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

Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 31 December 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 31 DECEMBER 2019

	Group 3 months ended			Group 9 months ended		
	31.12.19 S$'000	31.12.18 S$'000 (Restated)	Change %	31.12.19 S$'000	31.12.18 S$'000 (Restated)	Change %
Revenue	20,680	12,455	66%	55,071	33,144	66%
Cost of sales (Note A)	(13,827)	(9,451)	46%	(37,692)	(25,093)	50%
Gross profit	6,853	3,004	128%	17,379	8,051	116%
Other income (Note B)	114	74	54%	511	278	84%
Staff costs	(2,162)	(1,771)	22%	(7,006)	(5,606)	25%
Other operating expenses (Note C)	(1,672)	(1,934)	-14%	(4,776)	(4,903)	-3%
Profit/(loss) from operating activities	3,133	(627)	n/m	6,108	(2,180)	n/m
Finance costs (Note D)	(365)	(380)	-4%	(1,138)	(1,135)	0%
Share of results of associate and joint ventures	-	(31)	-100%	206	(23)	n/m
Profit/(loss) before taxation	2,768	(1,038)	n/m	5,176	(3,338)	n/m
Income tax expense (Note E)	(112)	(4)	2700%	(572)	(148)	286%
Profit/(loss) from continuing operations,	2,656	(1,042)	n/m	4,604	(3,486)	n/m
Discontinued operations:						
(Loss)/profit from discontinued operation,	(2,459)	704	n/m	(1,781)	(2,908)	-39%
Profit/(loss) for the period, net of tax	197	(338)	n/m	2,823	(6,394)	n/m
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Exchange difference on translation of subsidiaries, associate and joint ventures	(356)	(410)	-13%	(287)	718	n/m
Net fair value (loss)/gain on derivatives	(1)	92	n/m	(84)	130	n/m
Reclassification of foreign currency translation	2,363	-	100%	2,363	-	100%
Items that will not be reclassified subsequently to profit or loss:						
Net change in fair value of other investment	(1,277)	-	100%	(1,277)	-	100%
Other comprehensive income for the period	729	(318)	n/m	715	848	-16%
Total comprehensive income for the period	926	(656)	n/m	3,538	(5,546)	n/m
Profit/(loss) for the period attributable to:						
Owners of the Company:						
From continued operation	2,685	(995)	n/m	4,666	(3,326)	n/m
From discontinued operation	(2,444)	592	n/m	(1,852)	(2,616)	-29%
Total attributable to Owners of the Company	241	(403)	n/m	2,814	(5,942)	n/m
Non-controlling interests	(44)	65	n/m	9	(452)	n/m
	197	(338)	n/m	2,823	(6,394)	n/m
Total comprehensive income attributable						
Owners of the Company						
From continued operation	1,105	(980)	n/m	3,539	(2,221)	n/m
From discontinued operation	1	302	-100%	187	(2,840)	n/m
Total attributable to Owners of the Company	1,106	(678)	n/m	3,726	(5,061)	n/m
Non-controlling interests	(180)	22	n/m	(188)	(485)	-61%
	926	(656)	n/m	3,538	(5,546)	n/m

n/m : not meaningful

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Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 31 December 2019

Note A - Cost of sales includes :-

	Group			Group		
	3 months ended 31.12.19 S$'000	3 months ended 31.12.18 S$'000 (Restated)	Change %	9 months ended 31.12.19 S$'000	9 months ended 31.12.18 S$'000 (Restated)	Change %
Depreciation of property, plant and equipment	765	891	-14%	2,429	2,800	-13%
Depreciation of right-of-use assets (Note G)	16	10	60%	47	44	7%

