



**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 2014**

**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 2014**

**GROUP**

	Group		Change %
	For the financial quarter ended 30.6.14 S\$'000	30.6.13 S\$'000	
<b>Revenue</b>	76,694	94,390	-19%
Cost of sales (Note A)	(50,591)	(66,356)	24%
<b>Gross profit</b>	26,103	28,034	-7%
Other income (Note B)	380	546	-30%
Staff costs	(12,205)	(12,087)	-1%
Other operating expenses (Note C)	(7,683)	(7,759)	1%
<b>Profit from operating activities</b>	6,595	8,734	-24%
Finance costs (Note D)	(628)	(801)	22%
Share of results of joint venture	(273)	-	-100%
<b>Profit from operations before taxation</b>	5,694	7,933	-28%
Taxation expense (Note E)	(1,266)	(1,190)	-6%
<b>Profit for the financial period, net of tax</b>	4,428	6,743	-34%
<b>Other comprehensive income:</b>			
Exchange difference on translation of subsidiaries	928	(7,269)	n/m
Net (loss)/gain on hedge of net investment in foreign operation	(300)	3,749	n/m
<b>Other comprehensive income/(loss) for the financial period, net of tax (Note F)</b>	628	(3,520)	n/m
<b>Total comprehensive income for the financial period</b>	5,056	3,223	57%
<b>Profit attributable to:</b>			
Owners of the Company	4,186	6,483	-35%
Non-controlling interests	242	260	-7%
	4,428	6,743	-34%
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	4,760	3,651	30%
Non-controlling interests	296	(428)	n/m
	5,056	3,223	57%

n/m : not meaningful



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

	Group		
	3 months ended 30.6.14	3 months ended 30.6.13	Change %
	S\$'000	S\$'000	
Operating lease expenses	1,789	6,239	-71%
Depreciation of property, plant and equipment	2,205	2,100	5%

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

	Group		
	3 months ended 30.6.14	3 months ended 30.6.13	Change %
	S\$'000	S\$'000	
Interest income	51	17	200%
Rental income	4	59	-93%
(Loss)/Gain on sale of property, plant and equipment, net	71	168	-58%
Commission received	172	219	-21%
Gain on disposal of scrap	30	17	76%
Other income	52	66	-21%
	380	546	-30%

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

	Group		
	3 months ended 30.6.14	3 months ended 30.6.13	Change %
	S\$'000	S\$'000	
Depreciation of property, plant and equipment	528	485	9%
Amortisation of intangible assets	-	11	-100%
Fixed assets written off	15	-	100%
Loss/ (Gain) on exchange, net	149	(231)	n/m
Allowance for /(Reversal of) doubtful receivables and bad debts written off/(back), net	5	(67)	n/m
Allowance for inventory obsolescence and inventories written off	51	58	-12%
Audit, legal, consultancy and professional fees	1,070	957	12%
Operating lease expenses	1,662	1,576	5%
Utilities expenses	552	545	1%

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

	Group		
	3 months ended 30.6.14	3 months ended 30.6.13	Change %
	S\$'000	S\$'000	
Interest on:			
- bank loans and overdrafts	618	772	-20%
- finance lease payables	10	29	-66%
	628	801	-22%

**Note E - Taxation expense :-**

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

	Group		
	3 months ended 30.6.14	3 months ended 30.6.13	Change %
	S\$'000	S\$'000	
- current taxation	-	(42)	100%
- deferred taxation	(169)	-	-100%
	(169)	(42)	302%

