



**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 2012**

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

**(i) STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2012**

**GROUP**

	<b>Group</b>		
	<b>For the quarter ended</b>		
	<b>30.06.12</b>	<b>30.06.11</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	38,438	24,512	57%
Cost of sales (Note A)	(24,738)	(16,152)	53%
Gross profit	13,700	8,360	64%
Other income (Note B)	989	119	731%
Staff costs	(4,991)	(3,963)	26%
Other operating expenses (Note C)	(3,638)	(3,292)	11%
<b>Profit from operating activities</b>	<b>6,060</b>	<b>1,224</b>	<b>395%</b>
Finance costs (Note D)	(365)	(225)	62%
<b>Profit from operations before taxation</b>	<b>5,695</b>	<b>999</b>	<b>470%</b>
Taxation expense (Note E)	(988)	(770)	28%
<b>Profit for the financial period, net of tax</b>	<b>4,707</b>	<b>229</b>	<b>1955%</b>
<b>Other comprehensive income:</b>			
Exchange difference on translation of foreign operations	(12)	373	n/m
Liquidation of a subsidiary	374	-	n/m
Net change in fair value of available-for-sale financial assets	(6,492)	(1,190)	446%
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(462)	-	n/m
<b>Other comprehensive loss for the financial period, net of tax (Note F)</b>	<b>(6,592)</b>	<b>(817)</b>	<b>707%</b>
<b>Total comprehensive income for the financial period</b>	<b>(1,885)</b>	<b>(588)</b>	<b>221%</b>
<b>Profit attributable to:</b>			
Owners of the Company	4,707	229	1955%
Non-controlling interests	-	-	n/m
	<b>4,707</b>	<b>229</b>	<b>1955%</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(1,885)	(588)	221%
Non-controlling interests	-	-	n/m
	<b>(1,885)</b>	<b>(588)</b>	<b>221%</b>

n/m : not meaningful



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

Group		Change %
3 months to 30.06.12 S\$'000	3 months to 30.06.11 S\$'000	
Depreciation of property, plant and equipment	1,076	952 13%

**Note B - Other income comprise :-**

Group		Change %
3 months to 30.06.12 S\$'000	3 months to 30.06.11 S\$'000	
Dividends	-	3 n/m
Interest income		
- bank deposits	13	51 -75%
Gain on sale of equity securities, net	536	- n/m
Gain on sale of property, plant and equipment, net	286	4 7050%
Commission received	82	- n/m
Other income	72	61 18%
	989	119 731%

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

Group		Change %
3 months to 30.06.12 S\$'000	3 months to 30.06.11 S\$'000	
Depreciation of property, plant and equipment	456	243 88%
Amortisation of intangible assets	13	13 0%
(Gain)/Loss on exchange, net	(181)	270 n/m
Allowance for doubtful receivables and bad debts written off/(back), net	50	45 11%
Allowance for inventory obsolescence and inventories written off	68	116 -41%
Loss on liquidation of a subsidiary	256	- n/m

**Note D - Finance costs comprise :-**

Group		Change %
3 months to 30.06.12 S\$'000	3 months to 30.06.11 S\$'000	
Interest on:		
- bank loans and overdrafts	350	209 67%
- finance lease payables	15	16 -6%
- others	-	- n/m
	365	225 62%

**Note E - Taxation expense :-**

Under/(over) provision in respect of prior years:-

Group		Change %
3 months to 30.06.12 S\$'000	3 months to 30.06.11 S\$'000	
- current taxation	(102)	98 n/m
- deferred taxation	-	(36) n/m
	(102)	62 n/m

