



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

Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 September 2019

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

(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	Group 3 months ended			Group 6 months ended		
	30.9.19 S\$'000	30.9.18 S\$'000 (Restated)	Change %	30.9.19 S\$'000	30.9.18 S\$'000 (Restated)	Change %
Revenue	19,966	10,757	86%	34,391	20,689	66%
Cost of sales (Note A)	(13,750)	(7,848)	75%	(23,865)	(15,642)	53%
Gross profit	6,216	2,909	114%	10,526	5,047	109%
Other income (Note B)	117	141	-17%	447	204	119%
Staff costs	(2,836)	(1,968)	44%	(5,125)	(4,109)	25%
Other operating expenses (Note C)	(1,666)	(1,494)	12%	(3,141)	(2,970)	6%
Profit/(loss) from operating activities	1,831	(412)	n/m	2,707	(1,828)	n/m
Finance costs (Note D)	(386)	(382)	1%	(773)	(755)	2%
Share of results of associate and joint ventures	-	8	-100%	206	8	2475%
Profit/(loss) before taxation	1,445	(786)	n/m	2,140	(2,575)	n/m
Income tax expense	(245)	(79)	210%	(460)	(144)	219%
Profit/(loss) from continuing operations, net of tax	1,200	(865)	n/m	1,680	(2,719)	n/m
Discontinued operations:						
Profit/(Loss) from discontinued operation, net of tax	692	(1,379)	n/m	946	(3,325)	n/m
Profit/(loss) for the period, net of tax	1,892	(2,244)	n/m	2,626	(6,044)	n/m
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange difference on translation of subsidiaries, associate and joint ventures	486	(140)	n/m	69	1,128	-94%
Net fair value (loss)/gain on derivatives	(53)	38	n/m	(83)	38	n/m
Other comprehensive income for the period (Note E)	433	(102)	n/m	(14)	1,166	n/m
Total comprehensive income for the period	2,325	(2,346)	n/m	2,612	(4,878)	n/m
Profit/(loss) for the period attributable to:						
Owners of the Company:						
From continued operation	1,229	(820)	n/m	1,749	(2,606)	n/m
From discontinued operation	606	(1,212)	n/m	824	(2,921)	n/m
Total attributable to Owners of the Company	1,835	(2,032)	n/m	2,573	(5,527)	n/m
Non-controlling interests	57	(212)	n/m	53	(517)	n/m
	1,892	(2,244)	n/m	2,626	(6,044)	n/m
Total comprehensive income attributable to:						
Owners of the Company						
From continued operation	1,720	(740)	n/m	2,130	(1,547)	n/m
From discontinued operation	562	(1,367)	n/m	490	(2,824)	n/m
Total attributable to Owners of the Company	2,282	(2,107)	n/m	2,620	(4,371)	n/m
Non-controlling interests	43	(239)	n/m	(8)	(507)	-98%
	2,325	(2,346)	n/m	2,612	(4,878)	n/m

n/m : not meaningful



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Note A - Cost of sales includes :-

	Group		Change %	Group		Change %
	3 months ended 30.9.19 S\$'000	3 months ended 30.9.18 S\$'000 (Restated)		3 months ended 30.9.19 S\$'000	3 months ended 30.9.18 S\$'000 (Restated)	
Depreciation of property, plant and equipment	789	939	-16%	1,664	1,909	-13%
Depreciation of right-of-use assets (Note F)	16	15	7%	31	30	3%

Note B - Other income comprises :-

	Group		Change %	Group		Change %
	3 months ended 30.9.19 S\$'000	3 months ended 30.9.18 S\$'000 (Restated)		3 months ended 30.9.19 S\$'000	3 months ended 30.9.18 S\$'000 (Restated)	
Interest income	13	48	-73%	37	52	-29%
Gain on sale of property, plant and equipment, net	10	14	-29%	233	26	796%
Government grants	14	15	-7%	14	29	-52%
Commission received	-	16	-100%	30	16	88%
Gain on disposal of scrap material	28	33	-15%	66	49	35%
Others	52	15	247%	67	32	109%
	117	141	-17%	447	204	119%

