



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 2015

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

(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 JUNE 2015

GROUP

	Group		Change %
	For the financial quarter ended 30.6.15 S\$'000	30.6.14 S\$'000	
Revenue	60,012	76,694	-22%
Cost of sales (Note A)	(44,391)	(50,591)	12%
Gross profit	15,621	26,103	-40%
Other income (Note B)	428	380	13%
Staff costs	(10,194)	(12,206)	16%
Other operating expenses (Note C)	(7,273)	(7,745)	6%
Profit/(loss) from operating activities	(1,418)	6,532	n/m
Finance costs (Note D)	(531)	(628)	15%
Share of results of joint venture	(300)	(273)	10%
Profit/(loss) before taxation	(2,249)	5,631	n/m
Taxation expense (Note E)	(95)	(1,266)	92%
Profit/(loss) for the financial period, net of tax	(2,344)	4,365	n/m
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translation of foreign operations	(1,625)	928	n/m
Net gain/(loss) on hedge of net investment in foreign operation	420	(300)	n/m
Net fair value of loss on derivatives	(35)	-	-100%
Other comprehensive income/(loss) for the financial period, net of tax (Note F)	(1,240)	628	n/m
Total comprehensive income/(loss) for the financial period	(3,584)	4,993	n/m
Attributable to:			
Owners of the Company	(2,331)	4,123	n/m
Non-controlling interests	(13)	242	n/m
	(2,344)	4,365	n/m
Total comprehensive income attributable to:			
Owners of the Company	(3,511)	4,697	n/m
Non-controlling interests	(73)	296	n/m
	(3,584)	4,993	n/m

n/m : not meaningful



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Note A - Cost of sales include :-

	Group		Change %
	3 months ended 30.6.15 S\$'000	3 months ended 30.6.14 S\$'000	
	Operating lease expenses	2,993	
Depreciation of property, plant and equipment	2,833	2,205	28%

Note B - Other income comprises :-

	Group		Change %
	3 months ended 30.6.15 S\$'000	3 months ended 30.6.14 S\$'000	
	Interest income	41	
Rental income	-	4	-100%
Gain on sale of property, plant and equipment, net	43	71	-39%
Government grants	111	-	100%
Commission received	149	172	-13%
Gain on disposal of scrap	14	30	-53%
Other income	70	52	35%
	428	380	13%

Note C - Other operating expenses include :-

	Group		Change %
	3 months ended 30.6.15 S\$'000	3 months ended 30.6.14 S\$'000	
	Depreciation of property, plant and equipment	466	
Amortisation of intangible assets	46	63	-27%
Fixed assets written off	41	15	173%
Loss on exchange, net	277	149	86%
Allowance for/(reversal of) doubtful receivables, net	95	(1)	n/m
Bad debts written off, net	-	6	-100%
Allowance for inventory obsolescence and inventories written off	46	51	-10%
Audit, legal, consultancy and professional fees	888	1,070	-17%
Operating lease expenses	1,676	1,662	1%
Utilities expenses	578	552	5%

Note D - Finance costs comprise :-

	Group		Change %
	3 months ended 30.6.15 S\$'000	3 months ended 30.6.14 S\$'000	
	Interest on:		
- bank loans and overdrafts	520	618	-16%
- finance lease payables	11	10	10%
	531	628	-15%

Note E - Taxation expense :-

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

	Group		Change %
	3 months ended 30.6.15 S\$'000	3 months ended 30.6.14 S\$'000	
	- current taxation	(3)	
- deferred taxation	78	(169)	n/m
	75	(169)	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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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 period

