposal of property, plant and equipment, net	10	65	-85%
Government grants	14	226	-94%
Commission received	-	14	-100%
Gain on disposal of scrap material	16	32	-50%
Insurance claims	179	176	2%
Others	31	39	-21%
	254	577	-56%

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

	Group		
	3 months ended 30.6.18 S\$'000	3 months ended 30.6.17 S\$'000	Change %
Depreciation of property, plant and equipment	270	309	-13%
Amortisation of intangible assets	45	9	400%
Fixed assets written-off	-	15	-100%
Gain on foreign exchange, net	(26)	(131)	-80%
Reversal of allowance for inventory obsolescence	(9)	(209)	-96%
Audit, legal, consultancy and professional fees	771	746	3%
Operating lease expenses	810	772	5%
Utilities expenses	370	367	1%

### Note D - Finance costs comprises :-

	Group		
	3 months ended 30.6.18 S\$'000	3 months ended 30.6.17 S\$'000	Change %
Interest on:			
- bank loans	243	258	-6%
- finance lease payables	1	2	-50%
	244	260	-6%

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

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

	Group		
	3 months ended 30.6.18 S\$'000	3 months ended 30.6.17 S\$'000	Change %
- current taxation	16	1	1500%
- deferred taxation	-	(170)	-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 June 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 JUNE 2018**

**Non-current assets**

Goodwill  
Intangible assets  
Investment property  
Property, plant and equipment  
Investment in subsidiaries  
Investment in associate and joint ventures  
Receivables  
Prepayments  
Deferred tax assets

**Current assets**

Inventories  
Trade and other receivables  
Prepayments  
Cash and cash equivalents

**Total assets**

**Current liabilities**

Trade and other payables  
Finance lease payable  
Bank borrowings  
Provisions  
Provision for taxation

**Non-current liabilities**

Trade and other payables  
Finance lease payable  
Bank borrowings  
Deferred tax liabilities  
Provisions

**Total liabilities**

**Net assets**

**Equity attributable to owners of the Company**

Share capital [1(d)(i)]  
Treasury shares [1(d)(iv)]  
Reserves [1(d)(i)]  
Shareholders' funds  
Non-controlling interests  
**Total equity**

Group		Company	
30.6.18	31.3.18	30.6.18	31.3.18
S\$'000	S\$'000	S\$'000	S\$'000
	(Restated)		
4,560	4,560	-	-
393	380	-	-
-	-	838	850
46,341	46,924	58	76
-	-	49,834	49,242
3,718	1,922	3,718	1,922
3,087	2,388	65,692	65,182
20	25	20	25
928	958	-	-
59,047	57,157	120,160	117,297
14,036	14,733	-	-
28,435	26,880	14,914	14,091
1,602	1,607	103	89
17,585	10,759	9,378	331
61,658	53,979	24,395	14,511
120,705	111,136	144,555	131,808
(19,006)	(19,060)	(3,142)	(3,026)
(171)	(204)	-	-
(1,020)	(981)	(1,020)	(981)
(297)	(355)	-	-
(422)	(429)	-	-
(20,916)	(21,029)	(4,162)	(4,007)
(240)	(250)	(2,629)	(2,629)
(19)	(32)	-	-
(21,535)	(21,417)	(12,263)	(12,285)
(564)	(604)	(47)	(53)
(1,118)	(1,114)	(84)	(84)
(23,476)	(23,417)	(15,023)	(15,051)
(44,392)	(44,446)	(19,185)	(19,058)
76,313	66,690	125,370	112,750
48,914	36,807	48,914	36,807
(3)	(3)	(3)	(3)
24,162	26,382	76,459	75,946
73,073	63,186	125,370	112,750
3,240	3,504	-	-
76,313	66,690	125,370	112,750

Balance Sheet Review

The change in net assets were mainly due to the S\$12.1 million of proceeds from the Rights cum Warrants Issue exercise received partially offset by the total comprehensive loss of S\$2.5 million recorded for the financial period.

Investment in associate and joint ventures increase by S\$1.8 million following the acquisition of Tranche 2 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 30 June 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.**

	30.6.18		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	1,191	-	1,185	-
Amount repayable after one year	5,882	15,672	5,917	15,532
	<u>7,073</u>	<u>15,672</u>	<u>7,102</u>	<u>15,532</u>

The Group's borrowings and finance leases as at 30 June 2018 increased from S\$22.6 million to S\$22.7 million mainly due to the 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\$6.9 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 June 2018 and 31 March 2018.