Note C - Other operating expenses includes :-

	Group		Change %	Group		Change %
	3 months ended 30.9.19 S\$'000	3 months ended 30.9.18 S\$'000 (Restated)		3 months ended 30.9.19 S\$'000	3 months ended 30.9.18 S\$'000 (Restated)	
Depreciation of property, plant and equipment	123	143	-14%	248	294	-16%
Depreciation of right-of-use assets (Note F)	173	164	5%	335	319	5%
Amortisation of intangible assets	78	47	66%	155	83	87%
(Gain)/loss on foreign exchange, net	(292)	11	n/m	(263)	(40)	558%
Allowance for impairment of trade receivables, net	50	-	100%	48	-	100%
Bad debts written-off, net	-	-	0%	2	-	100%
Reversal of allowance for inventory obsolescence	(2)	(2)	0%	(6)	(11)	-45%
Audit, legal, consultancy and professional fees	351	282	24%	653	652	0%
Utilities expenses	74	58	28%	141	126	12%

Note D - Finance costs comprises :-

	Group		Change %	Group		Change %
	3 months ended 30.9.19 S\$'000	3 months ended 30.9.18 S\$'000 (Restated)		3 months ended 30.9.19 S\$'000	3 months ended 30.9.18 S\$'000 (Restated)	
Interest on:						
- bank loans	257	253	2%	516	496	4%
- lease liabilities (Note F)	129	129	0%	257	259	-1%
	386	382	1%	773	755	2%

Note E - Disclosure of tax effect relating to other comprehensive income :-

There was no tax expense/benefit incurred/derived from any component of other comprehensive income.

Note F - Adoption of SFRS(I) 16 Leases

The depreciation of right-of-use assets and the interest expense on lease liabilities were resulted from the adoption of SFRS(I) 16 Leases. Please refer to paragraph 5a for more information.



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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 year.

STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	Group		Company	
	30.9.19 S\$'000	31.3.19 S\$'000 (Restated)	30.9.19 S\$'000	31.3.19 S\$'000 (Restated)
Non-current assets				
Goodwill	7,783	4,806	-	-
Intangible assets	739	919	-	-
Investment property	-	-	827	852
Property, plant and equipment	27,472	42,251	69	80
Right-of-use assets (Note A)	8,571	15,803	4,694	4,832
Investment in subsidiaries	-	-	55,988	50,819
Investment in associate and joint ventures	-	3,824	114	3,718
Receivables	2,840	3,161	47,489	48,946
Prepayments	1	6	1	6
Deferred tax assets	580	901	-	-
	47,986	71,671	109,182	109,253
Current assets				
Inventories	14,970	14,971	-	-
Trade and other receivables	22,549	36,979	16,325	14,457
Prepayments	3,405	1,600	(98)	74
Cash and cash equivalents	15,154	19,815	669	3,265
	56,078	73,365	16,896	17,796
Assets of disposal group classified as held for sale	37,256	-	-	-
Total assets	141,320	145,036	126,078	127,049
Current liabilities				
Trade and other payables	(13,319)	(30,721)	(1,479)	(1,080)
Finance lease payable	-	(131)	-	-
Lease liabilities (Note A)	(555)	(2,188)	(228)	(222)
Bank borrowings	(16,753)	(1,013)	(7,433)	(1,013)
Provisions	(224)	(897)	-	-
Provision for taxation	(200)	(729)	(33)	(18)
	(31,051)	(35,679)	(9,173)	(2,333)
Non-current liabilities				
Trade and other payables	-	(199)	(2,639)	(2,640)
Finance lease payable	-	(173)	-	-
Lease liabilities (Note A)	(10,034)	(16,434)	(5,749)	(5,865)
Bank borrowings	(4,649)	(20,713)	(4,649)	(11,465)
Deferred tax liabilities	(502)	(418)	(54)	(48)
Provisions	(128)	(269)	(87)	(87)
	(15,313)	(38,206)	(13,178)	(20,105)
Liabilities of disposal group classified as held for sale	(21,193)	-	-	-
Total liabilities	(67,557)	(73,885)	(22,351)	(22,438)
Net assets	73,763	71,151	103,727	104,611
Equity attributable to owners of the Company				
Share capital [1(d)(i)]	48,914	48,914	48,914	48,914
Treasury shares [1(d)(iv)]	(3)	(3)	(3)	(3)
Reserves [1(d)(i)]	21,905	19,285	54,816	55,700
Shareholders' funds	70,816	68,196	103,727	104,611
Non-controlling interests	2,947	2,955	-	-
Total equity	73,763	71,151	103,727	104,611