**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 2014**

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 2014**

	<b>Group</b>		<b>Company</b>	
	<b>30.6.14</b>	<b>31.3.14</b>	<b>30.6.14</b>	<b>31.3.14</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current assets</b>				
Goodwill	31,905	31,673	-	-
Intangible assets	25	-	-	-
Investment properties	-	-	1,026	1,038
Property, plant and equipment	82,135	81,519	577	624
Investment in subsidiaries	-	-	44,730	44,763
Investment in joint venture	2,295	2,320	-	-
Receivables	1,157	3,766	79,080	76,981
Prepayments	7	7	-	-
Deferred tax assets	4,752	4,703	-	-
	<b>122,276</b>	<b>123,988</b>	<b>125,413</b>	<b>123,406</b>
<b>Current assets</b>				
Inventories	27,838	29,031	-	-
Trade and other receivables	77,605	78,308	10,658	15,362
Prepayments	2,648	2,685	98	73
Cash and cash equivalents	38,669	37,432	6,059	2,669
	<b>146,760</b>	<b>147,456</b>	<b>16,815</b>	<b>18,104</b>
<b>Current liabilities</b>				
Trade and other payables	(42,182)	(49,605)	(2,598)	(3,594)
Finance lease payable	(533)	(807)	-	-
Bank borrowings	(14,411)	(6,501)	(3,508)	(3,544)
Provisions	(1,682)	(2,104)	-	-
Provision for taxation	(5,357)	(4,808)	(168)	(168)
	<b>(64,165)</b>	<b>(63,825)</b>	<b>(6,274)</b>	<b>(7,306)</b>
<b>Net current assets</b>	<b>82,595</b>	<b>83,631</b>	<b>10,541</b>	<b>10,798</b>
<b>Non-current liabilities</b>				
Other payables	(4,637)	(4,598)	(6,247)	(6,247)
Finance lease payable	(667)	(553)	-	-
Long term bank borrowings	(49,355)	(58,016)	(11,027)	(12,029)
Deferred tax liabilities	(2,632)	(2,608)	(106)	(106)
Provisions	(1,742)	(1,238)	(76)	(76)
	<b>(59,033)</b>	<b>(67,013)</b>	<b>(17,456)</b>	<b>(18,458)</b>
<b>Net assets</b>	<b>145,838</b>	<b>140,606</b>	<b>118,498</b>	<b>115,746</b>
<b>Equity attributable to owners of the Company</b>				
Share capital [1(d)(i)]	34,108	34,108	34,108	34,108
Reserves [1(d)(i)]	101,767	96,843	84,390	81,638
Shareholders' funds	135,875	130,951	118,498	115,746
Non-controlling interests	9,963	9,655	-	-
<b>Total equity</b>	<b>145,838</b>	<b>140,606</b>	<b>118,498</b>	<b>115,746</b>

**Balance Sheet Review**

The change in net asset were mainly due to:

- profit of S\$4.4 million recognised for the financial period; and
- net translation gain of S\$603 thousand arising from foreign currency movements.

Overall bank borrowings decreased from S\$64.5 million to S\$63.8 million resulting mainly from repayment of the loans. Accordingly, the overall Group's net debt gearing has decreased from 16.8% to 15.3%.



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**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 June 2014**

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

	30.6.14		31.3.14	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	14,944	-	7,308	-
Amount repayable after one year	50,022	-	58,569	-
	<u>64,966</u>	<u>-</u>	<u>65,877</u>	<u>-</u>

The Group's borrowings as at 30 June 2014 decreased to S\$65 million from S\$65.9 million as at 31 March 2014 mainly due to repayment of bank loans by the Group offset by revaluation of the loans. Details of the collateral for the bank borrowings are as follows:

Facility 1: S\$14.5 million

- 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;
- Registered charge over the book debts of the Company; and
- Corporate guarantee from a subsidiary of the Company.

Facility 2: S\$2.1 million

- Corporate guarantee from the Company.

Facility 3: S\$3.1 million

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

Facility 4: S\$8.0 million

- Corporate guarantee from the Company.

Facility 5: S\$35.2 million

- Corporate guarantee from the Company.

Facility 6: S\$0.8 million

- Fixed and floating charge over the assets of a subsidiary;
- Personal guarantees by a director (and 2 former directors) of a subsidiary with counter indemnity by the Company; and
- Second mortgage over the personal property of a subsidiary's director with counter indemnity by the Company.

There were no debt securities as at 31 March 2014 and 30 June 2014.



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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 2014**

	Group	
	3 months ended 30.6.14 S\$'000	3 months ended 30.6.13 S\$'000
<b>Cash flows from operating activities:</b>		
Profit from operations before taxation	5,694	7,933
Adjustments for:		
Depreciation of property, plant and equipment	2,733	2,585
Amortisation of intangible assets	-	11
Gain on sale of property, plant and equipment, net	(71)	(168)
Fixed assets written off	15	-
Net fair value loss on held-for-trading investment securities	-	38
Share of joint venture results	273	-
Employee equity benefits expense	178	266
Interest income	(51)	(17)
Interest expense	628	801
<b>Operating profit before changes in working capital</b>	<b>9,399</b>	<b>11,449</b>
Decrease in inventories	1,193	3,174
Decrease/ (increase) in receivables and prepayments	3,439	(3,152)
Decrease in payables	(6,437)	(5,945)
Currency realignment	270	(1,837)
<b>Cash generated from operations</b>	<b>7,864</b>	<b>3,689</b>
Interest income received	51	17
Interest expense paid	(631)	(832)
Income taxes paid, net	(1,010)	(369)
<b>Net cash provided by operating activities</b>	<b>6,274</b>	<b>2,505</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(4,873)	(2,817)
Proceeds from sale of property, plant and equipment	881	716
Purchase of intangible assets	(25)	-
Acquisition of non-controlling interests	-	(1,503)
Loans granted to staff	(130)	-
Loans repaid by staff	42	12
<b>Net cash used in investing activities</b>	<b>(4,105)</b>	<b>(3,592)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from bank borrowings	-	1,621
Repayment of bank borrowings	(882)	(1,051)
Repayment of finance lease	(174)	(503)
<b>Net cash (used in)/provided by financing activities</b>	<b>(1,056)</b>	<b>67</b>
Net change in cash and cash equivalents	1,113	(1,020)
Cash and cash equivalents at beginning of financial period	37,432	40,911
Effect of exchange rate changes on cash and cash equivalents	124	(1,203)
<b>Cash and cash equivalents at end of financial period</b>	<b>38,669</b>	<b>38,688</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 JUNE 2014**

