

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER RESULTS

Issuer & Securities

Issuer/ Manager

MTQ CORPORATION LIMITED

Securities

MTQ CORPORATION LIMITED - SG0507000073 - M05

MTQ CORPORATION LIMITEDW230417 - SG5HA0000002 - CRWW

Stapled Security

No

Announcement Details

Announcement Title

Financial Statements and Related Announcement

Date & Time of Broadcast

24-Jul-2019 06:47:01

Status

New

Announcement Sub Title

First Quarter Results

Announcement Reference

SG190724OTHR3RYR

Submitted By (Co./ Ind. Name)

Tan Lee Fang

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please see attached.

Additional Details

For Financial Period Ended

30/06/2019

Attachments

[MTQ_1QFY2020 Financial Results.pdf](#)[MTQ_1QFY2020 Press Release.pdf](#)

Total size = 711K MB



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 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 JUNE 2019

	Group		Change %
	3 months ended		
	30.6.19 S\$'000	30.6.18 S\$'000 (Restated)	
Revenue	38,542	24,283	59%
Cost of sales (Note A)	(29,695)	(19,709)	51%
Gross profit	8,847	4,574	93%
Other income (Note B)	430	254	69%
Staff costs	(4,505)	(4,298)	5%
Other operating expenses (Note C)	(3,489)	(3,662)	-5%
Profit/(loss) from operating activities	1,283	(3,132)	n/m
Finance costs (Note D)	(508)	(497)	2%
Share of results of associate and joint ventures	206	-	100%
Profit/(loss) before taxation	981	(3,629)	n/m
Income tax expense (Note E)	(218)	(171)	27%
Profit/(loss) for the period, net of tax	763	(3,800)	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	(417)	1,268	n/m
Net fair value loss on derivatives	(30)	-	100%
Other comprehensive income for the period (Note F)	(447)	1,268	n/m
Total comprehensive income for the period	316	(2,532)	n/m
Profit/(loss) for the period attributable to:			
Owners of the Company	767	(3,495)	n/m
Non-controlling interests	(4)	(305)	-99%
	763	(3,800)	n/m
Total comprehensive income attributable to:			
Owners of the Company	367	(2,264)	n/m
Non-controlling interests	(51)	(268)	-81%
	316	(2,532)	n/m

n/m : not meaningful



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Note A - Cost of sales includes :-

	Group		Change %
	3 months ended 30.6.19 S\$'000	3 months ended 30.6.18 S\$'000 (Restated)	
Operating lease expenses	3,312	731	353%
Depreciation of property, plant and equipment	1,326	1,493	-11%
Depreciation of right-of-use assets (Note G)	15	15	0%

Note B - Other income comprises :-

	Group		Change %
	3 months ended 30.6.19 S\$'000	3 months ended 30.6.18 S\$'000 (Restated)	
Interest income	23	4	475%
Rental income	23	-	100%
Gain on sale of property, plant and equipment, net	203	10	1930%
Government grants	76	14	443%
Commission received	30	-	100%
Gain on disposal of scrap material	38	16	138%
Insurance claims	-	179	-100%
Others	37	31	19%
	430	254	69%

Note C - Other operating expenses includes :-

	Group		Change %
	3 months ended 30.6.19 S\$'000	3 months ended 30.6.18 S\$'000 (Restated)	
Depreciation of property, plant and equipment	226	270	-16%
Depreciation of right-of-use assets (Note G)	603	569	6%
Amortisation of intangible assets	57	45	27%
Loss/(gain) on foreign exchange, net	78	(26)	n/m
Reversal of allowance for impairment of trade receivables, net	(59)	-	100%
Bad debts written-off, net	2	-	100%
Reversal of allowance for inventory obsolescence	(4)	(9)	-56%
Audit, legal, consultancy and professional fees	708	771	-8%
Utilities expenses	364	370	-2%

Note D - Finance costs comprises :-

	Group		Change %
	3 months ended 30.6.19 S\$'000	3 months ended 30.6.18 S\$'000 (Restated)	
Interest on:			
- bank loans	259	243	7%
- finance lease payables	12	1	1100%
- lease liabilities (Note G)	237	253	-6%
	508	497	2%

Note E - Income tax expense :-

Included in the income tax expense were:-

	Group		Change %
	3 months ended 30.6.19 S\$'000	3 months ended 30.6.18 S\$'000 (Restated)	
Under/(over) provision in respect of previous years			
- current taxation	16	16	0%
- deferred taxation	(5)	-	100%

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

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

Note G - 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 5 for more information.



