



MTQ Corporation Limited and its Subsidiaries
(Company Registration No. 196900057Z)

Unaudited Condensed Interim Financial Statements
For the six-month financial period ended 30 September 2022

MTQ Corporation Limited and its Subsidiaries

Index

	Page
<u>Condensed interim consolidated statement of comprehensive income</u>	<u>1</u>
<u>Condensed interim balance sheets</u>	<u>3</u>
<u>Condensed interim statement of changes in equity</u>	<u>4</u>
<u>Condensed interim consolidated cash flow statement</u>	<u>7</u>
<u>Notes to the condensed interim financial statements</u>	<u>9</u>
<u>Other information required by Listing Rule Appendix 7.2</u>	<u>27</u>

MTQ Corporation Limited and its Subsidiaries**Condensed interim consolidated statement of comprehensive income
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

	Note	30.9.2022	30.9.2021	Change
		\$'000	\$'000	%
Revenue	4	34,902	24,859	40%
Cost of sales		(24,161)	(17,653)	37%
Gross profit		10,741	7,206	49%
Other income	5	516	883	-42%
Staff costs		(4,595)	(3,801)	21%
Other operating expenses		(4,020)	(2,754)	46%
Profit from operating activities	6	2,642	1,534	72%
Finance costs	7	(714)	(424)	68%
Profit before tax		1,928	1,110	74%
Tax expense	8	(143)	(63)	127%
Profit for the period		1,785	1,047	70%
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange difference on translation of subsidiaries		1,154	351	229%
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Net change in fair value of other investment		148	322	-54%
Other comprehensive income for the period, net of tax		1,302	673	93%
Total comprehensive income for the period		3,087	1,720	79%

MTQ Corporation Limited and its Subsidiaries**Condensed interim consolidated statement of comprehensive income (cont'd)
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

	Note	30.9.2022	30.9.2021	Change
		\$'000	\$'000	%
Profit for the period		1,785	1,047	70%
Attributable to:				
Owners of the Company		1,785	1,065	68%
Non-controlling interests		–	(18)	-100%
Profit for the period		1,785	1,047	70%
Total comprehensive income for the period		3,087	1,720	79%
Attributable to:				
Owners of the Company		3,087	1,745	77%
Non-controlling interests		–	(25)	-100%
Total comprehensive income for the period		3,087	1,720	79%
Earnings per share attributable to owners of the Company (cents per share)				
- Basic	9	0.83	0.49	
- Diluted	9	0.82	0.49	

MTQ Corporation Limited and its Subsidiaries

**Condensed interim balance sheets
As at 30 September 2022**

(In Singapore dollars)

	Note	Group		Company	
		30.9.2022 \$'000	31.3.2022 \$'000	30.9.2022 \$'000	31.3.2022 \$'000
Non-current assets					
Goodwill	11	2,747	3,110	–	–
Intangible assets	11	438	73	–	–
Investment properties		–	–	2,630	3,606
Property, plant and equipment	12	30,264	30,872	65	120
Right-of-use assets	13	16,852	21,334	13,412	17,760
Interests in subsidiaries		–	–	33,452	32,483
Other investment	14	3,783	3,635	–	–
Investment in associate and joint venture		–	–	114	114
Receivables		32	44	8,422	6,461
Prepayments		12	17	1	6
Deferred tax assets		144	274	–	–
		54,272	59,359	58,096	60,550
Current assets					
Inventories		20,539	15,692	–	–
Trade and other receivables		25,733	17,100	20,848	16,006
Prepayments		5,128	2,119	178	69
Cash and cash equivalents		8,297	8,329	1,780	1,859
		59,697	43,240	22,806	17,934
Assets held for sale	15	4,959	–	4,935	–
Total assets		118,928	102,599	85,837	78,484
Current liabilities					
Trade and other payables		18,946	11,464	2,405	2,018
Lease liabilities		1,091	1,395	729	973
Bank borrowings	16	15,160	1,511	10,792	1,011
Provisions		140	218	–	–
Provision for taxation		97	95	27	25
		35,434	14,683	13,953	4,027
Liabilities directly associated with the assets held for sale	15	5,405	–	5,405	–
Net current assets		23,817	28,557	8,383	13,907
Non-current liabilities					
Lease liabilities		15,786	21,319	11,801	17,296
Bank borrowings	16	2,748	9,044	1,611	4,023
Deferred tax liabilities		258	261	11	13
Provisions		114	115	96	96
		18,906	30,739	13,519	21,428
Total liabilities		59,745	45,422	32,877	25,455
Net assets		59,183	57,177	52,960	53,029
Equity attributable to owners of the Company					
Share capital	17	48,919	48,919	48,919	48,919
Treasury shares	17	(41)	(41)	(41)	(41)
Reserves		10,441	8,435	4,082	4,151
Shareholders' funds		59,319	57,313	52,960	53,029
Non-controlling interests		(136)	(136)	–	–
Total equity		59,183	57,177	52,960	53,029