Balance Sheet Review

The changes in most balance sheet lines were mainly due to:

- The classification of discontinued operation as held-for-sale (refer to paragraph 5c);
- Reclassification of S\$15.7m bank borrowings from non-current to current liabilities as the bank-facilities now mature within one year from reporting date. The Group is currently in discussions with its principal bankers on the renewal of the facilities;
- Consolidation of In-Line Group following completion of the sale and purchase of Tranche 3 Shares resulting in an increase of provisional goodwill of S\$3.0m (In-Line Group was previously equity accounted for as a joint venture).

Apart from the above, the change in net assets were mainly due to the total comprehensive income of S\$2.6m, and changes in working capital items were mainly due to timing differences.

Note A:

Right-of-use assets and lease liabilities recognised in the statement of financial position were resulted from the adoption of SFRS(I) 16 Leases. Please refer to paragraph 5a for more information.



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1(b)(ii) Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	30.9.19		31.3.19	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Continuing operations:				
Amount repayable in one year or less, or on demand	1,033	15,720	1,144	-
Amount repayable after one year	4,649	-	5,238	15,648
	<u>5,682</u>	<u>15,720</u>	<u>6,382</u>	<u>15,648</u>

The Group's borrowings and finance leases as at 30 September 2019 decrease from S\$22.0 million to S\$21.4 million mainly due to fixed repayment and revaluation of the bank loans. Details of the collateral for the secured bank borrowings are as follows:

S\$5.7 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 interest-bearing loan from the Company to a subsidiary.

There were no debt securities as at 30 September 2019 and 31 March 2019.



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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 year.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	Group		Group	
	3 months ended 30.9.19 S\$'000	3 months ended 30.9.18 S\$'000 (Restated)	6 months ended 30.9.19 S\$'000	6 months ended 30.9.18 S\$'000 (Restated)
Cash flows from operating activities:				
Profit/(loss) before taxation from continuing operations	1,445	(786)	2,140	(2,575)
Profit/(loss) before taxation from discontinued operation	723	(1,303)	980	(3,143)
Adjustments for:				
Depreciation of property, plant and equipment	1,484	1,777	3,036	3,540
Depreciation of right-of-use assets	630	597	1,248	1,181
Amortisation of intangible assets	87	57	173	102
Gain on sale of property, plant and equipment, net	(26)	(14)	(229)	(24)
Allowance/(reversal of allowance) for impairment of trade receivables, net	14	27	(45)	27
Bad debts written-off, net	-	-	2	-
Reversal of allowance for inventory obsolescence	(2)	(2)	(6)	(11)
Share of results of associate and joint ventures	-	(8)	(206)	(8)
Provisions made during the period	42	38	96	42
Interest income	(11)	(47)	(34)	(51)
Interest expense	498	521	1,006	1,018
Operating cash flows before changes in working capital	4,884	857	8,161	98
Decrease/(increase) in inventories and work-in-progress	704	(997)	(1,136)	(13)
Increase in receivables and prepayments	16	(1,184)	(4,070)	(2,902)
(Decrease)/increase in payables	(5,296)	2,292	(6,035)	2,117
Currency realignment	141	(144)	120	347
Cash generated from/(used in) operations	449	824	(2,960)	(353)
Interest income received	11	47	34	51
Interest expense paid	(498)	(521)	(1,006)	(1,018)
Income taxes (paid)/received, net	(7)	442	(204)	372
Net cash (used in)/generated from operating activities	(45)	792	(4,136)	(948)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(300)	(821)	(616)	(1,048)
Addition of intangible assets	(11)	(20)	(11)	(65)
Acquisition of a business	-	(1,192)	-	(1,192)
Cash acquired from step-up acquisition of a subsidiary	1,116	-	1,116	-
Proceeds from disposal of property, plant and equipment	264	483	608	500
Investment in a joint venture	-	-	-	(1,796)
Loans to joint ventures	-	3	394	(661)
Loans granted to staff	-	-	-	(48)
Loans repaid by staff	8	10	18	17
Net cash generated from/(used in) investing activities	1,077	(1,537)	1,509	(4,293)
Cash flows from financing activities:				
Proceeds from Rights cum Warrants Issue	-	-	-	12,107
Repayment of bank borrowings	(259)	(256)	(516)	(506)
Repayment of finance lease payable	(31)	(62)	(94)	(111)
Repayment of principal portion of lease liabilities	(547)	(533)	(1,115)	(1,063)
Net cash (used in)/generated from financing activities	(837)	(851)	(1,725)	10,427
Net change in cash and cash equivalents	195	(1,596)	(4,352)	5,186
Cash and cash equivalents at beginning of financial period	15,132	17,585	19,815	10,759
Effect of exchange rate changes on cash and cash equivalents	(173)	(74)	(309)	(30)
Cash and cash equivalents at end of financial period	15,154	15,915	15,154	15,915