**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 2012**

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 2012**

	<b>Group</b>		<b>Company</b>	
	<b>30.06.12</b>	<b>31.03.12</b>	<b>30.06.12</b>	<b>31.03.12</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current assets</b>				
Goodwill	12,227	12,346	-	-
Intangible assets	58	72	-	-
Investment properties	-	-	1,055	1,066
Property, plant and equipment	50,532	51,161	379	385
Investment in subsidiaries	-	-	53,350	53,294
Investment securities	10,792	18,048	-	-
Receivables	127	97	45,164	42,873
Prepayments	16	16	9	9
Deferred tax assets	1,406	1,566	(143)	13
	<b>75,158</b>	<b>83,306</b>	<b>99,814</b>	<b>97,640</b>
<b>Current assets</b>				
Inventories	25,423	24,405	-	-
Trade and other receivables	28,341	27,244	4,060	16,949
Gross amount due from customers for contract work-in-progress	-	-	-	-
Prepayments	1,084	860	25	33
Investment securities	820	889	-	-
Derivatives	-	-	-	-
Cash and cash equivalents	20,029	27,314	2,539	5,886
	<b>75,697</b>	<b>80,712</b>	<b>6,624</b>	<b>22,868</b>
<b>Current liabilities</b>				
Trade and other payables	(23,430)	(23,461)	(1,164)	(2,007)
Finance lease payable, current portion	(417)	(429)	-	-
Bank borrowings	(5,887)	(24,104)	(2,606)	(20,843)
Loans from a non-controlling shareholder of a subsidiary	-	(701)	-	-
Provisions, current portion	(1,239)	(1,259)	-	-
Provision for taxation	(3,823)	(3,893)	(232)	(393)
	<b>(34,796)</b>	<b>(53,847)</b>	<b>(4,002)</b>	<b>(23,243)</b>
<b>Net current assets</b>	<b>40,901</b>	<b>26,865</b>	<b>2,622</b>	<b>(375)</b>
<b>Non-current liabilities</b>				
Other payables	-	-	(6,065)	(4,878)
Finance lease payable	(435)	(480)	-	-
Long term bank borrowings	(28,181)	(20,912)	(18,581)	(16,984)
Deferred tax liabilities	(1,301)	(1,406)	-	-
Provisions	(1,308)	(1,241)	(70)	(70)
	<b>(31,225)</b>	<b>(24,039)</b>	<b>(24,716)</b>	<b>(21,932)</b>
<b>Net assets</b>	<b>84,834</b>	<b>86,132</b>	<b>77,720</b>	<b>75,333</b>
<b>Equity attributable to owners of the Company</b>				
Share capital [1(d)(i)]	29,857	29,857	29,857	29,857
Treasury shares [1(d)(iv)]	(3,992)	(3,992)	(3,992)	(3,992)
Reserves [1(d)(i)]	58,969	60,827	51,855	49,468
Shareholders' funds	84,834	86,692	77,720	75,333
Non-controlling interests	-	(560)	-	-
<b>Total equity</b>	<b>84,834</b>	<b>86,132</b>	<b>77,720</b>	<b>75,333</b>

Balance Sheet Review

The decrease in non-current assets is mainly due to the decline in the fair value of available-for-sale equity securities, as well as disposal of certain available-for-sale equity securities. The change in current and non-current liabilities is mainly due to the restructuring of the Group's debt portfolio. The decrease in total liabilities is mainly due to repayment of a bank loan by the Company, offset by draw-down of bank loans by subsidiaries.



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**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 June 2012**

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**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

	30.06.12		31.03.12	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	6,304	-	24,533	-
Amount repayable after one year	28,616	-	21,392	-
	<u>34,920</u>	<u>-</u>	<u>45,925</u>	<u>-</u>

The Group's borrowings as at 30 June 2012 decreased to S\$34.9 million from S\$45.9 million as at 31 March 2012 due to repayment. Details of the collateral for the bank borrowings are as follows:

Facility 1: S\$21.2million

- First all-monies registered legal mortgage over a 50-year leasehold land and property at Bahrain International Investment Park, Hidd, Kingdom of Bahrain
- First registered fixed and floating charge over a subsidiary; and
- Corporate guarantee from a subsidiary of the Company.

Facility 2: S\$2.2 million

- Corporate guarantee from the Company.

Facility 3: S\$4.7 million

- Fixed and floating charge over all the assets of a subsidiary
- Corporate guarantee from the Company.

Facility 4: S\$6.0 million

- Corporate guarantee from the Company.



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**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 June 2012**