Note

Cash and cash equivalents consist of the following:-

	Group	
	As at 30.6.14 S\$'000	As at 30.6.13 S\$'000
Fixed deposits	1,495	406
Cash at bank and in hand	37,174	38,282
	<b>38,669</b>	<b>38,688</b>

Cash Flows Review

Operating cash flows remained healthy during the quarter ended 30 June 2014. The Group continues to invest in the businesses, resulting in a total cash outflow of S\$4.1 million in investing activities. Together with the repayment of borrowings, the Group generated an overall net cash inflow of S\$1.1 million during the quarter ended 30 June 2014.



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**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 June 2014**

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 2014**

Group	Attributable to owners of the Company						Shareholders' Funds	Non-Controlling Interest	Total Equity
	Share Capital	Treasury Shares	Foreign Currency Translation Reserve	Retained Earnings	Fair Value Adjustment Reserve	Other Reserves			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>Balance as at 1 April 2013</b>	31,740	-	1,090	82,129	-	3,671	118,630	13,148	131,778
<b>Profit for the financial period, net of tax</b>	-	-	-	6,483	-	-	6,483	260	6,743
<b>Other comprehensive income</b>									
Exchange difference on translation of subsidiaries	-	-	(6,581)	-	-	-	(6,581)	(688)	(7,269)
Net loss on hedge of net investment in foreign operation	-	-	3,749	-	-	-	3,749	-	3,749
Other comprehensive income for the financial period	-	-	(2,832)	-	-	-	(2,832)	(688)	(3,520)
<b>Total comprehensive income for the financial period</b>	-	-	(2,832)	6,483	-	-	3,651	(428)	3,223
<b>Contributions by and distributions to owners</b>									
Employee equity benefits expense	-	-	-	-	-	266	266	-	266
<b>Total contributions by and distribution to owners</b>	-	-	-	-	-	266	266	-	266
<b>Changes in ownership interests in subsidiaries</b>									
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	191	191	(1,383)	(1,192)
<b>Total changes in ownership interests in subsidiaries</b>	-	-	-	-	-	191	191	(1,383)	(1,192)
<b>Balance as at 30 June 2013</b>	31,740	-	(1,742)	88,612	-	4,128	122,738	11,337	134,075
<b>Balance as at 1 April 2014</b>	34,108	-	(7)	95,105	-	1,745	130,951	9,655	140,606
<b>Profit for the financial period, net of tax</b>	-	-	-	4,186	-	-	4,186	242	4,428
<b>Other comprehensive income</b>									
Exchange difference on translation of subsidiaries	-	-	874	-	-	-	874	54	928
Net gain on hedge of net investment in foreign operation	-	-	(300)	-	-	-	(300)	-	(300)
Other comprehensive income for the financial period	-	-	574	-	-	-	574	54	628
<b>Total comprehensive income for the financial period</b>	-	-	574	4,186	-	-	4,760	296	5,056
<b>Contributions by and distributions to owners</b>									
Employee equity benefits expense	-	-	-	-	-	164	164	12	176
<b>Total contributions by and distribution to owners</b>	-	-	-	-	-	164	164	12	176
<b>Balance as at 30 June 2014</b>	34,108	-	567	99,291	-	1,909	135,875	9,963	145,838



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STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE QUARTER ENDED 30 JUNE 2014