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

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 2019

	Group		Company	
	30.6.19 S\$'000	31.3.19 S\$'000 (Restated)	30.6.19 S\$'000	31.3.19 S\$'000 (Restated)
Non-current assets				
Goodwill	5,371	5,373	-	-
Intangible assets	361	418	-	-
Investment property	-	-	839	852
Property, plant and equipment	41,167	42,251	70	80
Right-of-use assets (Note A)	15,281	15,803	4,763	4,832
Investment in subsidiaries	-	-	51,097	50,819
Investment in associate and joint ventures	4,012	3,824	3,718	3,718
Receivables	3,136	3,161	48,361	48,946
Prepayments	2	6	2	6
Deferred tax assets	687	901	-	-
	70,017	71,737	108,850	109,253
Current assets				
Inventories	16,322	14,971	-	-
Trade and other receivables	38,944	36,979	14,606	14,457
Prepayments	3,787	1,600	79	74
Tax recoverable	-	-	-	-
Cash and cash equivalents	15,132	19,815	2,603	3,265
	74,185	73,365	17,288	17,796
Total assets	144,202	145,102	126,138	127,049
Current liabilities				
Trade and other payables	(29,797)	(30,721)	(1,156)	(1,080)
Finance lease payable	(835)	(131)	-	-
Lease liabilities (Note A)	(2,134)	(2,188)	(224)	(222)
Bank borrowings	(16,651)	(1,013)	(7,411)	(1,013)
Provisions	(857)	(897)	-	-
Provision for taxation	(591)	(729)	(27)	(18)
	(50,865)	(35,679)	(8,818)	(2,333)
Non-current liabilities				
Trade and other payables	(187)	(199)	(2,639)	(2,640)
Finance lease payable	(142)	(173)	-	-
Lease liabilities (Note A)	(16,003)	(16,434)	(5,808)	(5,865)
Bank borrowings	(4,801)	(20,713)	(4,801)	(11,465)
Deferred tax liabilities	(402)	(418)	(51)	(48)
Provisions	(269)	(269)	(87)	(87)
	(21,804)	(38,206)	(13,386)	(20,105)
Total liabilities	(72,669)	(73,885)	(22,204)	(22,438)
Net assets	71,533	71,217	103,934	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)]	19,718	19,351	55,023	55,700
Shareholders' funds	68,629	68,262	103,934	104,611
Non-controlling interests	2,904	2,955	-	-
Total equity	71,533	71,217	103,934	104,611

Balance Sheet Review

The change in net assets were mainly due to the total comprehensive income of S\$0.3 million recorded for the financial period. Apart from this, changes in working capital items were mainly due to timing differences.

Approximately S\$15.6 million of bank borrowings have been reclassified 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.

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 5 for more information.



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

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

	30.6.19		31.3.19	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	1,846	15,640	1,144	-
Amount repayable after one year	4,943	-	5,238	15,648
	<u>6,789</u>	<u>15,640</u>	<u>6,382</u>	<u>15,648</u>

The Group's borrowings and finance leases as at 30 June 2019 increased from S\$22.0 million to S\$22.4 million mainly due to increase of finance lease, partially offset by the fixed repayment of a bank loan. Details of the collateral for the secured bank borrowings are as follows:

S\$5.8 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 June 2019 and 31 March 2019.



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

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

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

	Group	
	3 months ended 30.6.19 S\$'000	3 months ended 30.6.18 S\$'000 (Restated)
Cash flows from operating activities:		
Profit/(loss) before taxation	981	(3,629)
Adjustments for:		
Depreciation of property, plant and equipment	1,552	1,763
Depreciation of right-of-use assets	618	584
Amortisation of intangible assets	57	45
Gain on sale of property, plant and equipment, net	(203)	(10)
Reversal of allowance for impairment of trade receivables, net	(59)	-
Bad debts written-off, net	2	-
Reversal of allowance for inventory obsolescence	(4)	(9)
Share of results of associate and joint ventures	(206)	-
Provisions made during the period	54	4
Interest income	(23)	(4)
Interest expense	508	497
Operating cash flows before changes in working capital	3,277	(759)
(Increase)/decrease in inventories and work-in-progress	(1,840)	984
Increase in receivables and prepayments	(3,692)	(1,718)
Decrease in payables	(739)	(175)
Currency realignment	(21)	491
Cash generated used in operations	(3,015)	(1,177)
Interest income received	23	4
Interest expense paid	(508)	(497)
Income taxes paid, net	(197)	(70)
Net cash generated used in operating activities	(3,697)	(1,740)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(316)	(227)
Addition of intangible assets	-	(45)
Proceeds from disposal of property, plant and equipment	344	17
Investment in a joint venture	-	(1,796)
Loans to joint ventures	-	(664)
Loans granted to staff	-	(48)
Loans repaid by staff	10	7
Net cash generated from/(used in) investing activities	38	(2,756)
Cash flows from financing activities:		
Proceeds from Rights cum Warrants Issue	-	12,107
Repayment of bank borrowings	(257)	(250)
Repayment of finance lease payable	(63)	(49)
Repayment of principal portion of lease liabilities	(568)	(530)
Net cash (used in)/generated from financing activities	(888)	11,278
Net change in cash and cash equivalents	(4,547)	6,782
Cash and cash equivalents at beginning of financial period	19,815	10,759
Effect of exchange rate changes on cash and cash equivalents	(136)	44
Cash and cash equivalents at end of financial period	15,132	17,585

