



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

Unaudited Half Year Financial Statements For The Period Ended 30 September 2009

1(a) STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2009

GROUP

	6 months to 30.09.09 S\$'000	6 months to 30.09.08 S\$'000	Change %
Revenue	39,767	45,363	-12%
Cost of sales (Note A)	(23,317)	(27,432)	-15%
Gross Profit	16,450	17,931	-8%
Other income (Note B)	2,256	705	220%
Staff costs	(5,911)	(6,379)	-7%
Other operating expenses (Note C)	(4,253)	(3,700)	15%
Profit from operating activities	8,542	8,557	0%
Finance costs (Note D)	(72)	(85)	-15%
Profit from operations before taxation	8,470	8,472	0%
Taxation (Note E)	(1,288)	(1,474)	-13%
Net profit for the financial period	7,182	6,998	3%
Other comprehensive income:			
Exchange difference on translation of overseas subsidiary companies	3,076	(1,898)	n/m
Net gain/(loss) on fair value of available-for-sale financial assets	8,060	(1,280)	n/m
Derecognition of available-for-sale financial assets	(1,847)	-	n/m
Other comprehensive income for the period, net of tax (Note F)	9,289	(3,178)	n/m
Total comprehensive income for the period	16,471	3,820	331%
Net Profit Attributable to:			
Shareholders of the Company	7,185	7,002	3%
Minority interests	(3)	(4)	-25%
	7,182	6,998	3%
Total Comprehensive Income Attributable to:			
Shareholders of the Company	16,474	3,824	331%
Minority Interests	(3)	(4)	-25%
	16,471	3,820	331%

n/m : not meaningful



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Note A - Cost of sales include :-

	Group		
	6 months to 30.09.09	6 months to 30.09.08	Change
	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	1,240	1,055	18%

Note B - Other income comprise:-

	Group		
	6 months to 30.09.09	6 months to 30.09.08	Change
	S\$'000	S\$'000	%
Dividends	145	68	113%
Interest income			
- bank deposits	60	494	-88%
- staff loans	7	10	-30%
Realised gain on disposal of available-for-sale financial assets	1,863	-	n/m
Job credits	149	-	n/m
Other income	32	133	-76%
	2,256	705	220%

Note C - Other operating expenses include :-

	Group		
	6 months to 30.09.09	6 months to 30.09.08	Change
	S\$'000	S\$'000	%
Depreciation of property, plant and equipment	454	579	-22%
Loss/(gain) on exchange, net	136	(90)	n/m
Allowance for doubtful receivables and bad debts written (back)/off, net	(24)	(653)	-96%
Allowance for inventory obsolescence and inventories written off, net	162	129	26%
Gain on sale of property, plant and equipment, net	-	(48)	n/m

Note D - Finance costs comprise:-

	Group		
	6 months to 30.09.09	6 months to 30.09.08	Change
	S\$'000	S\$'000	%
Interest on:			
- bank loans and overdrafts	65	79	-18%
- finance lease payables	6	5	20%
- others	1	1	0%
	72	85	-15%

Note E - Taxation:-

a) (Over)/under provision in respect of prior years:-

	Group		
	6 months to 30.09.09	6 months to 30.09.08	Change
	S\$'000	S\$'000	%
- current taxation	(52)	591	n/m
- deferred taxation	(149)	(582)	-74%
	(201)	9	n/m

b) The higher taxation for 1H comparative period was mainly due to timing differences.