Note B - Other income comprises :-

	Group			Group		
	3 months ended 31.12.19 S$'000	3 months ended 31.12.18 S$'000 (Restated)	Change %	9 months ended 31.12.19 S$'000	9 months ended 31.12.18 S$'000 (Restated)	Change %
Interest income	(2)	16	n/m	35	68	-49%
Rental income	46	-	100%	46	-	100%
Gain on sale of property, plant and equipment, net	9	16	-44%	242	42	476%
Government grants	1	1	0%	15	30	-50%
Commission received	1	-	100%	31	16	94%
Gain on disposal of scrap material	61	40	53%	127	89	43%
Others	(2)	1	n/m	15	33	-55%
	114	74	54%	511	278	84%

Note C - Other operating expenses includes :-

	Group			Group		
	3 months ended 31.12.19 S$'000	3 months ended 31.12.18 S$'000 (Restated)	Change %	9 months ended 31.12.19 S$'000	9 months ended 31.12.18 S$'000 (Restated)	Change %
Depreciation of property, plant and equipment	132	147	-10%	380	441	-14%
Depreciation of right-of-use assets (Note G)	171	164	4%	506	483	5%
Amortisation of intangible assets	81	68	19%	236	151	56%
Loss/(gain) on foreign exchange, net	131	166	-21%	(132)	126	n/m
Allowance for impairment of trade receivables, net	-	-	0%	48	-	-100%
Bad debts written-off, net	-	-	0%	2	-	-100%
Reversal of allowance for inventory obsolescence	-	(12)	-100%	(6)	(23)	-74%
Audit, legal, consultancy and professional fees	294	293	0%	918	945	-3%
Utilities expenses	71	67	6%	212	193	10%

Note D - Finance costs comprises :-

	Group			Group		
	3 months ended 31.12.19 S$'000	3 months ended 31.12.18 S$'000 (Restated)	Change %	9 months ended 31.12.19 S$'000	9 months ended 31.12.18 S$'000 (Restated)	Change %
Interest on:						
- bank loans	240	252	-5%	756	748	1%
- lease liabilities (Note G)	125	128	-2%	382	387	-1%
	365	380	-4%	1,138	1,135	0%

Note E - Income tax expense :-

Included in the income tax expense were:-

	Group			Group		
	3 months ended 31.12.19 S$'000	3 months ended 31.12.18 S$'000 (Restated)	Change %	9 months ended 31.12.19 S$'000	9 months ended 31.12.18 S$'000 (Restated)	Change %
Under/(over) provision in respect of previous years						
- current taxation	-	(65)	-100%	-	(63)	-100%
- deferred taxation	(59)	17	n/m	(64)	16	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.

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 5a for more information.

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Unaudited Financial Statements And Dividend Announcement For The Quarter Ended 31 December 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 31 DECEMBER 2019

	Group		Company	
	31.12.19 S$'000	**31.3.19 S$'000** (Restated)	**31.12.19 S$'000**	**31.3.19 S$'000** (Restated)
Non-current assets				
Goodwill	7,891	4,806	-	-
Intangible assets	777	919	-	-
Investment property	-	-	883	852
Property, plant and equipment	26,349	42,251	77	80
Right-of-use assets (Note A)	8,350	15,803	4,625	4,832
Investment in subsidiaries	-	-	55,475	50,819
Other investment	11,496	-	-	-
Investment in associate and joint ventures	-	3,824	114	3,718
Receivables	2,765	3,161	47,988	48,946
Prepayments	-	6	-	6
Deferred tax assets	821	901	-	-
	58,449	71,671	109,162	109,253
Current assets				
Inventories	15,753	14,971	-	-
Trade and other receivables	29,299	36,979	14,950	14,457
Prepayments	2,635	1,600	80	74
Cash and cash equivalents	22,553	19,815	1,532	3,265
	70,240	73,365	16,562	17,796
Total assets	128,689	145,036	125,724	127,049
Current liabilities				
Trade and other payables	(21,498)	(30,721)	(1,562)	(1,080)
Finance lease payable	-	(131)	-	-
Lease liabilities (Note A)	(506)	(2,188)	(231)	(222)
Bank borrowings	(16,633)	(1,013)	(7,407)	(1,013)
Provisions	(231)	(897)	-	-
Provision for taxation	(372)	(729)	(46)	(18)
	(39,240)	(35,679)	(9,246)	(2,333)
Non-current liabilities				
Trade and other payables	-	(199)	(2,639)	(2,640)
Finance lease payable	-	(173)	-	-
Lease liabilities (Note A)	(9,885)	(16,434)	(5,691)	(5,865)
Bank borrowings	(4,280)	(20,713)	(4,280)	(11,465)
Deferred tax liabilities	(466)	(418)	(6)	(48)
Provisions	(129)	(269)	(87)	(87)
	(14,760)	(38,206)	(12,703)	(20,105)
Total liabilities	(54,000)	(73,885)	(21,949)	(22,438)
Net assets	74,689	71,151	103,775	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)]	23,011	19,285	54,864	55,700
Shareholders' funds	71,922	68,196	103,775	104,611
Non-controlling interests	2,767	2,955	-	-
Total equity	74,689	71,151	103,775	104,611

