



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

Unaudited Half Year Financial Statements For The Period Ended 30 September 2010

1(a) STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2010

GROUP

	6 months to 30.09.10 S\$'000	6 months to 30.09.09 S\$'000	Change %
Revenue	44,633	39,767	12%
Cost of sales (Note A)	(26,752)	(23,317)	15%
Gross Profit	17,881	16,450	9%
Other income (Note B)	199	2,256	-91%
Staff costs	(6,829)	(5,911)	16%
Other operating expenses (Note C)	(4,281)	(4,253)	1%
Profit from operating activities	6,970	8,542	-18%
Finance costs (Note D)	(78)	(72)	8%
Profit from operations before taxation	6,892	8,470	-19%
Taxation expense (Note E)	(1,513)	(1,288)	17%
Profit for the financial period, net of tax	5,379	7,182	-25%
Other comprehensive income:			
Exchange difference on translation of overseas subsidiary companies	(662)	3,076	n/m
Net (loss)/gain on fair value of available-for-sale financial assets	(225)	8,060	n/m
Disposal of available-for-sale financial assets transferred to profit and loss	-	(1,847)	n/m
Other comprehensive income for the period, net of tax (Note F)	(887)	9,289	n/m
Total comprehensive income for the period	4,492	16,471	-73%
Profit Attributable to:			
Owners of the Parent	5,381	7,185	-25%
Non-Controlling Interests	(2)	(3)	-33%
	5,379	7,182	-25%
Total Comprehensive Income Attributable to:			
Owners of the Parent	4,494	16,474	-73%
Non-Controlling Interests	(2)	(3)	-33%
	4,492	16,471	-73%

n/m : not meaningful



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Note A - Cost of sales include :-

	Group		Change %
	6 months to 30.09.10 S\$'000	6 months to 30.09.09 S\$'000	
Depreciation of property, plant and equipment	1,445	1,240	17%

Note B - Other income comprise :-

	Group		Change %
	6 months to 30.09.10 S\$'000	6 months to 30.09.09 S\$'000	
Dividends	2	145	-99%
Interest income			
- bank deposits	84	60	40%
- staff loans	8	7	14%
Realised gain on disposal of available-for-sale financial assets	-	1,863	n/m
Job credits	18	149	-88%
Other income	87	32	172%
	199	2,256	-91%

Note C - Other operating expenses include :-

	Group		Change %
	6 months to 30.09.10 S\$'000	6 months to 30.09.09 S\$'000	
Depreciation of property, plant and equipment	450	454	-1%
Loss on exchange, net	368	136	171%
Allowance for doubtful receivables and bad debts written back, net	(914)	(24)	3708%
Allowance for inventory obsolescence and inventories written off, net	356	162	120%
Gain on sale of property, plant and equipment, net	(706)	-	n/m

Note D - Finance costs comprise :-

	Group		Change %
	6 months to 30.09.10 S\$'000	6 months to 30.09.09 S\$'000	
Interest on:			
- bank loans and overdrafts	49	65	-25%
- finance lease payables	25	6	317%
- others	4	1	300%
	78	72	8%

Note E - Taxation expense :-

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

	Group		Change %
	6 months to 30.09.10 S\$'000	6 months to 30.09.09 S\$'000	
- current taxation	15	(52)	n/m
- deferred taxation	20	(149)	n/m
	35	(201)	n/m

b) Despite lower pre-tax profits, higher profits from the Engine Systems Division and non-deductible losses from start-ups have led to a higher effective tax rate.