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

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 JUNE 2012**

	Group	
	30.06.12 S\$'000	30.06.11 S\$'000
<b>Cash flows from operating activities:</b>		
Profit from operations before taxation	5,695	999
Adjustments for:		
Depreciation of property, plant and equipment	1,532	1,195
Loss on liquidation of a subsidiary	256	-
Amortisation of intangible assets	13	13
Gain on sale of property, plant and equipment, net	(286)	(4)
Net fair value loss on held-for-trading equity securities	69	186
Net fair value loss in equity derivatives	-	67
Gain on sale of equity securities, net	(536)	-
Interest income	(13)	(51)
Interest expense	365	225
Dividend income	-	(3)
	7,095	2,627
Decrease in gross amount due from customers for contract work-in-progress	-	3,097
Increase in inventories and work-in-progress	(1,018)	(981)
Increase in receivables and prepayments	(1,321)	(4,263)
Increase in payables	812	791
Currency realignment	122	142
	5,690	1,413
<b>Cash generated from operations</b>		
Interest income received	13	51
Interest expense paid	(233)	(209)
Income taxes paid, net	(1,052)	(863)
	4,418	392
<b>Net cash provided by/(used in) operating activities</b>		
<b>Cash flows from investing activities:</b>		
Dividends received	-	3
Purchase of property, plant and equipment	(536)	(2,345)
Liquidation of subsidiary	(15)	-
Proceeds from sale of property, plant and equipment	306	8
Proceeds from sale of equity securities, net of brokerage	838	-
Purchase of equity securities, net of brokerage	(914)	(3,149)
Loans granted to staff	(48)	-
Loans repaid by staff	18	15
	(351)	(5,468)
<b>Net cash used in investing activities</b>		
<b>Cash flows from financing activities:</b>		
Proceeds from bank borrowings	5,967	26
Repayment of bank borrowings	(17,258)	(342)
Repayment of finance lease	(96)	(94)
Repayment of loans from a non-controlling shareholder of a subsidiary	-	(355)
	(11,387)	(765)
<b>Net cash used in financing activities</b>		
Net change in cash and cash equivalents	(7,320)	(5,841)
Cash and cash equivalents at beginning of financial period	27,314	23,800
Effect of exchange rate changes on cash and cash equivalents	35	92
	20,029	18,051

Note

Cash and cash equivalents consist of the following:-

	Group	
	30.06.12 S\$'000	30.06.11 S\$'000
Fixed deposits	561	1,423
Cash at bank and in hand	19,468	16,628
	20,029	18,051

Cash Flows Review

The Group's operating cash flows increased due to contributions from the Premier Group which was acquired in July 2011, as well as higher activity in the existing businesses. Cash used in investing activities decreased mainly due to lower amounts spent on purchasing available-for-sale equity securities. Cash used in financing activities increased mainly due to repayment of a bank loan in the current quarter.

**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 June 2012**

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 period

**STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE QUARTER ENDED 30 JUNE 2012**

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 Reserve			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000			
<b>Balance as at 1 April 2011</b>	28,932	(3,992)	793	53,174	(606)	(18)	78,283	(560)	77,723
<b>Profit for the financial period, net of tax</b>	-	-	-	229	-	-	229	-	229
<b>Other comprehensive income</b>									
Exchange difference on translation of foreign operations	-	-	373	-	-	-	373	-	373
Net change in fair value of available-for-sale financial assets	-	-	-	-	(1,190)	-	(1,190)	-	(1,190)
Other comprehensive income for the financial period	-	-	373	-	(1,190)	-	(817)	-	(817)
<b>Total comprehensive income for the financial period</b>	-	-	373	229	(1,190)	-	(588)	-	(588)
<b>Balance as at 30 June 2011</b>	28,932	(3,992)	1,166	53,403	(1,796)	(18)	77,695	(560)	77,135
<b>Balance as at 1 April 2012</b>	29,857	(3,992)	1,313	64,201	(4,669)	(18)	86,692	(560)	86,132
<b>Profit for the financial period, net of tax</b>	-	-	-	4,707	-	-	4,707	-	4,707
<b>Other comprehensive income</b>									
Exchange difference on translation of foreign operations	-	-	(12)	-	-	-	(12)	-	(12)
Liquidation of a subsidiary	-	-	374	-	-	-	374	-	374
Net change in fair value of available-for-sale financial assets	-	-	-	-	(6,492)	-	(6,492)	-	(6,492)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	(462)	-	(462)	-	(462)
Other comprehensive income for the financial period	-	-	362	-	(6,954)	-	(6,592)	-	(6,592)
<b>Total comprehensive income for the financial period</b>	-	-	362	4,707	(6,954)	-	(1,885)	-	(1,885)
<b>Changes in ownership interests in subsidiaries</b>									
Liquidation of a subsidiary	-	-	27	-	-	-	27	560	587
<b>Total changes in ownership interests in subsidiaries</b>	-	-	27	-	-	-	27	560	587
<b>Balance as at 30 June 2012</b>	29,857	(3,992)	1,702	68,908	(11,623)	(18)	84,834	(560)	84,834

Company	Share Capital	Treasury Shares	Retained Earnings	Other Reserve	Shareholders' Funds
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 April 2011</b>	28,932	(3,992)	27,568	(18)	52,490
<b>Profit for the financial period, net of tax, representing total comprehensive income for the financial period</b>	-	-	30	-	30
<b>Balance as at 30 June 2011</b>	28,932	(3,992)	27,598	(18)	52,520
<b>Balance as at 1 April 2012</b>	29,857	(3,992)	49,486	(18)	75,333
<b>Profit for the financial period, net of tax, representing total comprehensive income for the financial period</b>	-	-	2,387	-	2,387
<b>Balance as at 30 June 2012</b>	29,857	(3,992)	51,873	(18)	77,720