MTQ Corporation Limited and its Subsidiaries

**Condensed interim statement of changes in equity
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

Group	Note	Attributable to owners of the Company						Non-controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Other reserves \$'000	Shareholders' funds \$'000		
Balance as at 1 April 2021		48,916	(41)	(1,884)	15,540	(7,067)	55,464	66	55,530
Profit/(loss) for the period net of tax		–	–	–	1,065	–	1,065	(18)	1,047
Exchange difference on translation of subsidiaries		–	–	358	–	–	358	(7)	351
Net change in fair value of other investment		–	–	–	–	322	322	–	322
Total comprehensive income for the period		–	–	358	1,065	322	1,745	(25)	1,720
Dividend paid in respect of previous financial year, tax exempt (one-tier)	18	–	–	–	(1,081)	–	(1,081)	–	(1,081)
Dividend paid by a subsidiary to non-controlling interests		–	–	–	–	–	–	(159)	(159)
Transfer from employee equity benefits reserve to retained earnings on forfeiture of share-based payment arrangements after vesting date		–	–	–	9	(9)	–	–	–
Issuance of ordinary shares on exercise of warrants pursuant to MTQ Rights cum Warrants Issue		1	–	–	–	–	1	–	1
Total contributions by and distributions to owners		1	–	–	(1,072)	(9)	(1,080)	(159)	(1,239)
Balance as at 30 September 2021		48,917	(41)	(1,526)	15,533	(6,754)	56,129	(118)	56,011

MTQ Corporation Limited and its Subsidiaries

**Condensed interim statement of changes in equity
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

Group	Note	Attributable to owners of the Company						Non-controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Treasury shares \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Other reserves \$'000	Shareholders' funds \$'000		
Balance as at 1 April 2022		48,919	(41)	(1,950)	15,786	(5,401)	57,313	(136)	57,177
Profit for the period, net of tax		–	–	–	1,785	–	1,785	–	1,785
Exchange difference on translation of subsidiaries		–	–	1,154	–	–	1,154	–	1,154
Net change in fair value of other investment		–	–	–	–	148	148	–	148
Total comprehensive income for the period		–	–	1,154	1,785	148	3,087	–	3,087
Dividend paid in respect of previous financial year, tax exempt (one-tier)	18	–	–	–	(1,081)	–	(1,081)	–	(1,081)
Total contributions by and distributions to owners		–	–	–	(1,081)	–	(1,081)	–	(1,081)
Balance as at 30 September 2022		48,919	(41)	(796)	16,490	(5,253)	59,319	(136)	59,183