Note

Cash and cash equivalents consist of the following:-

	Group	
	As at 30.6.19 S\$'000	As at 30.6.18 S\$'000
Fixed deposits	3,889	9,105
Cash at bank and on hand	11,243	8,480
	15,132	17,585

Cash Flows Review

The Group recorded an operating cash inflow of S\$3.3 million before changes in working capital, in line with the profit before tax. Working capital requirements, however, increased together with the increase in activities during the period which resulted in negative operating cash flows for the Group for the period. Including the routine repayment of a bank borrowing, the Group cash as at 30 June 2019 stood at S\$15.1 million.



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

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE QUARTER ENDED 30 JUNE 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		
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	-	-	-	(3,495)	-	(3,495)	(305)	(3,800)
Other comprehensive income								
Exchange difference on translation of subsidiaries, associate and joint ventures	-	-	1,231	-	-	1,231	37	1,268
Other comprehensive income for the period	-	-	1,231	-	-	1,231	37	1,268
Total comprehensive income for the period	-	-	1,231	(3,495)	-	(2,264)	(268)	(2,532)
Contributions by and distributions to owners								
Issuance of ordinary shares pursuant to MTQ Rights cum Warrants								
Issue, net of transaction costs	12,107	-	-	-	-	12,107	-	12,107
Total contributions by and distribution to owners	12,107	-	-	-	-	12,107	-	12,107
Balance as at 30 June 2018 (Restated)	48,914	(3)	(1,921)	22,506	1,310	70,806	3,134	73,940
Balance as at 31 March 2019 (As previously reported)	48,914	(3)	(2,789)	23,319	1,259	70,700	3,070	73,770
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)	20,881	1,259	68,262	2,955	71,217
Profit for the period, net of tax	-	-	-	767	-	767	(4)	763
Other comprehensive income								
Exchange difference on translation of subsidiaries, associate and joint ventures	-	-	(374)	-	-	(374)	(43)	(417)
Net fair value loss on derivatives	-	-	-	-	(26)	(26)	(4)	(30)
Other comprehensive income for the period	-	-	(374)	-	(26)	(400)	(47)	(447)
Total comprehensive income for the period	-	-	(374)	767	(26)	367	(51)	316
Balance as at 30 June 2019	48,914	(3)	(3,163)	21,648	1,233	68,629	2,904	71,533



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

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

Company

	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	-	-	513	-	513
Issuance of ordinary shares pursuant to MTQ Rights cum Warrants					
Issue, net of transaction costs	12,107	-	-	-	12,107
Total contributions by and distribution to owners	12,107	-	-	-	12,107
Balance as at 30 June 2018 (Restated)	48,914	(3)	72,754	2,516	124,181
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	-	-	(677)	-	(677)
Balance as at 30 June 2019	48,914	(3)	52,507	2,516	103,934



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

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.

	30.6.19	31.3.19
	(S\$'000)	(S\$'000)
Share Capital	48,914	48,914
	30.6.19	30.6.18
	('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	216,319	216,319

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

MTQ Share Plan

As at 30 June 2019, the aggregate number of shares comprised in Awards granted pursuant to the MTQ Share Plan which are not released and warrants pursuant to the MTQ Rights cum Warrants Issue in FY19 amounted to 11,392 shares (30 June 2018: 11,392) and 15,451,245 (30 June 2018: 15,451,245) respectively.

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.