Note

Cash and cash equivalents consist of the following:-

	Group	
	As at 30.9.19 S\$'000	As at 30.9.18 S\$'000
Continuing operations:		
Fixed deposits	4,270	7,096
Cash at bank and on hand	10,884	8,819
	15,154	15,915

Cash Flows Review

Overall cash and cash equivalents of the Group remained at about S\$15.2 million in 2QFY2020 despite the increase in profit mainly due to higher working capital requirements. The Group recorded net cash inflow of S\$4.9 million before changes in working capital in 2QFY2020. Working capital changes, however, resulted in overall negative operating cash flows for the Group for the quarter. Within investing activities, about S\$1.1 million from In-Line Group was included in the Group's cash resulting from the step-up acquisition of the unit following the completion of the Tranche 3 Shares at no additional consideration.



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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 year.

STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2019

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		
Balance as at 1 April 2018 (As previously reported)	36,807	(3)	(3,152)	28,224	1,310	63,186	3,504	66,690	
Adoption of SFRS(I) 16	-	-	-	(2,223)	-	(2,223)	(102)	(2,325)	
Balance as at 1 April 2018 (Restated)	36,807	(3)	(3,152)	26,001	1,310	60,963	3,402	64,365	
Loss for the period, net of tax	-	-	-	(5,527)	-	(5,527)	(517)	(6,044)	
Other comprehensive income									
Exchange difference on translation of subsidiaries, associate and joint ventures	-	-	1,123	-	-	1,123	5	1,128	
Net fair value gain on derivatives	-	-	-	-	33	33	5	38	
Other comprehensive income for the period	-	-	1,123	-	33	1,156	10	1,166	
Total comprehensive income for the period	-	-	1,123	(5,527)	33	(4,371)	(507)	(4,878)	
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 September 2018 (Restated)	48,914	(3)	(2,029)	20,474	1,343	68,699	2,895	71,594	
Balance as at 31 March 2019 (As previously reported)	48,914	(3)	(2,789)	23,319	1,259	70,700	3,070	73,770	
Adjustment to initial accounting for business combination	-	-	-	(66)	-	(66)	-	(66)	
Adoption of SFRS(I) 16	-	-	-	(2,438)	-	(2,438)	(115)	(2,553)	
Balance as at 31 March 2019 (Restated) and 1 April 2019	48,914	(3)	(2,789)	20,815	1,259	68,196	2,955	71,151	
Profit for the period, net of tax	-	-	-	2,573	-	2,573	53	2,626	
Other comprehensive income									
Exchange difference on translation of subsidiaries, associate and joint ventures	-	-	119	-	-	119	(50)	69	
Net fair value loss on derivatives	-	-	-	-	(72)	(72)	(11)	(83)	
Other comprehensive income for the period	-	-	119	-	(72)	47	(61)	(14)	
Total comprehensive income for the period	-	-	119	2,573	(72)	2,620	(8)	2,612	
Balance as at 30 September 2019	48,914	(3)	(2,670)	23,388	1,187	70,816	2,947	73,763	