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

	<b>Group</b>	
	<b>3 months ended 30.6.18 S\$'000</b>	<b>3 months ended 30.6.17 S\$'000</b>
<b>Cash flows from operating activities:</b>		
Loss before taxation	(3,581)	(3,495)
Adjustments for:		
Depreciation of property, plant and equipment	1,763	2,015
Amortisation of intangible assets	45	9
Gain on sale of property, plant and equipment, net	(10)	(65)
Fixed assets written-off	-	15
Reversal of allowance for inventory obsolescence	(9)	(209)
Share of results of associate and joint ventures	-	257
Employee equity benefits expense	-	7
Provisions made during the period	4	80
Interest income	(4)	(25)
Interest expense	244	260
<b>Operating cash flows before changes in working capital</b>	<b>(1,548)</b>	<b>(1,151)</b>
Decrease in inventories and work-in-progress	984	527
(Increase)/decrease in receivables and prepayments	(1,712)	6
Decrease in payables	(175)	(2,127)
Currency realignment	491	39
<b>Cash used in operations</b>	<b>(1,960)</b>	<b>(2,706)</b>
Interest income received	4	25
Interest expense paid	(244)	(280)
Income taxes paid, net	(70)	(70)
<b>Net cash used in operating activities</b>	<b>(2,270)</b>	<b>(3,031)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(227)	(686)
Addition of intangible assets	(45)	-
Proceeds from disposal of a subsidiary, net of cash disposed and transaction costs	-	9,513
Proceeds from disposal of property, plant and equipment	17	81
Increase in investment in a joint venture	(1,796)	-
Loans to a joint venture	(664)	-
Loans granted to staff	(48)	-
Loans repaid by staff	7	40
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,756)</b>	<b>8,948</b>
<b>Cash flows from financing activities:</b>		
Proceeds from Rights cum Warrants Issue	12,107	-
Repayment of bank borrowings	(250)	(17,049)
Repayment of finance lease payable	(49)	(13)
<b>Net cash generated from/(used in) financing activities</b>	<b>11,808</b>	<b>(17,062)</b>
Net change in cash and cash equivalents	6,782	(11,145)
Cash and cash equivalents at beginning of financial period	10,759	31,408
Effect of exchange rate changes on cash and cash equivalents	44	(481)
<b>Cash and cash equivalents at end of financial period</b>	<b>17,585</b>	<b>19,782</b>

Note

Cash and cash equivalents consist of the following:-

	<b>Group</b>	
	<b>As at 30.6.18 S\$'000</b>	<b>As at 30.6.17 S\$'000</b>
Fixed deposits	9,105	1,862
Cash at bank and on hand	8,480	17,920
	<b>17,585</b>	<b>19,782</b>

Cash Flows Review

The Group's cash increased from S\$10.8 million as at 31 March 2018 to S\$17.6 million as at 30 June 2018. Excluding working capital changes, which are largely due to timing differences, operating cash outflows were S\$1.5 million as a result of the losses recorded during the period. Main investing cash flows comprise a payment of S\$1.8 million for the acquisition of Tranche 2 Shares of In-Line Group during the quarter. Within financing activities, there was a receipt of S\$12.1 million of proceeds from the Rights cum Warrants Issue which concluded in April 2018 as well as the quarterly repayment of a loan facility.



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

Group	Attributable to owners of the Company						Non-Controlling Interest	Total Equity
	Share Capital	Treasury Shares	Foreign Currency Translation Reserve	Retained Earnings	Other Reserves	Shareholders' Funds		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April 2017 (As previously reported)	36,807	(4)	(1,417)	57,022	1,537	93,945	6,027	99,972
Adoption of SFRS(I) 1	-	-	1,417	(1,417)	-	-	-	-
Balance as at 1 April 2017 (Restated)	36,807	(4)	-	55,605	1,537	93,945	6,027	99,972
Loss for the period	-	-	-	(3,002)	-	(3,002)	(219)	(3,221)
Other comprehensive income	-	-	-	-	-	-	-	-
Exchange difference on translation of subsidiaries	-	-	(771)	-	-	(771)	(56)	(827)
Net fair value of loss on derivatives	-	-	-	-	(12)	(12)	(2)	(14)
Other comprehensive income for the period	-	-	(771)	-	(12)	(783)	(58)	(841)
Total comprehensive income for the period	-	-	(771)	(3,002)	(12)	(3,785)	(277)	(4,062)
Contributions by and distributions to owners	-	-	-	-	-	-	-	-
Employee equity benefits expense	-	-	-	-	7	7	-	7
Total contributions by and distribution to owners	-	-	-	-	7	7	-	7
Balance as at 30 June 2017 (Restated)	36,807	(4)	(771)	52,603	1,532	90,167	5,750	95,917
Balance as at 31 March 2018 (As previously reported)	36,807	(3)	(4,168)	29,240	1,310	63,186	3,504	66,690
Adoption of SFRS(I) 1	-	-	1,417	(1,417)	-	-	-	-
Balance as at 31 March 2018 (Restated) and 1 April 2018	36,807	(3)	(2,751)	27,823	1,310	63,186	3,504	66,690
Loss for the period	-	-	-	(3,451)	-	(3,451)	(301)	(3,752)
Other comprehensive income	-	-	-	-	-	-	-	-
Exchange difference on translation of subsidiaries	-	-	1,231	-	-	1,231	37	1,268
Other comprehensive income for the period	-	-	1,231	-	-	1,231	37	1,268
Total comprehensive income for the period	-	-	1,231	(3,451)	-	(2,220)	(264)	(2,484)
Contributions by and distributions to owners	-	-	-	-	-	-	-	-
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
Total contributions by and distribution to owners	24,214	-	-	-	-	24,214	-	24,214
Balance as at 30 June 2018	48,914	(3)	(1,520)	24,372	1,310	73,073	3,240	76,313