	30.6.19	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	216,319	216,319

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no movement in treasury shares in the quarter ended 30 June 2019. There were 8,303 treasury shares as at 30 June 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.



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

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:

a) 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 asset.

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 asset 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) Comparatives

The comparative figures that have been restated arising from the adoption of SFRS(I) described above are summarised below:

Consolidated statement of comprehensive income

3 months ended 30 June 2018

	As previously reported (S\$'000)	Effect of SFRS(I) 16 (S\$'000)	Restated (S\$'000)
Cost of sales	(19,721)	12	(19,709)
Other operating expenses	(3,855)	193	(3,662)
Finance costs	(244)	(253)	(497)

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)	Restated (S\$'000)	As previously reported (S\$'000)	Effect of SFRS(I) 16 (S\$'000)	Restated (S\$'000)
<u>Non-current assets</u>						
Right-of-use assets	-	15,803	15,803	-	17,422	17,422
<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)
<u>Equity attributable to owners of the Company</u>						
Retained earnings	23,319	(2,438)	20,881	28,224	(2,223)	26,001
Non-controlling interests	3,070	(115)	2,955	3,504	(102)	3,402

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)	Restated (S\$'000)	As previously reported (S\$'000)	Effect of SFRS(I) 16 (S\$'000)	Restated (S\$'000)
<u>Non-current assets</u>						
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)
<u>Equity attributable to owners of the Company</u>						
Retained earnings	54,439	(1,255)	53,184	73,430	(1,189)	72,241

Consolidated statement of cash flows

3 months ended 30 June 2018

	As previously reported (S\$'000)	Effect of SFRS(I) 16 (S\$'000)	Restated (S\$'000)
<u>Cash flows from operating activities</u>			
Depreciation of right-of-use assets	-	584	584
Increase in receivables and prepayments	(1,712)	(6)	(1,718)
Interest expense	244	253	497
Interest expense paid	(244)	(253)	(497)
<u>Cash flows from financing activities</u>			
Repayment of principal portion of lease liabilities	-	(530)	(530)



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

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 30.6.19	3 months ended 30.6.18 (Restated)
Earnings per ordinary share:-		
Basic (cents)	0.35	(1.71)
Diluted (cents)	0.35	(1.71)
Profit/(loss) attributable to owners of the Company (S\$'000)	767	(3,495)
Weighted average number of ordinary shares for basic earnings per share computation ('000)	216,318	204,772
Effects of dilution:		
- Employee share-based payment scheme ('000)	11	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	216,329	204,772

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 ended 30 June 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 ended 30 June 2018 due to its anti-dilutive effect.

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

	Group		Company	
	30.6.19 (S\$)	31.3.19 (S\$) (Restated)	30.6.19 (S\$)	31.3.19 (S\$) (Restated)
Net asset value per ordinary share*	0.32	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 June 2019 ("1QFY2020") vs 3 months ended 30 June 2018 ("1QFY2019")

The Group reported revenue of S\$38.5 million in 1QFY2020, an increase of 59% year-on-year as it continues its trend from 4QFY2019. Activities across all segments within the Group were higher than that a year ago and led to better gross margins overall.

The increase in other income was mainly due to one-off gains arising from disposal of some under-deployed assets.

While overall operational costs remain relatively unchanged, staff costs increased slightly as the Group employs more resources to support the growth in activities.

Overall, the Group reported a net profit of S\$0.8 million for 1QFY2020, contributed mainly by the Oilfield Engineering segment. The Neptune segment, despite recording higher revenue, posted a small loss 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 Oilfield Engineering segment continued to make steady progress towards improving profitability. The orders the Group have on hand and general level of enquiries are encouraging for the rest of the year even as the overall macro economy weakens.

The Neptune segment recorded positive EBITDA for the quarter with a small overall loss. The outlook for the segment is strengthening but overall profitability requires better margins and higher activity levels.

Operational execution will be the Group's near term focus in improving overall performance.

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 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 June 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.



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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 and 12 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\$10.5 million utilised as announced on SGXNET on 12 July 2019, the Company has utilised S\$10.8 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	1.5
3	Working Capital*	-	7.5
	Total	0.3	10.8

*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\$1.2 million of the Net Proceeds as and when such proceeds are materially disbursed.

BY ORDER OF THE BOARD

Tan Lee Fang
Company Secretary
24 July 2019



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

- Revenue increased by 59% year-on-year
- Profit of S\$0.8 million recorded in 1QFY2020
- Repositioning Neptune to unlock some values of the segment

Singapore, 24 July 2019 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, today reported its results for the three months ended 30 June 2019 (“1QFY2020”).