Balance Sheet Review

The changes in most balance sheet lines were mainly due to:
a) Included in the trade and other receivables is an amount of S$2.4m consideration adjustment receivable in relation to the disposal of Neptune segment;
b) Increase in other investment of S$11.5m due to the consideration shares in MMA Offshore received as a result of the disposal of the Neptune segment;
c) Reclassification of S$15.6m 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;
d) 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$3.5m, 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.

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.

	31.12.19		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	1,007	15,626	1,144	-
Amount repayable after one year	4,280	-	5,238	15,648
	5,287	15,626	6,382	15,648

The Group's borrowings and finance leases as at 31 December 2019 decrease from S$22.0 million to S$20.9 million mainly due to fixed repayment and revaluation of the bank loans. Details of the collateral for the secured bank borrowings are as follows:

<u>S$5.3 million secured facility</u>

- 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 31 December 2019 and 31 March 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 31 DECEMBER 2019

	Group		Group	
	3 months ended 31.12.19 S$'000	**3 months ended 31.12.18 S$'000** (Restated)	**9 months ended 31.12.19 S$'000**	**9 months ended 31.12.18 S$'000** (Restated)
Cash flows from operating activities:				
Profit/(loss) before taxation from continuing operations	2,768	(1,038)	5,176	(3,338)
(Loss)/profit before taxation from discontinued operation	(2,326)	783	(1,614)	(2,647)
Adjustments for:				
Depreciation of property, plant and equipment	1,089	1,701	4,125	5,241
Depreciation of right-of-use assets	329	591	1,577	1,776
Amortisation of intangible assets	81	78	254	179
Loss on disposal of subsidiaries	1,267	-	1,267	-
Loss/(gain) on disposal of property, plant and equipment, net	15	(16)	(214)	(40)
Allowance/(reversal of allowance) for impairment of trade receivables, net	1	-	(44)	27
Bad debts written-off, net	-	-	2	-
Reversal of allowance for inventory obsolescence	-	(12)	(6)	(23)
Share of results of associate and joint ventures	-	31	(206)	23
Provisions made during the period	6	51	102	93
Interest income	(3)	(16)	(37)	(67)
Interest expense	402	513	1,408	1,531
Operating cash flows before changes in working capital	3,629	2,666	11,790	2,755
Increase in inventories and work-in-progress	(867)	(453)	(2,003)	(466)
Increase in receivables and prepayments	(4,579)	(7,096)	(8,649)	(9,986)
Increase in payables	6,948	6,431	913	8,548
Currency realignment	(60)	264	60	611
Cash generated from operations	5,071	1,812	2,111	1,462
Interest income received	3	16	37	67
Interest expense paid	(402)	(513)	(1,408)	(1,531)
Income taxes received/(paid), net	8	(25)	(196)	347
Net cash generated from/(used in) operating activities	4,680	1,290	544	345
Cash flows from investing activities:				
Purchase of property, plant and equipment	(387)	(583)	(1,003)	(1,631)
Addition of intangible assets	(136)	(39)	(147)	(104)
Acquisition of a business	-	-	-	(1,192)
Cash acquired from step-up acuqisition of a subsidiary	-	-	1,116	-
Proceeds from disposal of property, plant and equipment	90	12	698	512
Investment in a joint venture	-	-	-	(1,796)
Proceeds from disposal of subsidiaries, net of cash disposed and transaction costs	3,539	-	3,539	-
Loans (to)/repaid by joint ventures	-	(381)	394	(1,042)
Loans granted to staff	-	(21)	-	(69)
Loans repaid by staff	10	10	28	27
Net cash generated from/(used in) investing activities	3,116	(1,002)	4,625	(5,295)
Cash flows from financing activities:				
Proceeds from Rights cum Warrants Issue	-	-	-	12,107
Repayment of bank borrowings	(255)	(259)	(771)	(762)
Repayment of finance lease payable	(15)	(60)	(109)	(171)
Repayment of principal portion of lease liabilities	(237)	(530)	(1,352)	(1,599)
Net cash (used in)/generated from financing activities	(507)	(849)	(2,232)	9,575
Net change in cash and cash equivalents	7,289	(561)	2,937	4,625
Cash and cash equivalents at beginning of financial period	15,154	15,915	19,815	10,759
Effect of exchange rate changes on cash and cash equivalents	110	(229)	(199)	(259)
Cash and cash equivalents at end of financial period	22,553	15,125	22,553	15,125