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STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2019

<u>Company</u>	Share Capital	Treasury Shares	Retained Earnings	Other Reserve	Shareholders' Funds
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April 2018 (As previously reported)	36,807	(3)	73,430	2,516	112,750
Adoption of SFRS(I) 16	-	-	(1,189)	-	(1,189)
Balance as at 1 April 2018 (Restated)	36,807	(3)	72,241	2,516	111,561
Profit for the period, representing total comprehensive income for the period	-	-	(489)	-	(489)
Issuance of ordinary shares pursuant to MTQ Rights cum Warrants	12,107	-	-	-	12,107
Issue, net of transaction costs	12,107	-	-	-	12,107
Total contributions by and distribution to owners	12,107	-	-	-	12,107
Balance as at 30 September 2018 (Restated)	48,914	(3)	71,752	2,516	123,179
Balance as at 31 March 2019 (As previously reported)	48,914	(3)	54,439	2,516	105,866
Adoption of SFRS(I) 16	-	-	(1,255)	-	(1,255)
Balance as at 31 March 2019 (Restated) and 1 April 2019	48,914	(3)	53,184	2,516	104,611
Loss for the period, representing total comprehensive income for the period	-	-	(884)	-	(884)
Balance as at 30 September 2019	48,914	(3)	52,300	2,516	103,727



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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 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.

	No. of shares	
	('000)	(S\$'000)
As at 30 June 2019 and 1 July 2019	216,319	48,914
Issue of ordinary shares on exercise of warrants pursuant to MTQ Rights cum Warrants Issue	-*	-*
As at 30 September 2019	<u>216,319</u>	<u>48,914</u>
*less than 1000		
	30,9,19	30,9,18
	('000)	('000)
Total number of issued shares	216,327	216,327
Total number of treasury shares	8	8
Total number of issued shares excluding treasury shares	<u>216,319</u>	<u>216,319</u>

There were no subsidiary holdings as at 30 September 2019 and 30 September 2018.

MTQ Share Plan

As at 30 September 2019, the aggregate number of shares comprised in Awards granted pursuant to the MTQ Share Plan which are not released amounted to 11,392 shares (30 September 2018: 11,392).

Warrants pursuant to MTQ Rights cum Warrants Issue

As at 30 September 2019, the aggregate number of warrants pursuant to the MTQ Rights cum Warrants Issue in FY19 amounted to 15,451,165 (30 September 2018: 15,451,245). The movements in the number of warrants for the quarter are as follows:

Warrants

	No. of warrants
As at 30 June 2019 and 1 July 2019	15,451,245
Issue of ordinary shares on exercise of warrants pursuant to MTQ Rights cum Warrants Issue	(80)
As at 30 September 2019	<u>15,451,165</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.

	30,9,19	31,3,19
	('000)	('000)
Total number of issued shares	216,327	216,327
Total number of treasury shares	8	8
Total number of issued shares excluding treasury shares	<u>216,319</u>	<u>216,319</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.

There was no movement in treasury shares in the quarter ended 30 September 2019. There were 8,303 treasury shares as at 30 September 2019 and 31 March 2019.

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 applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the audited financial statements for the year ended 31 March 2019, except as disclosed in paragraph 5 below.



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(Company Registration Number 196900057Z)

Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 30 September 2019

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.

- a) On 1 April 2019, the Group and the Company adopted all new and revised SFRS(I)s and INT SFRS(I)s that are relevant to its operations and are effective for annual periods beginning on or after 1 January 2019. 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:

Application of SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use assets.

The Group has adopted SFRS(I) 16 using the full retrospective method of adoption with the date of initial application on 1 April 2019. On the adoption of SFRS(I) 16, the Group had measured the right-of-use asset at its carrying amount as if SFRS(I) 16 had been applied since the commencement date discounted using the lessee's incremental borrowing rate as of the date of commencement of the lease.

In addition, the Group elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months as of commencement date.

On the adoption of SFRS(I) 16, the Group had recognised right-of-use assets and lease liabilities for its leases previously classified as operating leases.