MTQ Corporation Limited and its Subsidiaries

**Condensed interim statement of changes in equity
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

	Note	Share capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Other reserves \$'000	Total equity \$'000
Company						
Balance as at 1 April 2021		48,916	(41)	1,379	2,516	52,770
Profit for the period, net of tax		–	–	115	–	115
Total comprehensive income for the period		–	–	115	–	115
Dividend paid in respect of previous financial year, tax exempt (one-tier)	18	–	–	(1,081)	–	(1,081)
Transfer from employee equity benefits reserve to retained earnings on forfeiture of share- based payment arrangements after vesting date		–	–	9	(9)	–
Issuance of ordinary shares on exercise of warrants pursuant to MTQ Rights cum Warrants Issue		1	–	–	–	1
Total contributions by and distributions to owners		1	–	(1,072)	(9)	(1,080)
Balance as at 30 September 2021		48,917	(41)	422	2,507	51,805
Balance as at 1 April 2022		48,919	(41)	1,644	2,507	53,029
Profit for the period, net of tax		–	–	1,012	–	1,012
Total comprehensive income for the period		–	–	1,012	–	1,012
Dividend paid in respect of previous financial year, tax exempt (one-tier)	18	–	–	(1,081)	–	(1,081)
Total contributions by and distributions to owners		–	–	(1,081)	–	(1,081)
Balance as at 30 September 2022		48,919	(41)	1,575	2,507	52,960

MTQ Corporation Limited and its Subsidiaries**Condensed interim consolidated cash flow statement
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

	Note	30.9.2022	30.9.2021
		\$'000	\$'000
Cash flows from operating activities:			
Profit before tax		1,928	1,110
Adjustments for:			
Depreciation of property, plant and equipment	6	1,341	1,362
Depreciation of right-of-use assets	6	737	389
Amortisation of intangible assets	6	68	68
Gain on disposal of property, plant and equipment, net	5	(164)	(65)
Fixed assets written-off	6	1	-
Reversal of allowance for impairment of trade receivables	6	-	(5)
Reversal of allowance for inventory obsolescence	6	-	(91)
Interest income		-	(2)
Interest expense		714	424
Provisions made during the period		7	24
		<hr/>	<hr/>
Operating cash flows before changes in working capital		4,632	3,214
Increase in receivables and prepayments		(9,964)	(2,784)
Increase in inventories and work-in-progress		(4,304)	(947)
Increase in payables		7,061	339
Others		(11)	230
		<hr/>	<hr/>
Cash (used in)/generated from operations		(2,586)	52
Interest income received		-	2
Interest expense paid		(714)	(424)
Income taxes paid		(11)	(5)
		<hr/>	<hr/>
Net cash used in operating activities		(3,311)	(375)
		<hr/>	<hr/>

MTQ Corporation Limited and its Subsidiaries**Condensed interim consolidated cash flow statement (cont'd)
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

	Note	30.9.2022	30.9.2021
		\$'000	\$'000
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,693)	(584)
Addition of intangible assets	11	(421)	(10)
Proceeds from disposal of quoted investments, net of brokerage		–	2
Proceeds from disposal of property, plant and equipment	12	173	65
Loans repaid by joint ventures		–	335
Loans repaid by staff		33	29
Net cash used in investing activities		(1,908)	(163)
Cash flows from financing activities:			
Proceeds from exercise of warrants pursuant to MTQ Rights cum Warrants Issue		–	1
Dividend paid in respect of previous financial year, tax exempt (one-tier)		(1,081)	(1,081)
Distributions by a subsidiary to non-controlling interests		–	(159)
Proceeds from bank borrowings		7,690	–
Repayment of bank borrowings		(759)	(498)
Repayment of principal portion of lease liabilities		(720)	(348)
Net cash generated from/(used in) financing activities		5,130	(2,085)
Net decrease in cash and cash equivalents		(89)	(2,623)
Cash and cash equivalents at beginning of financial period		8,329	22,468
Effect of exchange rate changes on cash and cash equivalents		57	(46)
Cash and cash equivalents at end of financial period		8,297	19,799

MTQ Corporation Limited and its Subsidiaries

Notes to the condensed interim financial statements For the six-month financial period ended 30 September 2022

(In Singapore dollars)

1. Corporate information

MTQ Corporation Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim financial statements as at and for the six-month financial period ended 30 September 2022 comprise the Company and its subsidiaries (collectively, the "Group")

The principal activities of the Company relate to those of an investment holding and management company. The principal activities of the subsidiaries are disclosed in the Group's annual consolidated financial statements as at 31 March 2022.