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Group		Company	
	30.6.15 S\$'000	31.3.15 S\$'000	30.6.15 S\$'000	31.3.15 S\$'000
Non-current assets				
Goodwill	21,341	21,568	-	-
Intangible assets	461	472	-	-
Investment properties	-	-	979	991
Property, plant and equipment	81,514	81,616	458	505
Investment in subsidiaries	-	-	45,066	45,066
Investment in joint venture	947	1,543	-	-
Receivables	871	1,144	79,429	80,762
Prepayments	29	35	22	28
Deferred tax assets	7,360	6,947	-	-
	112,523	113,325	125,954	127,352
Current assets				
Inventories	26,763	26,952	-	-
Trade and other receivables	63,685	68,873	13,480	11,850
Prepayments	3,660	3,120	178	100
Cash and cash equivalents	41,160	44,135	1,084	2,413
	135,268	143,080	14,742	14,363
Current liabilities				
Trade and other payables	(40,450)	(44,460)	(3,008)	(2,457)
Derivatives	(108)	(120)	-	-
Finance lease payable	(425)	(455)	-	-
Bank borrowings	(6,095)	(6,932)	(3,086)	(3,864)
Provisions	(1,485)	(1,455)	-	-
Provision for taxation	(7,828)	(7,269)	(893)	(809)
	(56,391)	(60,691)	(6,987)	(7,130)
Net current assets	78,877	82,389	7,755	7,233
Non-current liabilities				
Other payables	(357)	-	(6,239)	(6,239)
Finance lease payable	(259)	(342)	-	-
Long term bank borrowings	(51,711)	(52,703)	(8,798)	(9,252)
Deferred tax liabilities	(2,580)	(2,466)	(93)	(93)
Provisions	(1,855)	(1,853)	(78)	(78)
	(56,762)	(57,364)	(15,208)	(15,662)
Net assets	134,638	138,350	118,501	118,923
Equity attributable to owners of the Company				
Share capital [1(d)(i)]	36,807	36,807	36,807	36,807
Treasury shares [1(d)(iv)]	(312)	-	(312)	-
Reserves [1(d)(i)]	88,826	92,153	82,006	82,116
Shareholders' funds	125,321	128,960	118,501	118,923
Non-controlling interests	9,317	9,390	-	-
Total equity	134,638	138,350	118,501	118,923

Balance Sheet Review

The change in net asset were mainly due to:

- loss of S\$2.3 million recognised for the financial period; and
- net translation loss of S\$1.2 million arising from foreign currency movements.

Overall bank borrowings decreased from S\$59.6 million to S\$57.8 million resulting mainly from repayment as well as revaluation of the loans.



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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 period

	30.6.15		31.3.15	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	6,520	-	7,387	-
Amount repayable after one year	51,970	-	53,045	-
	<u>58,490</u>	<u>-</u>	<u>60,432</u>	<u>-</u>

The Group's borrowings as at 30 June 2015 decreased to S\$58.5 million from S\$60.4 million as at 30 June 2015 mainly due to repayment and revaluation of bank loans. Details of the collateral for the bank borrowings are as follows:

Facility 1: S\$11.9 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\$2.3 million

- Corporate guarantee from the Company.

Facility 3: S\$2.7 million

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

Facility 4: S\$9.2 million

- Corporate guarantee from the Company.

Facility 5: S\$31.0 million

- Corporate guarantee from the Company.

Facility 6: S\$0.7 million

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

There were no debt securities as at 30 June 2015 and 31 March 2015.



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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 2015

	Group	
	3 months ended 30.6.15 S\$'000	3 months ended 30.6.14 S\$'000
Cash flows from operating activities:		
Profit/(loss) from operations before taxation	(2,249)	5,631
Adjustments for:		
Depreciation of property, plant and equipment	3,299	2,733
Amortisation of intangible assets	46	63
Gain on sale of property, plant and equipment, net	(43)	(71)
Fixed assets written off	41	15
Allowance for/(reversal of) doubtful receivables, net	95	(1)
Bad debts written off, net	-	6
Allowance for inventory obsolescence and inventories written off	46	51
Share of joint venture results	300	273
Employee equity benefits expense	172	178
Provision made during the year	76	45
Interest income	(41)	(51)
Interest expense	531	628
Operating profit before changes in working capital	2,273	9,500
Decrease in inventories	143	1,142
Decrease in receivables and prepayments	5,490	3,434
Decrease in payables	(3,695)	(6,482)
Currency realignment	(344)	270
Cash generated from operations	3,867	7,864
Interest income received	41	51
Interest expense paid	(538)	(631)
Income taxes paid, net	(13)	(1,010)
Net cash provided by operating activities	3,357	6,274
Cash flows from investing activities:		
Purchase of property, plant and equipment	(3,958)	(4,873)
Proceeds from sale of property, plant and equipment	61	881
Purchase of intangible assets	-	(25)
Loans to joint venture	(673)	-
Loans granted to staff	-	(130)
Loans repaid by staff	15	42
Net cash used in investing activities	(4,555)	(4,105)
Cash flows from financing activities:		
Proceeds from bank borrowings	3	-
Share buy-back	(312)	-
Repayment of bank borrowings	(948)	(882)
Repayment of finance lease	(134)	(174)
Net cash used in financing activities	(1,391)	(1,056)
Net change in cash and cash equivalents	(2,589)	1,113
Cash and cash equivalents at beginning of financial period	44,135	37,432
Effect of exchange rate changes on cash and cash equivalents	(386)	124
Cash and cash equivalents at end of financial period	41,160	38,669