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

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

**Company**

	Share Capital	Treasury	Retained	Other	Shareholders'
	S\$'000	Shares	Earnings	Reserve	Funds
		S\$'000	S\$'000	S\$'000	S\$'000
<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>	-	-	(830)	-	(830)
Employee equity benefits expense	-	-	-	7	7
<b>Total contributions by and distribution to owners</b>	-	-	-	7	7
<b>Balance as at 30 June 2017</b>	36,807	(4)	83,458	2,549	122,810
<b>Balance as at 1 April 2018</b>	36,807	(3)	73,430	2,516	112,750
<b>Profit for the period, representing total comprehensive income for the period</b>	-	-	513	-	513
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>	12,107	-	-	-	12,107
<b>Balance as at 30 June 2018</b>	48,914	(3)	73,943	2,516	125,370





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## Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 June 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.**

### Share Capital

	No. of shares	
	('000)	(S\$'000)
As at 31 March 2018 and 1 April 2018	154,514	36,807
Issuance of ordinary shares pursuant to MTQ Rights cum Warrants Issue, net of transaction costs	61,805	12,107
As at 30 June 2018	216,319	48,914
	<b>30.6.18</b>	<b>30.6.17</b>
	<b>('000)</b>	<b>('000)</b>
Total number of issued shares	216,327	154,521
Total number of treasury shares	8	7
Total number of issued shares excluding treasury shares	216,319	154,514

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

### MTQ Share Plan

As at 30 June 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 June 2017: 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 as at 1/4/2018	Granted	Number of shares		Outstanding as at 30/6/2018
			Released	Forfeited	
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 June 2018 (30 June 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.**

	30.6.18	31.3.18
	('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 June 2018. There were 8,303 treasury shares as at 30 June 2018 and 31 March 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 June 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.



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## Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 June 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(I)s and INT SFRS(I)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:

#### Group Balance Sheet

	As at 31 March 2018			As at 1 April 2017		
	Reported under SFRS (\$'000)	Effect of transition to SFRS(I) (\$'000)	Restated under SFRS(I) (\$'000)	Reported under SFRS (\$'000)	Effect of transition to SFRS(I) (\$'000)	Restated under SFRS(I) (\$'000)
Retained earnings	29,240	(1,417)	27,823	57,022	(1,417)	55,605
Foreign currency translation reserve	(4,168)	1,417	(2,751)	(1,417)	1,417	-

There is no impact to net assets, total equity, profit or loss and cash flows.

### 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.

#### Earnings per ordinary share:-

Basic and diluted (Note A)

Group	
3 months ended 30.6.18 (cents)	3 months ended 30.6.17 (cents)
(1.69)	(1.94)

#### Note A

Loss attributable to owners of the Company

Group	
3 months ended 30.6.18 S\$'000	3 months ended 30.6.17 S\$'000
(3,451)	(3,002)

Weighted average number of ordinary shares for basic earnings per share computation

Number of shares	
3 months ended 30.6.18 '000	3 months ended 30.6.17 '000
204,772	154,515

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	
	30.6.18 (\$)	31.3.18 (\$)	30.6.18 (\$)	31.3.18 (\$)
Net asset value per ordinary share*	0.34	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.



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

## Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 June 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 June 2018 ("1QFY2019") vs 3 months ended 30 June 2017 ("1QFY2018")

The Group reported S\$24.3 million revenue for 1QFY2019, a decrease of 20% year-on-year ("yoy"), mainly due to lower revenues from the Australian subsidiaries. Revenues elsewhere in the Group continued to show steady improvement, particularly in Singapore. The Group's gross profit margin for 1QFY2019 improved slightly to 18.8% despite continued pricing pressures as the Group continues to focus on improving utilisation and operational efficiencies. Operational and staff costs were lower than the corresponding period a year ago although they have come to a relatively steady level after years of rationalising.