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

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



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1(b)(i) BALANCE SHEETS

	Group		Company	
	30.09.10 S\$'000	31.03.10 S\$'000	30.09.10 S\$'000	31.03.10 S\$'000
Non-current assets				
Goodwill	7,525	7,180	-	-
Intangible assets	124	-	-	-
Investment properties	-	-	911	921
Property, plant and equipment	22,632	18,511	720	280
Investment in subsidiaries	-	-	27,620	25,740
Investment securities	6,817	7,042	-	-
Receivables	179	257	106	120
Prepayments	25	38	21	25
Deferred tax assets	1,289	1,302	16	20
	<u>38,591</u>	<u>34,330</u>	<u>29,394</u>	<u>27,106</u>
Current assets				
Inventories	19,582	16,638	-	-
Trade and other receivables	21,813	21,489	22,447	24,294
Gross amount due from customers for contract work-in-progress	-	2,824	-	-
Prepayments	3,563	3,708	53	53
Investment securities	1,377	1,523	-	-
Derivatives	402	636	-	-
Fixed deposits	8,819	14,607	-	1,902
Cash and cash equivalents	11,811	5,707	455	1,259
	<u>67,367</u>	<u>67,132</u>	<u>22,955</u>	<u>27,508</u>
Current liabilities				
Trade and other payables	(12,491)	(12,887)	(2,191)	(1,272)
Finance lease payable, current portion	(265)	(149)	-	-
Long term bank borrowings, current portion	(2,291)	(1,714)	-	-
Provisions, current portion	(898)	(955)	-	-
Provision for taxation	(6,615)	(6,631)	(727)	(752)
	<u>(22,560)</u>	<u>(22,336)</u>	<u>(2,918)</u>	<u>(2,024)</u>
Net current assets	44,807	44,796	20,037	25,484
Non-current liabilities				
Other payables	-	-	(2,644)	(3,759)
Finance lease payable	(654)	(390)	-	-
Loans from a minority shareholder of a subsidiary company	(1,056)	(1,056)	-	-
Long term bank borrowings	(2,747)	(1,659)	-	-
Deferred tax liabilities	(1,870)	(1,831)	-	-
Provisions	(1,024)	(874)	(68)	(68)
	<u>(7,351)</u>	<u>(5,810)</u>	<u>(2,712)</u>	<u>(3,827)</u>
Net Assets	<u>76,047</u>	<u>73,316</u>	<u>46,719</u>	<u>48,763</u>
Equity attributable to Owners of the Parent				
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	52,554	49,821	22,552	24,596
Shareholders' funds	76,721	73,988	46,719	48,763
Non-Controlling Interests	(674)	(672)	-	-
Total Equity	<u>76,047</u>	<u>73,316</u>	<u>46,719</u>	<u>48,763</u>



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Balance Sheet Review

Higher non-current assets was mainly due to increase in plant and equipment, both from acquisitions and new start-ups, slightly offset by the decrease in fair value of long term investment in quoted shares. There was also an increase in goodwill due to a business acquisition in Australia.

The level of current assets increased marginally, with higher inventories in Australia offset by the absence of balances owing by customers for contract work-in-progress and a slight decrease in investments.

Current liabilities saw a slight increase mainly due to higher bank loans and finance leases offset by decrease in trade and other payables.

Increase in non-current liabilities was mainly due to new bank loan and finance leases.

1(b)(ii) GROUP BORROWINGS

	30.09.10		31.03.10	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less	2,556	-	1,728	135
Amount repayable after one year	3,401	-	2,049	-

Details of any collateral:

Total bank borrowings of S\$5,038,000 (FY2010: S\$3,238,000) were incurred by Group's subsidiaries, of which S\$2,747,000 (FY2010: S\$1,659,000) falls due after one year. These borrowings are secured by the following:-

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

Group's Borrowings:

The Group's borrowings as at 30 September 2010 increased to S\$5,957,000 from S\$3,912,000 (as at 31 March 2010) as a result of new borrowings taken to finance the acquisition of new businesses and the purchase of motor vehicles.



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1(c) STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Group	
	6 months to 30.09.10 S\$'000	6 months to 30.09.09 S\$'000
Cash flows from operating activities:		
Profit from operations before taxation	6,892	8,470
Add/(less):		
Depreciation of property, plant and equipment	1,895	1,694
Gain on sale of property, plant and equipment, net	(706)	-
Net fair value loss in investment securities	146	-
Net fair value loss/(gain) in derivatives		
- Equity derivatives	234	-
- Forward currency contracts	-	(187)
Interest income	(92)	(67)
Interest expense	78	72
Dividend income	(2)	(145)
Gain on disposal of quoted investments	-	(1,863)
Operating profit before reinvestment in working capital	8,445	7,974
Decrease in gross amount due from customers for contract work-in-progress	2,824	-
Increase in receivables and prepayments	(184)	(33)
Increase in inventories	(1,488)	(916)
Increase in investment securities	-	(425)
Net change in derivatives		
- Decrease in forward currency contracts	-	187
Decrease in payables	(353)	(943)
Currency realignment	(376)	1,558
Cash generated from operations	8,868	7,402
Interest income received	92	67
Interest expense paid	(74)	(71)
Income taxes paid, net	(1,504)	(1,648)
Net cash provided by operating activities	7,382	5,750
Cash flows from investing activities:		
Dividends received	2	145
Purchase of property, plant and equipment	(5,591)	(990)
Acquisition of business by a subsidiary company	(3,092)	-
Proceeds from sale of property, plant and equipment	1,284	6
Proceeds from sale of investment in quoted shares, net of brokerage	-	2,456
Purchase of investment in quoted shares, net of brokerage	-	(172)
Loans repaid by staff	96	49
Net cash (used in)/provided by investing activities	(7,301)	1,494
Cash flows from financing activities:		
Dividends paid	(1,761)	(1,761)
Proceeds from bank borrowings	2,589	1,100
Repayment of bank borrowings	(924)	(1,098)
Proceeds from finance lease	484	-
Repayments of finance lease liabilities	(95)	(31)
Net cash provided by/(used in) financing activities	293	(1,790)
Net change in cash and cash equivalents	374	5,454
Cash and cash equivalents at beginning of financial period	20,314	21,984
Effect of exchange rate changes on cash and cash equivalents	(58)	254
Cash and cash equivalents at end of financial period	20,630	27,692