Note

Cash and cash equivalents consist of the following:-

	Group	
	As at 30.6.15 S\$'000	As at 30.6.14 S\$'000
Fixed deposits	10,236	2,249
Cash at bank and in hand	30,924	36,420
	41,160	38,669

Cash Flows Review

The Group generated S\$3.4 million cash from operating activities for 1QFY2016 and reduced its borrowings during the period. Total net cash flows for the Group, however, decreased to S\$41.2 million as at 30 June 2015 from S\$44.1 million as at 31 March 2015 mainly due to capital expenditure arising from the rationalisation of Neptune, and repayment of bank borrowings and finance leases.



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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 2015

Group	Attributable to owners of the Company						Shareholders' Funds	Non-Controlling Interest	Total Equity
	Share Capital	Treasury Shares	Foreign Currency Translation Reserve	Retained Earnings	Fair Value Adjustment Reserve	Other Reserves			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000			
Balance as at 1 April 2014	34,108	-	(7)	95,105	-	1,745	130,951	9,655	140,606
Profit for the financial period, net of tax	-	-	-	4,123	-	-	4,123	242	4,365
Other comprehensive income/(loss)									
Exchange difference on translation of subsidiaries	-	-	874	-	-	-	874	54	928
Net loss on hedge of net investment in foreign operation	-	-	(300)	-	-	-	(300)	-	(300)
Other comprehensive income/(loss) for the financial period	-	-	574	-	-	-	574	54	628
Total comprehensive income/(loss) for the financial period	-	-	574	4,123	-	-	4,697	296	4,993
Contributions by and distributions to owners									
Employee equity benefits expense	-	-	-	-	-	164	164	12	176
Total contributions by and distribution to owners	-	-	-	-	-	164	164	12	176
Balance as at 30 June 2014	34,108	-	567	99,228	-	1,909	135,812	9,963	145,775
Balance as at 1 April 2015	36,807	-	(3,047)	93,704	-	1,496	128,960	9,390	138,350
Loss for the financial period, net of tax	-	-	-	(2,331)	-	-	(2,331)	(13)	(2,344)
Other comprehensive income/(loss)									
Exchange difference on translation of subsidiaries	-	-	(1,570)	-	-	-	(1,570)	(55)	(1,625)
Net gain on hedge of net investment in foreign operation	-	-	420	-	-	-	420	-	420
Net fair value of loss on derivatives	-	-	-	-	-	(30)	(30)	(5)	(35)
Other comprehensive income/(loss) for the financial period	-	-	(1,150)	-	-	(30)	(1,180)	(60)	(1,240)
Total comprehensive income/(loss) for the financial period	-	-	(1,150)	(2,331)	-	(30)	(3,511)	(73)	(3,584)
Contributions by and distributions to owners									
Employee equity benefits expense	-	-	-	-	-	184	184	-	184
Share buy-back	-	(312)	-	-	-	-	(312)	-	(312)
Total contributions by and distribution to owners	-	(312)	-	-	-	184	(128)	-	(128)
Balance as at 30 June 2015	36,807	(312)	(4,197)	91,373	-	1,650	125,321	9,317	134,638



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STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE QUARTER ENDED 30 JUNE 2015

Company

	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 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
Balance as at 1 April 2015	36,807	-	79,419	2,697	118,923
Loss for the financial period, net of tax, representing total comprehensive income for the financial period	-	-	(294)	-	(294)
Share buy-back	-	(312)	-	-	(312)
Employee equity benefits expense	-	-	-	184	184
Total transactions with owners in their capacity as owners	-	(312)	-	184	(128)
Balance as at 30 June 2015	36,807	(312)	79,125	2,881	118,501



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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.