Overall, the Group reported a net loss before tax of S\$3.6 million for 1QFY2019, contributed mainly by the continuing losses from the Neptune segment. The remaining segments' losses narrowed slightly and recorded an overall positive EBITDA in 1QFY2019.

**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 level of customers enquiries for the Oilfield Engineering segment is generally improving and the segment's books are healthier this quarter. On the other hand, the Group is exploring opportunities to reposition the Neptune segment following its continuing losses.

**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 June 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 June 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 and 29 June 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\$1.9 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\$5.0 million utilised as announced on SGXNET on 29 June 2018, the Company has utilised S\$6.9 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
3	Working Capital	1.9	4.8
	Total	1.9	6.9

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\$5.1 million of the Net Proceeds as and when such proceeds are materially disbursed.

**BY ORDER OF THE BOARD**

Tan Lee Fang  
Company Secretary  
26 July 2018



## MTQ CORPORATION LIMITED

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### FOR IMMEDIATE RELEASE

- Steady improvements in oilfield activities from Singapore and Bahrain, recorded positive EBITDA in 1QFY2019 from the Oilfield Engineering segment
- Exploring opportunities to reposition the Neptune segment following continuing losses

**Singapore, 26 July 2018** – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, today reported its results for the three months ended 30 June 2018 (“1QFY2019”).

Financial Highlights	1QFY2019	1QFY2018	Chg	1QFY2019	4QFY2018 <sup>1</sup>	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
<b>Revenue</b>	24,283	30,529	(20)	24,283	22,561	8
<b>Gross Profit</b>	4,562	5,526	(17)	4,562	3,300	38
<b>Gross Profit Margin</b>	18.8%	18.1%		18.8%	14.6%	
<b>Other Income</b>	254	577	(56)	254	271	(6)
<b>Other Operating Expenses</b>	(3,855)	(3,672)	5	(3,855)	(4,571)	(16)
<b>Staff Costs</b>	(4,298)	(5,409)	(21)	(4,298)	(4,351)	(1)
<b>Finance Costs</b>	(244)	(260)	(6)	(244)	(176)	39
<b>Loss before tax</b>	(3,581)	(3,495)	2	(3,581)	(5,768)	(38)

<sup>1</sup> Excluding impairments of goodwill and write-off of deferred tax assets.

### Financial Review

The Group reported S\$24.3 million revenue for 1QFY2019, a decrease of 20% year-on-year (“yoy”), mainly due to lower revenues from the Australian subsidiaries. Revenues elsewhere in the Group continued to show steady improvement, particularly in Singapore. The Group’s gross profit margin for 1QFY2019 improved slightly to 18.8% despite continued pricing pressures as the Group continues to focus on improving utilisation and operational efficiencies.

Overall operational and staff costs were lower than the corresponding period a year ago, although they have come to a relatively steady level after years of rationalising.

Overall, the Group reported a net loss before tax of S\$3.6 million for 1QFY2019, contributed mainly by the continuing losses from the Neptune segment. The remaining segments' losses narrowed slightly and recorded an overall positive EBITDA in 1QFY2019.

Balance Sheet	30 June 2018	31 Mar 2018
	SGD'000	SGD'000
Net current assets	40,742	32,950
Net assets	76,313	66,690
Cash and cash equivalents	17,585	10,759
Bank borrowings and finance leases	22,745	22,634
Shareholder's funds	73,073	63,186
Net gearing <sup>1</sup>	6.3%	15.1%
Net assets value per share <sup>2</sup>	34 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 per share 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.

The Group's cash increased from S\$10.8 million as at 31 March 2018 to S\$17.6 million as at 30 June 2018. Excluding working capital changes, which are largely due to timing differences, operating cash outflows were S\$1.5 million as a result of the losses recorded during the period. Main investing cash flows comprise a payment of S\$1.8 million for the acquisition of Tranche 2 Shares of In-Line Group during the quarter. Within financing activities, there was a receipt of S\$12.1 million of proceeds from the Rights cum Warrants Issue which concluded in April 2018 as well as the quarterly repayment of a loan facility. Overall, the Group's net gearing improved to 6.3% as at 30 June 2018.

## **Outlook**

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

*“We continued to experience steady improvements in our oilfield activities in Singapore and Bahrain and a more positive business outlook. The level of customer enquiries for our Oilfield Engineering business is generally improving and our order books are healthier this quarter. Overall cash for the quarter remains healthy despite higher working capital requirements in Singapore and Bahrain.*

*The Neptune segment, on the other hand, recorded another disappointing quarter and continues to suffer from weak revenues in its core Australian market. Its losses outweighed the positive variances from the rest of the Group. Accordingly, the Board is exploring opportunities to reposition the Neptune segment.”*

- 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 authorized 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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