Note

Cash and cash equivalents consist of the following:-

	Group	
	As at 31.12.19 S$'000	**As at 31.12.18 S$'000**
Continuing operations:		
Fixed deposits	4,977	4,090
Cash at bank and on hand	17,576	11,035
	22,553	15,125

Cash Flows Review

The Group recorded net cash inflows of S$4.7 million from operations for the quarter. Investing cash flows included the initial S$4.7 million (A$5.0 million) cash consideration received from the disposal of Neptune segment. Including the quarterly repayments of bank borrowings and lease liabilities, the Group's ending cash and cash equivalents was S$22.6 million, bringing the Group to a net cash position of S$1.6 million as at 31 December 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 31 DECEMBER 2019

	Attributable to owners of the Company							
Group	**Share Capital**	**Treasury Shares**	**Foreign Currency Translation Reserve**	**Retained Earnings**	**Other Reserves**	**Shareholders' Funds**	**Non-Controlling Interest**	**Total Equity**
	S$'000	**S$'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)	29,240	1,310	64,202	3,504	67,706
Adoption of SFRS(I) 1	-	-		(1,016)	-	(1,016)	-	(1,016)
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	-	-	-	(5,942)	-	(5,942)	(452)	(6,394)
Other comprehensive income								
Exchange difference on translation of subsidiaries, associate and joint ventures	-	-	768	-	-	768	(50)	718
Net fair value gain on derivatives	-	-	-	-	113	113	17	130
Other comprehensive income for the period	-	-	768	-	113	881	(33)	848
Total comprehensive income for the period	-	-	768	(5,942)	113	(5,061)	(485)	(5,546)
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 31 December 2018 (Restated)	48,914	(3)	(2,384)	20,059	1,423	68,009	2,917	70,926
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	-	-	-	2,814	-	2,814	9	2,823
Other comprehensive income								
Exchange difference on translation of subsidiaries, associate and joint ventures	-	-	(266)	-	-	(266)	(21)	(287)
Reclassification to profit or loss on disposal of subsidiaries	-	-	2,363	-	-	2,363	-	2,363
Net change in fair value of other investment	-	-	-	-	(1,112)	(1,112)	(165)	(1,277)
Net fair value loss on derivatives	-	-	-	-	(73)	(73)	(11)	(84)
Other comprehensive income for the period	-	-	2,097	-	(1,185)	912	(197)	715
Total comprehensive income for the period	-	-	2,097	2,814	(1,185)	3,726	(188)	3,538
Balance as at 31 December 2019	48,914	(3)	(692)	23,629	74	71,922	2,767	74,689

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STATEMENTS OF CHANGES IN TOTAL EQUITY FOR THE QUARTER ENDED 31 DECEMBER 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
Loss for the period, representing total comprehensive income for the period	-	-	(1,609)	-	(1,609)
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 31 December 2018 (Restated)	48,914	(3)	70,632	2,516	122,059
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	-	-	(836)	-	(836)
Balance as at 31 December 2019	48,914	(3)	52,348	2,516	103,775

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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.