Note

Cash and cash equivalents consist of the following:-

	Group	
	30.09.10 S\$'000	30.09.09 S\$'000
Fixed deposits	8,819	18,726
Cash at bank and in hand	11,811	8,966
	20,630	27,692



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Cash Flows Review

Higher net cash generated from operating activities for the current financial period was mainly due to a decrease in amount owing by customers for contract work-in-progress, lower cash outflows from payables and lower income taxes paid, offset partially by an increase in the purchase of inventories and higher receivables and prepayments.

Net cash used in investing activities in the current financial period was mainly due to cash outflows for businesses acquisitions, purchase of machineries in the Oilfield division and the construction of new premises in Bahrain, partially offset by proceeds from the sale of property, plant and equipment.

Net cash provided by financing activities in the current financial period was mainly due to net proceeds from new bank borrowings and finance leases, offset by payment of dividends.

1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2010

<u>Group</u>	Attributable to owners of the Parent						Shareholders' Funds	Non-Controlling Interest	Total Equity
	Share Capital	Treasury Shares	Foreign Currency Translation Reserve	Retained Earnings	Fair Value Adjustment Reserve	Other Reserve			
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000			
Balance as at 1 April 2009	28,159	(3,992)	(2,166)	36,673	(1,161)	(18)	57,495	(665)	56,830
Profit net of tax	-	-	-	7,185	-	-	7,185	(3)	7,182
Other Comprehensive income for the financial period	-	-	3,076	-	6,213	-	9,289	-	9,289
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
Balance as at 1 April 2010	28,159	(3,992)	1,618	46,065	2,156	(18)	73,988	(672)	73,316
Profit net of tax	-	-	-	5,381	-	-	5,381	(2)	5,379
Other Comprehensive income for the financial period	-	-	(662)	-	(225)	-	(887)	-	(887)
Total comprehensive income for the financial period	-	-	(662)	5,381	(225)	-	4,494	(2)	4,492
Dividends paid in respect of previous financial period, tax exempt (one-tier)	-	-	-	(1,761)	-	-	(1,761)	-	(1,761)
Balance as at 30 September 2010	28,159	(3,992)	956	49,685	1,931	(18)	76,721	(674)	76,047

Company

	Share Capital	Treasury Shares	Retained Earnings	Other Reserve	Shareholders' Funds
	SS'000	SS'000	SS'000	SS'000	SS'000
Balance as at 1 April 2009	28,159	(3,992)	21,206	(18)	45,355
Profit for the financial period, representing 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
Balance as at 1 April 2010	28,159	(3,992)	24,614	(18)	48,763
Profit for the financial period, representing total comprehensive income for the financial period	-	-	(283)	-	(283)
Dividends paid in respect of previous financial period, tax-exempt (one-tier)	-	-	(1,761)	-	(1,761)
Balance as at 30 September 2010	28,159	(3,992)	22,570	(18)	46,719



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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 total number of options outstanding is as follows:-

<u>Date of grant</u>	<u>No. of options outstanding</u>		<u>Expiry date</u>	<u>Exercise price per share</u>
	<u>01.04.10</u> <u>('000)</u>	<u>30.09.10</u> <u>('000)</u>		
31 July 2003	30	30	30 July 2013	S\$0.43
	<u>30</u>	<u>30</u>		

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

	<u>30.09.10</u> <u>('000)</u>	<u>31.03.10</u> <u>('000)</u>
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	<u>88,059</u>	<u>88,059</u>

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

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

	<u>No. of treasury shares</u> <u>('000)</u>
As at 1 April 2010 and 30 September 2010	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

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 2010.