<u>Company</u>	Share Capital S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	Other Reserve S\$'000	Shareholders' Funds S\$'000
Balance as at 1 April 2013	31,740	-	63,842	2,165	97,747
Profit for the financial period, net of tax, representing total comprehensive income for the financial period	-	-	8,089	-	8,089
Balance as at 30 June 2013	31,740	-	71,931	2,165	105,836
Balance as at 1 April 2014	34,108	-	79,335	2,303	115,746
Profit for the financial period, net of tax, representing total comprehensive income for the financial period	-	-	2,668	-	2,668
Employee equity benefits expense	-	-	-	84	84
Total transactions with owners in their capacity as owners	-	-	-	84	84
Balance as at 30 June 2014	34,108	-	82,003	2,387	118,498



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**Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 June 2014**

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**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.**

	<b>30.6.14</b>	<b>31.3.14</b>
	<b>(S\$'000)</b>	<b>(S\$'000)</b>
Share capital	<u>34,108</u>	<u>34,108</u>

As at 30 June 2014 and 31 March 2014, there are no options outstanding.

**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>30.6.14</b>	<b>31.3.14</b>
	<b>('000)</b>	<b>('000)</b>
Total number of issued shares	<u>127,009</u>	<u>127,009</u>

There were no treasury shares as at 31 March 2013 and 30 June 2014.

**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 is no movement in treasury shares during the quarter ended 30 June 2014.

**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.**

Other than the per share calculations (as described below), the Group has applied the same accounting policies and methods of computation as in the audited financial statements for the quarter ended 30 June 2014. The Group has also applied FRS and INT FRS that become effective in the financial year beginning on or after 1 April 2014. 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.**

**Per share calculations**

On 11 July 2014, the Company issued 25,401,697 ordinary shares pursuant to the bonus issue on the basis of one (1) bonus share for every five (5) existing ordinary shares. Following the issue of bonus shares, the aggregate number of issued shares increased from 127,009,416 shares to 152,411,113 shares. As a result, the number of ordinary shares used for the per share calculations has been adjusted for retrospectively as required by FRS 33.





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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.

	Group	
	3 months ended 30.6.14	3 months ended 30.6.13 (Restated)
<b>Earnings per ordinary share:-</b>	(cents)	(cents)
Basic (Note A)	2.75	4.31
Diluted (Note A)	2.74	4.31

Note A

	Group	
	3 months ended 30.6.14 \$'000	3 months ended 30.6.13 \$'000
Profit attributable to owners of the Company	4,186	6,483

	Number of shares	
	3 months ended 30.6.14 '000	3 months ended 30.6.13 (Restated) '000
Weighted average number of ordinary shares for basic earnings per share computation	152,411	150,252
Effects of dilution:		
- Employee share-based payment scheme	465	-
Weighted average number of ordinary shares for diluted earnings per share computation	152,876	150,252

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	
	30.6.14	31.3.14 (Restated)	30.6.14	31.3.13 (Restated)
Net asset value per ordinary share*	(S\$) 0.89	(S\$) 0.86	(S\$) 0.78	(S\$) 0.76

\* Based on the net assets after deducting the non-controlling interests, divided by total number of issued shares excluding treasury shares as at end of financial period, adjusted for the effect of bonus issue



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

3 months ended 30 June 2014 ("1QFY2015") vs 3 months ended 30 June 2013 ("1QFY2014")

The Group recorded S\$76.7 million in revenue for 1QFY2015, a decrease of 19% from 1QFY2014 due to the absence of vessel campaign in the Neptune segment which had previously boosted 1QFY2014's revenue, lower sales from the Oilfield Engineering businesses in Singapore and a quiet start from the Binder Group. Notwithstanding this, the gross profit margin has improved from 29.7% in 1QFY2014 to 34.0% in 1QFY2015 mainly due to improved margins in Neptune and Bahrain.

Despite the inclusion of Binder Group's results in 1QFY2015, staff costs and other operating expenses have only increased marginally by 1% and 2% respectively as the Group continues to make progress in overhead reduction in Neptune. Redundancy costs in Indonesia, however, have resulted in a share of losses from the joint venture of S\$0.3 million in 1QFY2015.

In line with the decrease in revenue which is partially offset by higher gross profit margins, the profit before tax declined by 28% to S\$5.7 million compared to S\$7.9 million in 1QFY2014. Net profit attributable to shareholders declined from S\$6.5 million to S\$4.2 million, translating into basic earnings per share of 2.75 Singapore cents for 1QFY2015.

**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 immediate outlook for the oil and gas industry still remains positive in the markets that the Group operates in, notably the Middle East. The Group remains committed to growing its oilfield engineering and subsea services businesses and remains well poised to capitalise on opportunities moving ahead.

**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.**

Not applicable

**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 did not obtain 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 2014 to be false or misleading, in any material aspect.

**BY ORDER OF THE BOARD**

Dominic Siu Man Kit  
Company Secretary  
25-Jul-14