2. Basis of preparation

The condensed interim financial statements for the six-month financial period ended 30 September 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the financial year ended 31 March 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollars ("SGD" or "\$"), which is the Company's functional currency, and all values are rounded to the nearest thousand ("'\$'000") except when otherwise indicated.

2.1 ***New and amended standards adopted by the Group***

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

MTQ Corporation Limited and its Subsidiaries

**Notes to the condensed interim financial statements
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates

In preparing the condensed interim financial statement, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

MTQ Corporation Limited and its Subsidiaries

**Notes to the condensed interim financial statements
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

4. Segment and revenue information

(a) *Revenue*

Disaggregation of revenue

	Services, repair and contract revenue		Trading sales		Rental income		Total	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Major product or service lines								
Oilfield Engineering								
Oilfield services	26,838	18,303	–	–	–	–	26,838	18,303
Trading/sales of oilfield equipment, pipe support/suspensions, spares	–	–	7,647	5,918	–	–	7,647	5,918
Rental services	–	–	–	–	38	365	38	365
Other services	379	273	–	–	–	–	379	273
	27,217	18,576	7,647	5,918	38	365	34,902	24,859
Timing of transfer of goods or services								
At a point in time	–	–	7,647	5,918	–	–	7,647	5,918
Over time	27,217	18,576	–	–	38	365	27,255	18,941
	27,217	18,576	7,647	5,918	38	365	34,902	24,859

MTQ Corporation Limited and its Subsidiaries

Notes to the condensed interim financial statements For the six-month financial period ended 30 September 2022

(In Singapore dollars)

4. Segment and revenue information (cont'd)

(b) *Operating segments*

For management purposes, the Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different industries as follows:

(i) *Investment holding*

Holds investments and provides management and corporate services to its subsidiaries. It also derives dividend and rental income from its subsidiaries and quoted investments. The Group's central overheads are also classified within this segment. This segment operates mainly in Singapore and Australia.

(ii) *Oilfield engineering*

Provides engineering services for the servicing, manufacturing, assembly and fabrication of oilfield equipment such as valves and blow-out-preventers used in the oil and gas industry. This segment also engages in the business of renting and sale of oilfield equipment and spare parts. This segment has expanded into design and manufacturing of proprietary and custom-built pipe support and pipe suspension solutions for the oil and gas industry. This segment operates primarily in Singapore, Kingdom of Bahrain, United Kingdom and Australia.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

MTQ Corporation Limited and its Subsidiaries

**Notes to the condensed interim financial statements
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

4. Segment and revenue information (cont'd)

(b) Operating segments (cont'd)

	Investment holding	Oilfield engineering	Eliminations	Note	Per consolidated financial statements
	\$'000	\$'000	\$'000		\$'000
6 months ended 30.9.2022					
Revenue:					
External sales	–	34,902	–		34,902
Inter-segment sales	3,815	3,784	(7,599)	A	–
Total sales	3,815	38,686	(7,599)		34,902
Results:					
Rental income	71	–	–		71
Depreciation and amortisation	(736)	(1,410)	–		(2,146)
Fixed assets written-off	(1)	–	–		(1)
Gain on disposal of property, plant and equipment, net	–	164	–		164
Finance costs	(522)	(192)	–		(714)
Segment (loss)/profit before tax	(3,710)	5,638	–		1,928
Tax credit/(expense)	1	(144)	–		(143)
6 months ended 30.9.2021					
Revenue:					
External sales	–	24,859	–		24,859
Inter-segment sales	2,121	595	(2,716)	A	–
Total sales	2,121	25,454	(2,716)		24,859
Results:					
Interest income	2	–	–		2
Depreciation and amortisation	(324)	(1,495)	–		(1,819)
Gain on disposal of property, plant and equipment, net	–	65	–		65
Reversal of allowance for inventory obsolescence	–	91	–		91
Reversal of allowance for impairment of trade receivables	–	5	–		5
Finance costs	(280)	(144)	–		(424)
Segment (loss)/profit before tax	(2,281)	3,391	–		1,110
Tax expense	(3)	(60)	–		(63)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

Note A: Inter-segment revenues are eliminated on consolidation.