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

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



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1(b)(i) BALANCE SHEETS

	Group		Company	
	30.09.09 S\$'000	31.03.09 S\$'000	30.09.09 S\$'000	31.03.09 S\$'000
Non-current assets				
Goodwill	6,895	5,894	-	-
Investment properties	-	-	939	1,068
Property, plant and equipment	16,103	16,398	235	290
Investment in subsidiaries	-	-	23,402	22,276
Investment securities	9,938	4,146	-	-
Receivables	218	261	50	61
Prepayments	24	30	7	9
Deferred tax assets	1,079	857	65	-
	<u>34,257</u>	<u>27,586</u>	<u>24,698</u>	<u>23,704</u>
Current assets				
Inventories	15,094	14,178	-	-
Trade and other receivables	18,277	16,345	25,526	26,878
Gross amount due from customers for contract work-in-progress	-	2,864	-	-
Prepayments	1,216	281	142	35
Investment securities	2,053	1,628	-	-
Tax recoverable	8	15	-	-
Deriavatives	30	-	-	-
Fixed deposits	18,726	14,988	3,802	-
Cash at bank and in hand	8,966	6,996	653	219
	<u>64,370</u>	<u>57,295</u>	<u>30,123</u>	<u>27,132</u>
Current liabilities				
Trade and other payables	(10,455)	(10,829)	(1,214)	(1,793)
Gross amount due to customers for contract work-in-progress	-	(425)	-	-
Finance lease payable, current portion	(65)	(54)	-	-
Long term bank borrowings, current portion	(2,001)	(1,905)	-	-
Provisions, current portion	(2,465)	(2,320)	-	-
Deriavatives	-	(157)	-	-
Provision for taxation	(5,926)	(6,342)	(664)	(776)
	<u>(20,912)</u>	<u>(22,032)</u>	<u>(1,878)</u>	<u>(2,569)</u>
Net current assets	43,458	35,263	28,245	24,563
Non-current liabilities				
Other payables	-	-	(2,680)	(2,670)
Finance lease payable	(155)	(161)	-	-
Loans from a minority shareholder of a subsidiary company	(1,050)	(1,050)	-	-
Long term bank borrowings	(2,449)	(2,543)	-	-
Deferred tax liabilities	(1,877)	(1,688)	-	(76)
Provisions	(644)	(577)	(166)	(166)
	<u>(6,175)</u>	<u>(6,019)</u>	<u>(2,846)</u>	<u>(2,912)</u>
	<u>71,540</u>	<u>56,830</u>	<u>50,097</u>	<u>45,355</u>
Equity				
Share capital [see 1(d)(i)]	28,159	28,159	28,159	28,159
Treasury shares [see 1(d)(iv)]	(3,992)	(3,992)	(3,992)	(3,992)
Reserves	48,041	33,328	25,930	21,188
Shareholders' funds	<u>72,208</u>	<u>57,495</u>	<u>50,097</u>	<u>45,355</u>
Minority interests	(668)	(665)	-	-
	<u>71,540</u>	<u>56,830</u>	<u>50,097</u>	<u>45,355</u>

Balance Sheet Review

Non-current assets saw a substantial increase mainly due to increase in fair value of long term investment in quoted shares and higher translation of the carrying amount of goodwill due to Australian Dollar appreciation, offset partially by depreciation of fixed assets and repayment of staff loans.

Current assets increased mainly due to higher translation of the carrying amount of inventory due to Australian Dollar appreciation, increase in fair value of short term investment in quoted shares, and higher net cash inflows (as explained in 1(c)).

Current liabilities decreased due to lower trade and other payables and accrued operating expenses. Lower provision of tax in line with lower taxable profits also contributed to the decrease, partially offset by an increase in the current portion of provisions.

Non-current liabilities was higher because of an increase in deferred tax liabilities and provisions offset partially by further bank loan repayments.



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1(b)(ii) GROUP BORROWINGS

	30.09.09		31.03.09	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less	1,761	305	1,619	340
Amount repayable after one year	2,604	-	2,569	135

Details of any collateral:

Total bank borrowings of S\$4,145,000 (FY2009: S\$3,973,000) granted to a subsidiary company, S\$2,449,000 (FY2009: S\$2,408,000) of which falls due after one year, are secured by the following:-

- fixed charge over certain workshop equipment purchased with the bank borrowings; and
- corporate guarantee provided by the Company.

Group's Borrowings:

The Group's borrowings as at 30 September 2009 decreased to S\$4,670,000 from S\$4,663,000 (as at 31 March 2009) due to further repayments of existing bank loan balances.