- b) On 31 August 2018, the Company's subsidiary, Mid-Continent Distribution Pte. Ltd. ("Mid-Continent") entered into a Sale Purchase Agreement to acquire a business of supplying and distributing oilfield equipment and spares and the assets in relation thereto (the "Business").

On the date of acquisition, the fair value of the net identifiable assets amounting to S\$372,000 and goodwill of S\$820,000 were determined on a provisional basis as the allocation of purchase price had not been finalised. In accordance with the prevailing accounting standards, a thorough purchase price allocation was completed during the current financial period and the following adjustments were made retrospectively:

- i) Reduction of goodwill by S\$573,000
- ii) Recognition of S\$573,000 of intangible asset relating to customer relationships that existed as at acquisition date, resulting in additional amortisation of S\$66,000 in the period ended 31 March 2019.

- c) On 24 July 2019, the Company announced that its subsidiary, Neptune Marine Services Limited ("Neptune Marine"), has entered into an agreement to dispose all the issued securities of certain subsidiaries of Neptune Marine subject to certain conditions precedent. In compliance with SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued Operations, the assets and liabilities of the discontinued operation are classified as a disposal group held for sale on the consolidated balance sheet and its results are presented separately in the statement of comprehensive income as "Discontinued Operation". The change of presentation has no effect to the profit or loss after tax and net asset value of the Group.

d) Comparatives

The comparative figures that have been restated as a result of the adoption of SFRS(I) and finalisation of the purchase price allocation described above. The impact of the increase/(decrease) in the profit or loss and net assets of the Group are summarised below:

Consolidated statement of comprehensive income

3 months ended 30 September 2018

	As previously reported (S\$'000)	Effect of SFRS(I) 16 (S\$'000)	Effect of PPA adjustment (S\$'000)	Re-presented under	
				Discontinued operation (S\$'000)	Restated (S\$'000)
Cost of sales	(20,596)	9	-	12,739	(7,848)
Staff costs	(4,442)	81	-	2,393	(1,968)
Other operating expenses	(3,756)	93	(9)	2,178	(1,494)
Finance costs	(271)	(250)	-	139	(382)

Consolidated statement of comprehensive income

6 months ended 30 September 2018

	As previously reported (S\$'000)	Effect of SFRS(I) 16 (S\$'000)	Effect of PPA adjustment (S\$'000)	Re-presented under	
				Discontinued operation (S\$'000)	Restated (S\$'000)
Cost of sales	(40,317)	21	-	24,654	(15,642)
Staff costs	(8,849)	165	-	4,575	(4,109)
Other operating expenses	(7,502)	202	(9)	4,339	(2,970)
Finance costs	(515)	(503)	-	263	(755)

Statement of financial position (Group)

As at 31 March 2019

As at 1 April 2018

	As previously reported (S\$'000)	Effect of SFRS(I) 16 (S\$'000)	Effect of PPA adjustment (S\$'000)	Restated (S\$'000)	As previously reported (S\$'000)	Effect of SFRS(I) 16 (S\$'000)	Effect of PPA adjustment (S\$'000)	Restated (S\$'000)
Right-of-use assets	-	15,803	-	15,803	-	17,422	-	17,422
Goodwill	5,373	-	(567)	4,806	4,560	-	-	4,560
Intangible assets	418	-	501	919	380	-	-	380
<u>Current assets</u>								
Prepayments	1,638	(38)	-	1,600	1,607	(31)	-	1,576
<u>Current liabilities</u>								
Trade and other payable	(31,025)	304	-	(30,721)	(19,060)	312	-	(18,748)
Lease liabilities	-	(2,188)	-	(2,188)	-	(2,039)	-	(2,039)
<u>Non-current liabilities</u>								
Lease liabilities	-	(16,434)	-	(16,434)	-	(17,989)	-	(17,989)

Statement of financial position (Company)