MTQ Corporation Limited and its Subsidiaries

**Notes to the condensed interim financial statements
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

4. Segment and revenue information (cont'd)

(b) Operating segments (cont'd)

	Investment holding	Oilfield engineering	Total
	\$'000	\$'000	\$'000
Assets and liabilities:			
As at 30.9.2022			
Segment assets	35,964	82,820	118,784
Deferred tax assets			144
Total assets			<u>118,928</u>
Segment liabilities	(22,466)	(19,016)	(41,482)
Provision for taxation			(97)
Deferred tax liabilities			(258)
Bank borrowings			(17,908)
Total liabilities			<u>(59,745)</u>
As at 31.3.2022			
Segment assets	35,762	66,563	102,325
Deferred tax assets			274
Total assets			<u>102,599</u>
Segment liabilities	(22,360)	(12,151)	(34,511)
Provision for taxation			(95)
Deferred tax liabilities			(261)
Bank borrowings			(10,555)
Total liabilities			<u>(45,422)</u>

(c) Geographical segments

	External sales		Non-current assets	
	30.9.2022	30.9.2021	30.9.2022	31.3.2022
	\$'000	\$'000	\$'000	\$'000
Singapore	16,710	11,454	33,160	39,017
Bahrain	15,770	10,252	18,060	16,778
Australia	1,345	1,941	38	8
United Kingdom	1,077	1,212	2,826	3,221
	<u>34,902</u>	<u>24,859</u>	<u>54,084</u>	<u>59,024</u>

Non-current assets information presented above consist of goodwill, intangible assets, property, plant and equipment, right-of-use assets, other investment and investment in associate and joint venture as presented in the consolidated balance sheet.

The Group's non-current assets and sales to external customers disclosed in geographical segments are based on the entities' country of domicile.

MTQ Corporation Limited and its Subsidiaries**Notes to the condensed interim financial statements
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

5. Other income

	Group	
	30.9.2022	30.9.2021
	\$'000	\$'000
Interest income	–	2
Rental income	71	–
Gain on disposal of property, plant and equipment, net	164	65
Commission received	4	42
Gain on disposal of scrap material	144	72
Government grants	63	702
Other income	70	–
	<u>516</u>	<u>883</u>

6. Profit from operating activities

Profit from operating activities is stated after charging the following:

	Group	
	30.9.2022	30.9.2021
	\$'000	\$'000
(a) Other operating expenses		
Reversal of allowance for impairment of trade receivables	–	(5)
Amortisation of intangible assets	68	68
Depreciation of property, plant and equipment	394	270
Depreciation of right-of-use assets	707	359
Fixed assets written-off	1	–
Directors' fees paid to directors of the Company	118	118
Reversal of allowance for inventory obsolescence	–	(91)
(Gain)/loss on foreign exchange, net	(320)	158
Consultancy fees paid to a director of the Company	79	76
Audit, legal, consultancy and professional fees	416	575
Utilities expenses	529	128
	<u>529</u>	<u>128</u>
(b) Cost of sales		
Depreciation of right-of-use assets	30	30
Depreciation of property, plant and equipment	947	1,092
	<u>947</u>	<u>1,092</u>

MTQ Corporation Limited and its Subsidiaries

**Notes to the condensed interim financial statements
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

7. Finance costs

	Group	
	30.9.2022	30.9.2021
	\$'000	\$'000
Interest on:		
- Bank loans	245	182
- Lease liabilities	469	242
	714	424
	714	424

8. Tax expense

The major components of income tax expense for the period ended 30 September are as follows:

	Group	
	30.9.2022	30.9.2021
	\$'000	\$'000
<i>Consolidated statement of comprehensive income</i>		
<u>Current income tax</u>		
- Current income tax	2	23
- Withholding tax expense	11	53
	13	76
<u>Deferred income tax</u>		
- Movement in temporary differences	127	(13)
- Over provision in respect of previous years	3	-
	130	(13)
	143	63
Tax expense recognised in statement of comprehensive income	143	63

MTQ Corporation Limited and its Subsidiaries

Notes to the condensed interim financial statements For the six-month financial period ended 30 September 2022

(In Singapore dollars)

9. Earnings per share

Basic earnings per share are calculated by dividing profit for the financial period, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share are calculated by dividing profit for the financial period, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period plus the weighted average number of ordinary shares that would be issued upon conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the financial period ended 30 September:

	Group	
	30.9.2022	30.9.2021
	\$'000	\$'000
Profit for the period attributable to owners of the Company	1,785	1,065
	Number of shares	
	30.9.2022	30.9.2021
	'000	'000
Weighted average number of ordinary shares for basic earnings per share computation	216,160	216,149
Effects of dilution:		
– Outstanding warrants pursuant to MTQ Rights cum Warrants Issue	311	775
Weighted average number of ordinary shares for diluted earnings per share computation	216,471	216,924

10. Net asset value per ordinary share

	Group		Company	
	30.9.2022	31.3.2022	30.9.2022	31.3.2022
	\$	\$	\$	\$
Net asset value per ordinary share*	0.27	0.27	0.25	0.25

* Based on the net assets after deducting the non-controlling interests, divided by total number of issued shares excluding treasury shares as at end of financial period

MTQ Corporation Limited and its Subsidiaries

Notes to the condensed interim financial statements For the six-month financial period ended 30 September 2022

(In Singapore dollars)

11. Goodwill and intangible assets

During the six months ended 30 September 2022, the Group acquired intangible assets (mainly designed packages) amounting to \$421,000 (30 September 2021: \$10,000).

Impairment testing of goodwill

The Group performed its annual impairment test at year end and when circumstances indicated that the carrying amount may be impaired. The Group's impairment test for goodwill is based on value-in-use calculations. The key assumptions used in the value-in-use calculations were disclosed in the annual consolidated financial statements for the year ended 31 March 2022. The Group determined that no impairment indicators were identified as at 30 September 2022 based on the cash generating unit's ("CGU's") performance and any updates or reasonable changes to the estimates and assumptions applied since the audited financial statements as at 31 March 2022 have not caused the recoverable amount of the CGU to be materially lower than its carrying amount.

12. Property, plant and equipment

During the six months ended 30 September 2022, the Group acquired assets (mainly workshop equipment and leasehold improvements) amounting to \$748,000 (30 September 2021: \$1,869,000) and disposed of assets amounting to \$10,000 book value (30 September 2021: \$Nil) for proceeds of \$173,000 (30 September 2021: \$65,000).

13. Right-of-use assets

During the six months ended 30 September 2022, there were additions amounting to \$36,000 (30 September 2021: \$501,000), mainly relating to the renewal of tenancy agreements for workers' accommodation.

14. Other investment

	Group	
	30.9.2022	31.3.2022
	\$'000	\$'000
At beginning of period	3,635	1,961
Fair value adjustment on investment security carried at FVOCI	148	1,675
Currency realignment	–	1
Disposal	–	(2)
At end of period	<u>3,783</u>	<u>3,635</u>

MTQ Corporation Limited and its Subsidiaries

Notes to the condensed interim financial statements For the six-month financial period ended 30 September 2022

(In Singapore dollars)

15 **Assets held for sale** **Liabilities directly associated with the assets held for sale**

On 1 September 2022, the Company granted an option (“Option”) to an independent third party purchaser (“Purchaser”) for the sale of the Company’s property located at 182 Pandan Loop Singapore 128373 (“Pandan Property”) together with certain plant and equipment as particularised in the Option to the Purchaser for an aggregate consideration of \$6,000,000 (“Sale Price”). The Option was exercised on the same day. The Sale Price represents an excess of approximately \$6,446,000 to the net carrying value of the Pandan Property (including lease accounting) and the plant and equipment.