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1(C) STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

	Group	
	6 months to 30.09.09	6 months to 30.09.08
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit from operations before taxation	8,470	8,472
Add/(less):		
Depreciation of property, plant and equipment	1,694	1,634
Gain on sale of property, plant and equipment, net	-	(48)
Interest income	(67)	(504)
Interest expense	72	85
Dividend income	(145)	-
Gain on disposal of available-for-sale investments	(1,863)	-
Operating profit before reinvestment in working capital	8,161	9,639
Decrease/(increase) in receivables and prepayments	(33)	(551)
Increase in inventories	(916)	(2,964)
Increase in investment securities	(425)	(2,162)
(Decrease)/increase in payables	(943)	1,491
Currency re-alignment	1,558	(1,111)
Cash generated from operations	7,402	4,342
Interest income received	67	504
Interest expense paid	(71)	(84)
Income taxes paid	(1,648)	(7,741)
Net cash generated/(used in) from operating activities	5,750	(2,979)
Cash flows from investing activities:		
Dividends received	145	-
Purchase of property, plant and equipment	(990)	(2,667)
Proceeds from sale of property, plant and equipment	6	184
Proceeds from sale of investment in quoted shares, net of brokerage	2,456	-
Purchase of investment in quoted shares, net of brokerage	(172)	(4,160)
Loans repaid by staff	49	106
Net cash generated/(used in) from investing activities	1,494	(6,537)
Cash flows from financing activities:		
Dividends paid	(1,761)	(1,847)
Proceeds from bank borrowings	1,100	1,105
Repayment of bank borrowings	(1,098)	(933)
Repayments of finance lease liabilities	(31)	(2)
Shares buyback	-	(2,102)
Repayment of loans from a minority shareholder of a subsidiary company	-	4
Net cash used in financing activities	(1,790)	(3,775)
Net change in cash and cash equivalents	5,454	(13,291)
Cash and cash equivalents at beginning of financial period	21,984	34,050
Effect of exchange rate changes on cash and cash equivalents	254	(70)
Cash and cash equivalents at end of financial period	27,692	20,689

Note

Cash and cash equivalents consist of the following:-

	Group	
	30.09.09	30.09.08
	S\$'000	S\$'000
Fixed deposits	18,726	12,702
Cash at bank and in hand	8,966	7,987
	27,692	20,689

Net cash generated from operating activities for the current financial period could be attributed mainly to the absence of payment of capital gains tax in the prior financial period arising from divestment of RCR shares, coupled with lower outflows from operations due to concerted efforts to manage inventory and receivables levels.

Net cash generated from investing activities was mainly due to proceeds from divestment of long-term investment in quoted shares, lower capital expenditure and lower new investment in quoted shares.

Lower net cash used in financing activities was mainly due to the absence of shares buyback in the current financial period.



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1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2009

<u>Group</u>	Attributable to shareholders of the Company						Shareholders' Funds	Minority Interests	Total Equity
	Share Capital	Treasury Shares	Foreign Currency Translation Reserve	Retained Earnings	Fair Value Adjustment Reserve	Other Reserve ^a			
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000			
Balance as at 1 April 2008	28,159	(891)	1,477	28,438	-	(18)	57,165	(659)	56,506
Total comprehensive income for the financial period	-	-	(1,898)	7,002	(1,280)	-	3,824	(4)	3,820
Dividends paid in respect of previous financial period, tax exempt (one-tier)	-	-	-	(1,847)	-	-	(1,847)	-	(1,847)
Share buyback - held in treasury	-	(2,102)	-	-	-	-	(2,102)	-	(2,102)
Balance as at 30 September 2008	28,159	(2,993)	(421)	33,593	(1,280)	(18)	57,040	(663)	56,377
Balance as at 1 April 2009	28,159	(3,992)	(2,166)	36,673	(1,161)	(18)	57,495	(665)	56,830
Total comprehensive income for the financial period	-	-	3,076	7,185	6,213	-	16,474	(3)	16,471
Dividends paid in respect of previous financial period, tax-exempt (one-tier)	-	-	-	(1,761)	-	-	(1,761)	-	(1,761)
Balance as at 30 September 2009	28,159	(3,992)	910	42,097	5,052	(18)	72,208	(668)	71,540