	31.12.19 (S$'000)	30.9.19 (S$'000)
Share Capital	48,914	48,914

	31.12.19 ('000)	31.12.18 ('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 31 December 2019 and 31 December 2018.

MTQ Share Plan

As at 31 December 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 (31 December 2018: 11,392). There was no movements in the number of shares comprised in Awards granted under the MTQ Share Plan during the quarter.

Warrants pursuant to MTQ Rights cum Warrants Issue

As at 31 December 2019, the aggregate number of warrants pursuant to the MTQ Rights cum Warrants Issue in FY19 amounted to 15,451,165 (31 December 2018: 15,451,245). There was no movements in the number of warrants during the quarter.

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.

	31.12.19 ('000)	31.3.19 ('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 31 December 2019. There were 8,303 treasury shares as at 31 December 2019 and 30 September 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.

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 23 July 2019, the Company announced that its subsidiary, Neptune Marine Services Limited ("Neptune"), has entered into an agreement to dispose all the issued securities of certain subsidiaries of Neptune subject to certain conditions precedent. In compliance with SFRS(I) 5 Non-Current Assets Held for Sale and Discontinued Operations, the 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 with signification impact arising from the adoption of SFR(I) and finalisation of the purchase price allocation described above are summarised below:

Consolidated statement of comprehensive income	3 months ended 31 December 2018					
	As previously reported (S$'000)	Effect of SFRS(I) 16 (S$'000)	Effect of PPA adjustment (S$'000)	Restated (S$'000)	Re-presented under Discontinued operation (S$'000)	Restated (S$'000)
Cost of sales	(30,135)	10	-	(30,125)	20,674	(9,451)
Staff costs	(4,228)	80	-	(4,148)	2,377	(1,771)
Other operating expenses	(4,240)	100	(30)	(4,170)	2,236	(1,934)
Finance costs	(262)	(251)	-	(513)	133	(380)

Consolidated statement of comprehensive income	9 months ended 31 December 2018					
	As previously reported (S$'000)	Effect of SFRS(I) 16 (S$'000)	Effect of PPA adjustment (S$'000)	Restated (S$'000)	Re-presented under Discontinued operation (S$'000)	Restated (S$'000)
Cost of sales	(70,452)	31	-	(70,421)	45,328	(25,093)
Staff costs	(13,077)	232	-	(12,845)	7,239	(5,606)
Other operating expenses	(11,742)	302	(38)	(11,478)	6,575	(4,903)
Finance costs	(777)	(754)	-	(1,531)	396	(1,135)

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)
Non-current assets								
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
Current assets								
Prepayments	1,638	(38)	-	1,600	1,607	(31)	-	1,576
Current liabilities								
Trade and other payable	(31,025)	304	-	(30,721)	(19,060)	312	-	(18,748)
Lease liabilities	-	(2,188)	-	(2,188)	-	(2,039)	-	(2,039)
Non-current liabilities								
Lease liabilities	-	(16,434)	-	(16,434)	-	(17,989)	-	(17,989)
Equity attributable to owners of the Company								
Retained earnings	23,319	(2,438)	(66)	20,815	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)	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)
Non-current assets								
Right-of-use assets	-	4,832	-	4,832	-	5,137	-	5,137
Current liabilities								
Lease liabilities	-	(222)	-	(222)	-	(212)	-	(212)
Non-current liabilities								
Lease liabilities	-	(5,865)	-	(5,865)	-	(6,114)	-	(6,114)
Equity attributable to owners of the Company								
Retained earnings	54,439	(1,255)	-	53,184	73,430	(1,189)	-	72,241