As at 31 March 2019

As at 1 April 2018

	As previously reported (S\$'000)	Effect of SFRS(I) 16 (S\$'000)	Effect of PPA adjustment (S\$'000)	Restated (S\$'000)	As previously reported (S\$'000)	Effect of SFRS(I) 16 (S\$'000)	Effect of PPA adjustment (S\$'000)	Restated (S\$'000)
Right-of-use assets	-	4,832	-	4,832	-	5,137	-	5,137
<u>Current liabilities</u>								
Lease liabilities	-	(222)	-	(222)	-	(212)	-	(212)
<u>Non-current liabilities</u>								
Lease liabilities	-	(5,865)	-	(5,865)	-	(6,114)	-	(6,114)

Consolidated statement of cash flows

3 months ended 30 September 2018

6 months ended 30 September 2018

	As previously reported (S\$'000)	Effect of SFRS(I) 16 (S\$'000)	Effect of PPA adjustment (S\$'000)	Restated (S\$'000)	As previously reported (S\$'000)	Effect of SFRS(I) 16 (S\$'000)	Effect of PPA adjustment (S\$'000)	Restated (S\$'000)
Depreciation of right-of-use assets	-	597	-	597	-	1,181	-	1,181
Amortisation of intangible assets	48	-	9	57	93	-	9	102
Increase in payables	2,288	4	-	2,292	2,113	4	-	2,117
Increase in receivables and prepayments	(1,184)	-	-	(1,184)	(2,896)	(6)	-	(2,902)
Interest expense	271	250	-	521	515	503	-	1,018
Interest expense paid	(271)	(250)	-	(521)	(515)	(503)	-	(1,018)
<u>Cash flows from financing activities</u>								
Repayment of principal portion of lease liabilities	-	(533)	-	(533)	-	(1,063)	-	(1,063)



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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					
	Continuing operations		Discontinued operation		Total	
	3 months ended 30.9.19	3 months ended 30.9.18 (Restated)	3 months ended 30.9.19	3 months ended 30.9.18 (Restated)	3 months ended 30.9.19	3 months ended 30.9.18 (Restated)
Earnings per ordinary share:-						
Basic (cents)	0.57	(0.38)	0.28	(0.56)	0.85	(0.94)
Diluted (cents)	0.57	(0.38)	0.28	(0.56)	0.85	(0.94)
	Group					
	Continuing operations		Discontinued operation		Total	
	6 months ended 30.9.19	6 months ended 30.9.18 (Restated)	6 months ended 30.9.19	6 months ended 30.9.18 (Restated)	6 months ended 30.9.19	6 months ended 30.9.18 (Restated)
Basic (cents)	0.81	(1.24)	0.38	(1.39)	1.19	(2.63)
Diluted (cents)	0.81	(1.24)	0.38	(1.39)	1.19	(2.63)
	Group					
	Continuing operations		Discontinued operation		Total	
	3 months ended 30.9.19	3 months ended 30.9.18 (Restated)	3 months ended 30.9.19	3 months ended 30.9.18 (Restated)	3 months ended 30.9.19	3 months ended 30.9.18 (Restated)
Profit/(loss) attributable to owners of the Company (S\$'000)	1,229	(820)	606	(1,212)	1,835	(2,032)
	Group					
	Continuing operations		Discontinued operation		Total	
	6 months ended 30.9.19	6 months ended 30.9.18 (Restated)	6 months ended 30.9.19	6 months ended 30.9.18 (Restated)	6 months ended 30.9.19	6 months ended 30.9.18 (Restated)
Profit/(loss) attributable to owners of the Company (S\$'000)	1,749	(2,606)	824	(2,921)	2,573	(5,527)
	Group					
	3 months ended 30.9.19	3 months ended 30.9.18	6 months ended 30.9.19	6 months ended 30.9.18		
Weighted average number of ordinary shares for basic earnings per share computation ('000)	216,318	216,318	216,318	210,577		
Effects of dilution:						
- Employee share-based payment scheme ('000)	11	-	11	-		
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	216,329	216,318	216,329	210,577		

The outstanding warrants are excluded from the calculation of diluted loss per share as the average market price of ordinary shares during the 3 months and 6 months ended 30 September 2019 was lower than the exercise price of the warrants. The potential ordinary shares that would be issued under MTQ Share Plan are also excluded from the calculation of diluted loss per share for the 3 months and 6 months ended 30 September 2018 due to its anti-dilutive effect.