Company

	Share Capital	Treasury Shares	Retained Earnings	Other Reserve ^a	Shareholders' Funds
	SS'000	SS'000	SS'000	SS'000	SS'000
Balance as at 1 April 2008	28,159	(891)	10,186	(18)	37,436
Total comprehensive income for the financial period	-	-	4,029	-	4,029
Dividends paid in respect of previous financial period, tax-exempt (one-tier)	-	-	(1,847)	-	(1,847)
Share buyback - held in treasury	-	(2,102)	-	-	(2,102)
Balance as at 30 September 2008	28,159	(2,993)	12,368	(18)	37,516
Balance as at 1 April 2009	28,159	(3,992)	21,206	(18)	45,355
Total comprehensive income for the financial period	-	-	6,503	-	6,503
Dividends paid in respect of previous financial period, tax-exempt (one-tier)	-	-	(1,761)	-	(1,761)
Balance as at 30 September 2009	28,159	(3,992)	25,948	(18)	50,097

^a Relates to loss on disposal of treasury shares.

1(d)(ii) CHANGES IN COMPANY'S SHARE CAPITAL

There was no movement in the Company's issued share capital and share options during the current financial period.

The movement in total number of options was as follows:-

<u>Date of grant</u>	<u>No. of options outstanding</u>				<u>Expiry date</u>	<u>Exercise price per share</u>	
	<u>01.04.09</u>	<u>Granted</u>	<u>Exercised</u>	<u>Cancelled</u>			<u>30.09.09</u>
	('000)	('000)	('000)	('000)	('000)		
31 July 2003	30	-	-	-	30	30 July 2013	SS0.43
	30	-	-	-	30		

1(d)(iii) NUMBER OF ISSUED SHARES EXCLUDING TREASURY

	<u>30.09.09</u>	<u>31.03.09</u>
	('000)	('000)
Total number of issued shares	95,541	95,541
Total number of treasury shares	7,482	7,482
Total number of issued shares excluding treasury shares	88,059	88,059



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1(d)(iv) CHANGES IN COMPANY'S TREASURY SHARES

There was no movement in the number of treasury shares during the current financial period.

	No. of treasury shares ('000)
As at 1 April 2009 and 30 September 2009	7,482

2 AUDIT

The figures have not been audited or reviewed by the Company's auditors.

3 AUDITORS' REPORT

Not Applicable.

4 ACCOUNTING POLICIES

Except as disclosed under paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 March 2009 as well as applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 April 2009.

5 CHANGES IN ACCOUNTING POLICIES

With effect from 1 January 2009, the Group adopted the following new/amended FRS, which are relevant to the Group's operations:

FRS 1 (revised 2008)	Presentation of Financial Statements
FRS 23 (revised 2007)	Borrowing Costs
FRS 108	Operating Segments
Amendments to FRS 107	Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

The adoption of the above FRS (including consequential amendment) does not have any significant impact on the financial statements.

6 EARNINGS PER ORDINARY SHARE (EPS)

	Group	
	6 months ended 30.09.09 (cents)	6 months ended 30.09.08 (cents)
<u>Earnings per ordinary share:-</u>		
Basic (Note A)	8.16	7.60
Diluted (Note B)	8.16	7.60

Note A

The basic earnings per ordinary share is calculated based on the net profit attributable to shareholders of the Company set out in 1(a) above and the weighted average number of ordinary shares in issue[#] during the financial period :-

1HFY2010 - 88.059 m shares (1HFY2009 - 92.125 m shares)

Note B

The diluted earnings per ordinary share is calculated based on the net profit attributable to shareholders of the Company set out in 1(a) above and the weighted average number of ordinary shares in issue[#] during the financial period (adjusted for the effects of dilutive potential ordinary shares being the share options granted to employees) :-

1HFY2010 - 88.069 m shares (1HFY2009 - 92.134 m shares)

[#] The total 7,482,000 treasury shares as at 30 September 2009 (5,473,000 treasury shares as at 30 September 2008) are excluded from the computation of per share data.