	30.6.15	31.3.15
	(S\$'000)	(S\$'000)
Share Capital	36,807	36,807

As at 30 June 2015, there were 400,000 shares held as treasury shares (30 June 2014: Nil).

MTQ Share Plan

As at 30 June 2015, the aggregate number of shares comprised in Awards granted pursuant to the MTQ Share Plan which are not released amounted to 310,081 shares (30 June 2014: Nil). The movements in the number of shares comprised in Awards granted under the MTQ Share Plan are as follows:

Shares comprised in Awards granted:

Date of Grant	Outstanding as at 1/4/2015	Number of shares Granted	Released	Outstanding as at 30/6/2015
29/8/2014	310,081	-	-	310,081

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.

	30.6.15	31.3.15
	('000)	('000)
Total number of issued shares	154,521	154,521
Total number of treasury shares	400	-
Total number of issued shares excluding treasury shares	154,121	154,521

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.

In May 2015, the Company purchased 400,000 of its own shares resulting in 400,000 treasury shares as at 30 June 2015 (31 March 2015: Nil).

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation as in the most recently audited financial statements. The Group has also applied FRS and INT FRS that became effective in the financial year beginning on or after 1 April 2015. 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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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 30.6.15 (cents)	3 months ended 30.6.14 (cents)
Earnings per ordinary share:-		
Basic (Note A)	(1.51)	2.71
Diluted (Note A)	(1.50)	2.70

Note A

	Group	
	3 months ended 30.6.15 \$'000	3 months ended 30.6.14 \$'000
Profit/(loss) attributable to owners of the Company	(2,331)	4,123

	Number of shares	
	3 months ended 30.6.15 '000	3 months ended 30.6.14 '000
Weighted average number of ordinary shares for basic earnings per share computation	154,333	152,411
Effects of dilution:		
- Employee share-based payment scheme	1,265	465
Weighted average number of ordinary shares for diluted earnings per share computation	155,598	152,876

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	
	30.6.15 (\$)	31.3.15 (\$)	30.6.15 (\$)	31.3.15 (\$)
Net asset value per ordinary share*	0.81	0.83	0.77	0.77

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



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

3 months ended 30 June 2015 ("1QFY2016") vs 3 months ended 30 June 2014 ("1QFY2015")

The Group reported S\$60.0 million revenue for 1QFY2016, a decrease of 22% year-on-year ("yoy"). The lower revenue was primarily due to the weak demand for oilfield engineering business, across all segments. Bahrain continued to see a healthy level of activities that generated higher revenue yoy. Engine Systems' performance was stable, despite the impact of a weaker Australian dollar for the quarter compared to a year ago. Neptune's revenue declined moderately in a weak market for subsea business.

The challenging market environment has put downward pressure on gross margin. Gross profit decreased by 40% yoy to S\$15.6 million for 1QFY2016. Gross profit margin declined to 26.0% for the quarter, compared to 34% a year ago.

Following the Group's cost rationalisation efforts, operating expenses and staff costs have both decreased during the quarter. However, net profit attributable to shareholders turned to a negative S\$2.2 million, which translated to a diluted loss per share of 1.50 Singapore cents for the quarter.

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 industry has been on a contraction mode for the last few quarters, following the decline in oil prices and the corresponding capital expenditure reduction in the upstream segment. Competition has led to lower margins and the market environment is expected to remain challenging.

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 during the quarter ended 30 June 2015.

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 2015 to be false or misleading, in any material aspect.

BY ORDER OF THE BOARD

Dominic Siu Man Kit
Company Secretary
28 July 2015