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7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	30.9.19 (S\$)	31.3.19 (S\$) (Restated)	30.9.19 (S\$)	31.3.19 (S\$) (Restated)
Net asset value per ordinary share*	0.33	0.32	0.48	0.48

* 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.

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

3 months ended 30 September 2019 ("2QFY2020") vs 3 months ended 30 September 2018 ("2QFY2019")

The Group reported S\$20.0 million revenue for 2QFY2020, an increase of 86% year-on-year ("yoy") compared to S\$10.8 million in 2QFY2019 largely due to organic growth from all units. Gross profit margin also improved to 31.1% with higher utilisation and better job mix.

The Group's other operating expenses rose 12% to S\$1.7 million in 2QFY2020 mainly due to a one-off make-good cost incurred at the end of a lease during the quarter. Staff costs increased with more resources being employed to support the increase in revenue.

Overall, the Group continued its recovery trend from a loss from continuing operations of S\$0.9 million in 2QFY2019 to a profit of S\$1.2 million in 2QFY2020. Within the "Discontinued Operation", Neptune also recorded higher revenue and margins resulting in profit of S\$0.7 million in 2QFY2020.

6 months ended 30 September 2019 ("6MFY2020") vs 6 months ended 30 September 2018 ("6MFY2019")

The Group reported S\$34.4 million revenue for 6MFY2020, an increase of 66% year-on-year ("yoy") compared to S\$20.7 million in 6MFY2019 largely due to organic growth from all units. Gross profit margin also improved to 30.6% with higher utilisation and better job mix.

The Group's other operating expenses rose 6% to S\$3.1 million in 6MFY2020 mainly due to a one-off make-good cost incurred at the end of a lease during the quarter. Staff costs increased with more resources being employed to support the increase in revenue.

Overall, the Group continued its recovery trend from a loss from continuing operations of S\$2.7 million in 6MFY2019 to a profit of S\$1.7 million in 6MFY2020. Within the "Discontinued Operation", Neptune also recorded higher revenue and margins resulting in profit of S\$0.9 million in 6MFY2020.

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 Group is pleased to report strong organic growth in both revenues and profits from all key units within the Oilfield Engineering segment. The Neptune segment, while slated to be injected into MMA Offshore Limited, also recorded better results this quarter.

When the Neptune transaction is completed, the Group will emerge with a strong financial position. As it continues to maximise opportunities in the existing Oilfield Engineering segment, the Group will also start to look to expand its business scope as overall energy markets improve.

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 and the reason(s) for the decision.

No dividend has been declared/recommended for the current financial period reported on to maintain a prudent balance sheet and to conserve cash.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs.

14 Negative confirmation by the Board pursuant to Rule 705(5)

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention which may render the financial results of the Company and of the Group for the quarter ended 30 September 2019 to be false or misleading, in any material aspect.

15 Confirmation of Undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual

Pursuant to Listing Rule 720(1), the Company has received undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 of the SGX-ST Listing Manual.

16 Use of Net Proceeds from Rights cum Warrants Issue

The board of directors (the "Board") of MTQ Corporation Limited (the "Company") refers to the Company's announcements made on 30 January 2018, 5 March 2018, 14 March 2018, 26 March 2018, 17 April 2018, 18 April 2018, 14 May 2018, 29 June 2018, 26 July 2018, 31 October 2018, 29 January 2019, 13 May 2019, 12 July 2019 and 24 July 2019 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 and FY2018/2019 Annual Reports.

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\$0.3 million of the Net Proceeds has been utilised for debt repayment.

Together with the S\$10.8 million utilised as announced on SGXNET on 24 July 2019, the Company has utilised S\$11.1 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	1.8
3	Working Capital*	-	7.5
	Total	0.3	11.1

*Working capital purposes include, inter alia, payments of trade and other payables, compliance costs, professional fees and staff costs.

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\$0.9 million of the Net Proceeds as and when such proceeds are materially disbursed.

BY ORDER OF THE BOARD

Tan Lee Fang
Company Secretary
30 October 2019