Consolidated statement of cash flows	3 months ended 31 December 2018				9 months ended 31 December 2018			
	As previously reported (S$'000)	Effect of SFRS(I) 16 (S$'000)	Effect of PPA adjustment (S$'000)	Retstated (S$'000)	As previously reported (S$'000)	Effect of SFRS(I) 16 (S$'000)	Effect of PPA adjustment (S$'000)	Retstated (S$'000)
Cash flows from operating activities								
Depreciation of right-of-use assets	-	591	-	591	-	1,776	-	1,776
Amortisation of intangible assets	48	-	30	78	141	-	38	179
Increase in payables	6,429	2	-	6,431	8,542	6	-	8,548
Increase in receivables and prepayments	(7,096)	-	-	(7,096)	(9,992)	6	-	(9,986)
Interest expense	262	251	-	513	777	754	-	1,531
Interest expense paid	(262)	(251)	-	(513)	(777)	(754)	-	(1,531)
Cash flows from financing activities								
Repayment of principal portion of lease liabilities	-	(530)	-	(530)	-	(1,599)	-	(1,599)

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 31.12.19	3 months ended 31.12.18 (Restated)	3 months ended 31.12.19	3 months ended 31.12.18 (Restated)	3 months ended 31.12.19	3 months ended 31.12.18 (Restated)
Earnings per ordinary share:-						
Basic (cents)	1.24	(0.46)	(1.13)	0.27	0.11	(0.19)
Diluted (cents)	1.16	(0.46)	(1.13)	0.27	0.03	(0.19)

	Group					
	Continuing operations		Discontinued operation		Total	
	9 months ended 31.12.19	9 months ended 31.12.18 (Restated)	9 months ended 31.12.19	9 months ended 31.12.18 (Restated)	9 months ended 31.12.19	9 months ended 31.12.18 (Restated)
Basic (cents)	2.16	(1.57)	(0.86)	(1.23)	1.30	(2.80)
Diluted (cents)	2.01	(1.57)	(0.86)	(1.23)	1.15	(2.80)

	Group					
	Continuing operations		Discontinued operation		Total	
	3 months ended 31.12.19	3 months ended 31.12.18 (Restated)	3 months ended 31.12.19	3 months ended 31.12.18 (Restated)	3 months ended 31.12.19	3 months ended 31.12.18 (Restated)
Profit/(loss) attributable to owners of the Company (S$'000)	2,685	(995)	(2,444)	592	241	(403)

	Group					
	Continuing operations		Discontinued operation		Total	
	9 months ended 31.12.19	9 months ended 31.12.18 (Restated)	9 months ended 31.12.19	9 months ended 31.12.18 (Restated)	9 months ended 31.12.19	9 months ended 31.12.18 (Restated)
Profit/(loss) attributable to owners of the Company (S$'000)	4,666	(3,326)	(1,852)	(2,616)	2,814	(5,942)

	Group			
	3 months ended 31.12.19	3 months ended 31.12.18	9 months ended 31.12.19	9 months ended 31.12.18
Weighted average number of ordinary shares for basic earnings per share computation ('000)	216,318	216,318	216,318	212,498
Effects of dilution:				
- Employee share-based payment scheme ('000)	11	-	11	-
- Warrants ('000)	15,451	-	15,451	-
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	231,780	216,318	231,780	212,498

The outstanding warrants and potential ordinary shares that would be issued under MTQ Share Plan are excluded from the calculation of diluted loss per share for the 3 months and 6 months ended 31 December 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	
	31.12.19 (S$)	**31.3.19 (S$) (Restated)**	**31.12.19 (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 31 December 2019 ("3QFY2020") vs 3 months ended 31 December 2018 ("3QFY2019")

The Group reported S$20.7 million revenue for 3QFY2020, an increase of 66% from 3QFY2019 as activities continue to pick up within the Group. Correspondingly, gross profit margin improved to 33.1% from 24.1% as a result of higher utilisation and better job mix.