**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 June 2012**

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

	Share capital (S\$'000)
As at 1 April 2011 and 30 June 2011	<u>28,932</u>
As at 1 April 2012 and 30 June 2012	<u>29,857</u>

The total number of options outstanding is as follows:-

<u>Date of grant</u>	<u>No. of options outstanding</u>		<u>Expiry date</u>	<u>Exercise price per share</u>
	<u>01.04.12 ( '000)</u>	<u>30.06.12 ( '000)</u>		
31 July 2003	<u>30</u>	<u>30</u>	30 July 2013	S\$0.43
	<u>30</u>	<u>30</u>		

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.

	30.06.12 ( '000)	31.03.12 ( '000)
Total number of issued shares	97,761	97,761
Total number of treasury shares	<u>7,482</u>	<u>7,482</u>
Total number of issued shares excluding treasury shares	<u>90,279</u>	<u>90,279</u>

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.

As at 30 June 2012, there were 7,482,000 of treasury shares (FY2012: 7,482,000). There was no movement in the number of treasury shares during the current financial period.

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 audited financial statements for the year ended 31 March 2012. The Group has also applied FRS and INT FRS that become effective in the financial year beginning on or after 1 April 2012. 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.



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**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 June 2012**

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

<u>Earnings per ordinary share:-</u>	Group	
	30.06.12 (cents)	30.06.11 (cents)
Basic (Note A)	5.21	0.26
Diluted (Note A)	5.21	0.26

Note A

	Group	
	30.06.12 \$'000	30.06.11 \$'000
Profit attributable to owners of the Company	4,707	229

	Number of shares	
	30.06.12 '000	30.06.11 '000
Weighted average number of ordinary shares for basic earnings per share computation	90,279	89,030
Effects of dilution:		
- Share options	14	15
Weighted average number of ordinary shares for diluted earnings per share computation	90,293	89,045

**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	
	30.06.12 (cents)	31.03.12 (cents)	30.06.12 (cents)	31.03.12 (cents)
Net asset value per ordinary share*	93.97	95.41	86.09	83.44

\* Based on total number of issued shares excluding treasury shares as at end of financial period.

**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.**

Revenue

Group revenue for the quarter ended 30 June 2012 ("1Q FY13") increased by 57% to S\$38.4 million. This was primarily due to revenue contribution from the Premier Group which was acquired subsequent to the quarter ended 30 June 2011 ("1Q FY12"). The Premier Group contributed about 30% to the Group's revenue in 1Q FY13. Revenue of the Group's underlying businesses, both Oilfield Engineering and Engine Systems, have increased by 10% during the quarter under review.

Profitability

The overall results reflected profit contributions from the Premier Group, as well as start-up losses in Oilfield Engineering Bahrain business. With higher revenue and better gross profit margins, the Group recorded higher gross profit from operations of S\$13.7 million in 1Q FY13 (1Q FY12: S\$8.4 million). Operating expenses were higher mainly due to acquisition of the Premier Group, as well as higher finance costs relating to the bank loan facility obtained by the subsidiaries.

**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 oil prices have dipped recently, drilling activity continues to remain robust in the offshore sector. Prospects are encouraging, but considering the overall market uncertainties, the Group continues to maintain a cautious approach.

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

No dividend has been declared nor recommended in respect of the financial year ending 31 March 2013.

**12 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 did not obtain general mandate from shareholders for IPTs.

**13 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 2012 to be false or misleading.

**BY ORDER OF THE BOARD**

Dominic Siu Man Kit  
Company Secretary  
26-Jul-12



## BOARD NEGATIVE ASSURANCE CONFIRMATION

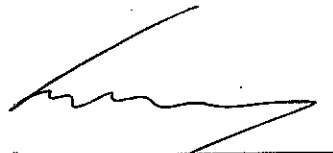
### Confirmation by the Board Pursuant to Rule 705 (5)

We, Chew Soo Lin and Huang Yuan Chiang, being two Directors of MTQ Corporation Limited ("the Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the quarter ended 30 June 2012 to be false or misleading in any material aspect.

On behalf of the Board of Directors



Chew Soo Lin  
Director



Huang Yuan Chiang  
Director

Date: 26 July 2012