7 NET ASSET VALUE

	Group		Company	
	30.09.09 (cents)	31.03.09 (cents)	30.09.09 (cents)	31.03.09 (cents)
Net asset* value per ordinary share**	82.00	65.29	56.89	51.51

* Net asset refers to shareholders' funds.

** Based on total number of issued shares excluding treasury shares as at end of financial period reported.



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8 REVIEW OF GROUP PERFORMANCE

Revenue

Amidst the global economic slowdown which started in late 2008, the Group recorded a 12.3% decline in revenue from S\$45.4m in 1HFY09 to S\$39.8m in 1HY10.

Revenue for the Oilfield Engineering Division declined by 22.2% or S\$5.6m in 1HFY10 as compared to 1HFY09 with both its core repair and complementary fabrication and equipment rental business experiencing lower demand.

The Engine Systems Division recorded a modest increase in revenue in Australian Dollar (A\$) terms. However, due to adverse currency fluctuations, revenue decreased marginally by 1.1% or S\$0.2m in 1HFY10.

Profitability

Despite lower revenue, the Group managed to maintain its profit from operating activities for 1HFY10 at 1HFY09 levels.

The Oilfield Engineering Division's operating profit decreased in line with its lower revenue, but its gross profit margin managed to improve on tighter cost controls.

Excluding the huge write back of CSR bad debt in 1HFY09, the Engine Systems Division recorded a 32.1% increase in operating profit in 1HFY10. Gross profit margins also increased.

Overall profits from operating activities included an increase in other income of S\$1.9m gain on disposal of long-term investment in quoted shares.

The 13% drop in taxation in 1HFY10 was due to lower taxable profit recorded.

9 VARIANCE FROM PROSPECT STATEMENT

No significant variance noted.

10 PROSPECTS

Given the severity of the global economic crisis, the Group's performance in the period concerned has been quite resilient.

With the recovery of oil prices, demand in the Oil & Gas industry is also picking up. The Oilfield Engineering Division has begun to experience an improvement in the demand for its products and services in the last 3 months and such demand is likely to persist.

The Engine Systems Division has weathered the storm well. With the recent acquisition of distribution rights for the full range of Bosch products to the aftermarket repairers network, the Division not only strengthens its market position, its performance is also set to improve in the coming Financial Year.

Barring any further worsening of market conditions, we are reasonably confident that the two divisions will maintain their respective performance in the second half of FY10 compared to the first half of FY10.

11 DIVIDENDS

a) Any dividend declared for the present financial period? Yes

Present Period

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	1.0 cent per ordinary share
Tax Rate	Tax-exempt (one-tier)

b) Any dividend declared for the previous corresponding period? Yes

Previous Corresponding Period

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	1.0 cent per ordinary share
Tax Rate	Tax-exempt (one-tier)

c) Date payable

The interim dividend will be paid on 24 November 2009.

d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 13 November 2009 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited at 63 Cantonment Road, Singapore 089758 up to 5.00 p.m. on 12 November 2009 will be registered to determine shareholders' entitlements to the interim dividend. Members whose Securities Accounts with the Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 12 November 2009 will be entitled to the interim dividend.



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12 INTERESTED PERSON TRANSACTIONS

There are no interested person transactions during the period under review.

13 COMPARATIVE FIGURES

Following a reassessment of the nature and classification of the comparative figures, certain comparative figures have been reclassified to reflect the nature of these items more appropriately.

BY ORDER OF THE BOARD

Fong Choon Seng
Company Secretary
28.10.09