Financial Highlights	1QFY2020	1QFY2019 (Restated)	Chg
	SGD'000	SGD'000	%
Revenue	38,542	24,283	59
Gross Profit	8,847	4,574	93
Gross Profit Margin	23.0%	18.8%	
Other Income	430	254	69
Other Operating Expenses	(3,489)	(3,662)	(5)
Staff Costs	(4,505)	(4,298)	5
Finance Costs	(508)	(497)	2
Share of Results of Associate and Joint Ventures	206	-	100
Profit/(Loss) Before Tax	981	(3,629)	n.m.
Income Tax Expense	(218)	(171)	(27)
Profit/(Loss) After Tax	763	(3,800)	n.m.

Financial Review

The Group reported revenue of S\$38.5 million in 1QFY2020, an increase of 59% year-on-year as it continues its recovery and achieves its second consecutive profitable quarter. Activities across all segments within the Group were higher than that a year ago and led to better gross margins overall.

The increase in other income was mainly due to one-off gains arising from disposal of some under-deployed assets.

While overall operational costs remain relatively unchanged, staff costs increased slightly as the Group employs more resources to support the growth in activities.

Overall, the Group reported a net profit of S\$0.8 million for 1QFY2020, contributed mainly by the Oilfield Engineering segment. The Neptune segment, despite recording higher revenue, posted a small loss for the quarter.

Balance Sheet	30 June 2019	31 Mar 2019
	SGD'000	SGD'000 (Restated)
Net current assets	23,320	37,686
Net assets	71,533	71,217
Cash and cash equivalents	15,132	19,815
Bank borrowings and finance leases	22,429	22,030
Shareholder's funds	68,629	68,262
Net gearing¹	9.3%	3.0%
Net assets value per share²	0.32	0.32

¹ Net gearing ratio is calculated based on net debt divided by net capitalization. The Group includes within its net debt, bank borrowings and finance lease payable excluding lease liabilities arising from the adoption of the new SFRS(I) 16 Leases, less cash and cash equivalents. Net capitalization refers to net debt plus total equity.

² Net assets value per share is calculated based on the Group's net assets after deducting the non-controlling interest, divided by the total number of issued shares excluding treasury shares as at the end of the financial period.

The Group recorded an operating cash inflow of S\$3.3 million before changes in working capital, in line with the profit before tax. Working capital requirements, however, increased together with the increase in activities during the period which resulted in negative operating cash flows for the Group for the period. Including the routine repayment of a bank borrowing, the Group cash as at 30 June 2019 stood at S\$15.1 million. Net gearing remained healthy at 9.3%.

Approximately S\$15.6 million of bank borrowings have been reclassified from non-current to current liabilities as the bank facilities now mature within one year from reporting date. The Group is currently in discussion with its principal bankers on the renewal of the facilities.

Outlook

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

“The Oilfield Engineering segment continued to make steady progress towards improving profitability. The orders we have on hand and general level of enquiries are encouraging for the rest of the year even as the overall macro economy weakens.

The Neptune segment recorded positive EBITDA for the quarter with a small overall loss. The outlook for the segment is strengthening but overall profitability requires better margins and higher activity levels. The Group has been in discussions re strengthening this segment. Accordingly, the Group has decided to unlock the value of the Neptune segment by partnering with an established subsea vessel operator which will bring synergies into our investment in this subsea space.

Meanwhile, operational execution will be our near term focus in improving overall performance.”

- End -

About MTQ Corporation Limited (Bloomberg Code: MTQ.SP)

Established in 1969, **MTQ Corporation Limited (“MTQ”)** specialises in engineering solutions for oilfield equipment, including repair, manufacture and rental operations. Well-known for its broad experience for over 30 years and commitment to service quality, MTQ is the authorised working partner for some of the world’s largest OEMs in drilling equipment, and is accredited to carry out manufacturing and repair works in accordance to American Petroleum Institute Standards. The Premier group, in addition to repair and manufacture of oilfield equipment, is also supplier of oilfield equipment and tools manufactured by some of the leading global brands. Neptune Marine Services Limited is located in Perth, Western Australia, and has operational presence in the UK and Asia. Neptune provides engineering services to offshore oil and gas, marine and renewable energy industries with a focus on subsea and topside services. The Binder group, based in Perth with a production facility in Indonesia, designs and manufactures proprietary and custom-built pipe support and pipe suspension solutions for the oil and gas sector.

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