5 CHANGES IN ACCOUNTING POLICIES

Refer to note. 4.



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6 EARNINGS PER ORDINARY SHARE (EPS)

	Group	
	6 months ended 30.09.10 (cents)	6 months ended 30.09.09 (cents)
<u>Earnings per ordinary share:-</u>		
Basic (Note A)	6.11	8.16
Diluted (Note B)	6.11	8.16

Note A

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

1HFY2011 - 88.059 m shares (1HFY2010 - 88.059 m shares)

Note B

The diluted earnings per ordinary share is calculated based on the net profit attributable to owners to the parent 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) :-

1HFY2011 - 88.074 m shares (1HFY2010 - 88.069 m shares)

[#] The total 7,482,000 treasury shares as at 30 September 2010 (7,482,000 treasury shares as at 30 September 2009) are excluded from the computation of per share data.

7 NET ASSET VALUE

	Group		Company	
	30.09.10 (cents)	31.03.10 (cents)	30.09.10 (cents)	31.03.10 (cents)
Net asset* value per ordinary share**	87.12	84.02	53.05	55.38

* Net asset refers to shareholders' funds.

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

8 REVIEW OF GROUP PERFORMANCE

Revenue

For the six months ended 30 September 2010 ("1HFY11"), the Group registered a 12.2% increase in revenue to S\$44.6m compared to S\$39.8m in 1HFY10.

The Oilfield Engineering Division saw its revenue increased by S\$1.3m or 6.5% in 1HFY11 as compared to 1HFY10 mainly due to an improvement in rental business, coupled with an increase in demand for its products and services, especially in the OEM repair segment. The Engine Systems Division recorded a 13.2% increase in revenue in 1HFY11 compared to 1HFY10. This was mainly due to a combination of organic growth and new business from acquisitions. A full period of Bosch Superstore operations also boosted sales revenues.

Profitability

Gross Profit for 1HFY11 rose by 8.7% to S\$17.9m from S\$16.5m on the back of higher sales in both Divisions. However, profit from operations before tax ("PBT") for 1HFY10 included a S\$1.9m gain on disposal of available-for-sale financial assets. Consequently, PBT recorded an 18.6% decrease to S\$6.9m for 1HFY11. Excluding this disposal gain, current financial period PBT would be higher by 4.3% as compared to 1HFY10.

9 VARIANCE FROM PROSPECT STATEMENT

No significant variance noted.

10 PROSPECTS

The Oilfield Engineering Division experienced an improvement in the demand for its products and services for the second quarter of current financial period, and this trend is expected to continue for the remaining of the financial year.

Construction of the engineering facility in Bahrain is expected to be completed on time and within budget and is expected to commence operations in 2011.

With recent business acquisitions by the Engine Systems Division, the Division is well placed to further expand its service and trading network across Australia and strengthens its market position.

Overall, the Group remains cautiously optimistic about its business prospects for the remainder of the financial year.



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11 DIVIDENDS

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

Present Period

Name of Dividend	Interim
Dividend Type	Cash/Script
Dividend Amount per share (in cents)	2.0 cents per ordinary share
Tax Rate	Tax-exempt (one-tier)

The Scrip Dividend Scheme (approved at the Extraordinary General Meeting held on 2 July 2004) will be applicable to the Interim Dividend. The Scrip Dividend would provide shareholders with the option to elect for their distributions to be paid:

- 1) in cash; or
- 2) in fully paid shares.

Further details on the Scrip Dividend are set out in prescribed announcement - Notice of Book Closure Dates for Interim Dividend released on 3 November 2010.

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 or about 06 January 2011.

d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of MTQ Corporation Limited (the "Company") will be closed on 22 November 2010 ("Books Closure Date") for the purposes of determining the entitlements of Shareholders to the Interim Dividend. Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited, 63 Cantonment Road Singapore 089758 up to 5.00 p.m. on 19 November 2010 will be registered to determine Shareholder's entitlements to the Interim Dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 19 November 2010 will be entitled to the Interim Dividend.

12 INTERESTED PERSON TRANSACTIONS

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

BY ORDER OF THE BOARD

Fong Choon Seng
Company Secretary
3-Nov-10