Other operating expenses remained manageable during the quarter while staff costs increased in tandem with the higher revenue. Overall, the Group reported a net profit from continuing operations of S$2.7 million in 3QFY2020.

Within the "Discontinued Operation", the Group recognised S$1.3 million loss on disposal of the Neptune segment mainly due to the realisation of S$2.4 million historical foreign currency translation loss residing in the reserves to profit or loss (this has no impact to the net assets of the Group). Following the disposal, the Group made the remaining key personnel of this segment redundant and recorded S$0.7 million redundancy provision as a result. Excluding these, the segment recorded a slight loss in 3QFY2020 prior to the completion of disposal.

9 months ended 31 December 2019 ("9MFY2020") vs 9 months ended 31 December 2018 ("9MFY2019")

The Group reported S$55.1 million revenue for 9MFY2020, an increase of 66% from 9MFY2019 as activities continue to pick up within the Group. Correspondingly, gross profit margin improved to 31.6% from 24.3% as a result of higher utilisation and better job mix.

Other operating expenses remained manageable during the period while staff costs increased in tandem with the higher revenue. Overall, the Group reported a net profit from continuing operations of S$4.6 million in 9MFY2020.

Within the "Discontinued Operation", the Group recognised S$1.3 million loss on disposal of the Neptune segment mainly due to the realisation of S$2.4 million historical foreign currency translation loss residing in the reserves to profit or loss (this has no impact to the net assets of the Group). Following the disposal, the Group made the remaining key personnel of this segment redundant and recorded S$0.7 million redundancy provision as a result. Excluding these, the segment recorded a slight profit in 9MFY2020 prior to the completion of disposal.

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 delighted to present another quarter of organic growth in the Oilfield Engineering segment which has resulted in a profit of S$2.7 million for the quarter. Barring any unforeseen circumstances, the Group is confident that businesses will continue to do well and the Group is on track to record a profitable financial year.

The disposal of Neptune segment was completed during the quarter.The healthier cash and financial position will put the Group in a stronger position to secure revenue opportunities in both existing markets and also in new areas of growth.

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 31 December 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, 24 July 2019 and 30 October 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$11.1 million utilised as announced on SGXNET on 30 October 2019, the Company has utilised S$11.4 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	2.1
3	Working Capital*	-	7.5
	Total	0.3	11.4

*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$0.6 million of the Net Proceeds as and when such proceeds are materially disbursed.

BY ORDER OF THE BOARD

Tan Lee Fang
Company Secretary
6 February 2020

MTQ CORPORATION LIMITED
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FOR IMMEDIATE RELEASE

- **Strong organic growth in Oilfield Engineering, recorded profit of S$2.7 million from continuing operations in 3QFY2020**
- **Loss from discontinued operations mainly due to accounting loss from disposal of Neptune segment and related redundancy costs**

Singapore, 6 February 2020 – SGX Mainboard-listed MTQ Corporation Limited ("MTQ" or "Group"), an established regional engineering, repair and maintenance services group, reported today its results for the three months and nine months ended 31 December 2019 ("3QFY2020" and "9MFY2020" respectively).

Financial Highlights	3QFY2020	3QFY2019 (Restated)	Chg	9MFY2020	9MFY2019 (Restated)	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	20,680	12,455	66	55,071	33,144	66
Gross Profit	6,853	3,004	128	17,379	8,051	116
Gross Profit Margin	*33.1%*	*24.1%*		*31.6%*	*24.3%*	
Other Income	114	74	54	511	278	84
Other Operating Expenses	(1,672)	(1,934)	(14)	(4,776)	(4,903)	(3)
Staff Costs	(2,162)	(1,771)	22	(7,006)	(5,606)	25
Finance Costs	(365)	(380)	(4)	(1,138)	(1,135)	0
Share of Results of Joint Ventures and Associate	-	(31)	(100)	206	(23)	nm
Profit/(loss) from Continuing Operations, net of tax	2,656	(1,042)	nm	4,604	(3,486)	nm
(Loss)/profit from Discontinued Operation, net of tax	(2,459)	704	nm	(1,781)	(2,908)	(39)
Profit/(loss) for the period	197	(338)	nm	2,823	(6,394)	nm

Financial Review

The Group reported S$20.7 million revenue for 3QFY2020, an increase of 66% from 3QFY2019 as activities continue to pick up within the Group. Correspondingly, gross profit margin improved to 33.1% from 24.1% as a result of higher utilisation and better job mix during the quarter.

Other operating expenses remained manageable during the quarter while staff costs increased in tandem with the higher revenue. Overall, the Group reported a net profit from continuing operations of S$2.7 million in 3QFY2020, bringing the year-to-date profit to S$4.6 million.

Within the "Discontinued Operation", the Group recognised S$1.3 million loss on disposal of the Neptune segment mainly due to the realisation of S$2.4 million historical foreign currency translation loss residing in the reserves to profit or loss (this has no impact to the net assets of the Group). Following the disposal, the Group made the remaining key personnel of this segment redundant and recorded S$0.7 million redundancy provision as a result. Excluding these, the segment recorded a slight loss in 3QFY2020 prior to the completion of disposal. The residual entity is now known as Blossomvale Holdings Limited.

Cash flows	**3QFY2020**	**3QFY2019 (Restated)**	**9MFY2020**	**9MFY2019 (Restated)**
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**
Net cash from/(used in):				
- **Operating activities**	4,680	1,290	544	345
- **Investing activities**	3,116	(1,002)	4,625	(5,295)
- **Financing activities**	(507)	(849)	(2,232)	9,575
Net change in cash & cash equivalents (inclusive of exchange rate effects)	7,399	(790)	2,738	4,366
Cash and cash equivalents at end of financial period	22,553	15,125	22,553	15,125

The Group recorded net cash inflows of S$4.7 million from operations for the quarter. Investing cash flows included the initial S$4.7 million (A$5.0 million) cash consideration received from the disposal of Neptune segment. Including the quarterly repayments of bank borrowings and lease liabilities, the Group's ending cash and cash equivalents was S$22.6 million, bringing the Group to a net cash position of S$1.6 million as at 31 December 2019.

Balance Sheet	31 Dec 2019	31 Mar 2019 (Restated)
	SGD'000	SGD'000
Net current assets	31,000	37,686
Net assets	74,689	71,151
Cash and cash equivalents	22,553	19,815
Bank borrowings and finance leases	20,913	22,030
Shareholder's funds	71,922	68,196
Net gearing[1]	N.A.	3.0%
Net assets value per share[2]	33 cents	32 cents

[1] *Net gearing ratio is calculated based on net debt divided by net capitalisation. 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 capitalisation refers to net debt plus total equity.*

[2] *Net assets value 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.*

Results & outlook

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

"We are delighted to present another quarter of organic growth in the Oilfield Engineering segment which has resulted in a profit of S$2.7 million for the quarter. Barring any unforeseen circumstances, we are confident that our businesses will continue to do well and the Group is on track to record a profitable financial year.

The injection of the Neptune segment into MMA Offshore Limited was completed during the quarter.

The healthier cash and financial position will put us in a stronger position to secure revenue opportunities in both our existing markets and also in new areas of growth."

- 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 35 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 additional to repair and manufacture of oilfield equipment, is also supplier of oilfield equipment and tools manufactured by some of the leading global brands. 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. Mid-Continent is an oilfield equipment and spares supplier distributing wide range of trusted oilfield manufacturer brands. In-Line Valve, headquartered in the United Kingdom, designs, engineers and supplies flow control valves focused in the upstream oil and gas industry.

For more information, please log on www.mtq.com.sg

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