The sale and purchase of the Pandan Property is subject to certain conditions of the Option including obtaining written approval from JTC for the sale of the Pandan Property by the Company to the Purchaser (“JTC Approval”) by 17 March 2023 (“Target Date”). In the event the JTC Approval is not obtained by the Target Date, the timeframe for obtaining the JTC Approval shall be extended to 31 December 2023. The sale and purchase of the Pandan Property shall be completed on the date falling one month from the date of the JTC Approval.

Accordingly, the carrying amount of the Pandan Property, including the right-of-use assets and lease liabilities associated with the land that the property is situated on and certain plant and equipment is presented on the balance sheet as assets held for sale and liabilities directly associated with the assets held for sale.

The major classes of assets and liabilities of the Group and the Company classified as held for sale as at 30 September 2022 are, as follows:

	Group 30.9.2022 \$'000	Company 30.9.2022 \$'000
Assets		
Investment property	–	886
Property, plant and equipment	947	37
Right-of-use assets	4,012	4,012
Assets held for sale	<u>4,959</u>	<u>4,935</u>
Liabilities		
Lease liabilities directly associated with assets held for sale	(5,405)	(5,405)
Net liabilities held for sale	<u>(446)</u>	<u>(470)</u>

The expenses attributable to the assets held for sale incurred for the period ended 30 September 2022 amounted to \$571,000 (30 September 2021: \$557,000), arising from both the investment holding and oilfield engineering segments.

MTQ Corporation Limited and its Subsidiaries**Notes to the condensed interim financial statements
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

16. Bank borrowings

	Group		Company	
	30.9.2022	31.3.2022	30.9.2022	31.3.2022
	\$'000	\$'000	\$'000	\$'000
<i>Current portion</i>				
Secured	1,074	1,011	1,074	1,011
Unsecured	14,086	500	9,718	–
	15,160	1,511	10,792	1,011
<i>Non-current portion</i>				
Secured	1,611	2,023	1,611	2,023
Unsecured	1,137	7,021	–	2,000
	2,748	9,044	1,611	4,023
Total bank borrowings	17,908	10,555	12,403	5,034

During the six months period ended 30 September 2022, the Group's bank borrowings increased from \$10,555,000 to \$17,908,000 mainly due to additional drawdowns of the bank loans. Details of the collateral for the secured bank borrowings are as follows:

- first all-monies registered legal mortgage over a 50-year leasehold land and property at Bahrain International Investment Park, HIDD, Kingdom of Bahrain;
- first registered fixed and floating charge over assets of a subsidiary; and
- registered charge over the interest-bearing loan from the Company to a subsidiary.

MTQ Corporation Limited and its Subsidiaries

**Notes to the condensed interim financial statements
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

17. Share capital and treasury shares

	Group and Company					
	6 months ended 30.9.2022		6 months ended 31.3.2022		6 months ended 30.9.2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000	No. of shares '000	\$'000
a) Ordinary shares issued and fully paid						
At beginning of period	216,348	48,919	216,340	48,917	216,336	48,916
Issuance of ordinary shares on exercise of warrants pursuant to MTQ Rights cum Warrants Issue	—	—	8	2	4	1
At end of period	216,348	48,919	216,348	48,919	216,340	48,917

	Group and Company					
	6 months ended 30.9.2022		6 months ended 31.3.2022		6 months ended 30.9.2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000	No. of shares '000	\$'000
b) Treasury shares						
At beginning and end of period	188	41	188	41	188	41
Total number of issued shares excluding treasury shares						
At end of period	216,160		216,160		216,152	

There was no movement in treasury shares during the period ended 30 September 2022.

There were no subsidiary holdings as at 30 September 2022, 31 March 2022 and 30 September 2021.

MTQ Share Plan

Following the forfeiture of the remaining 11,392 shares as disclosed in the condensed interim financial statements for the 6 months ended 30 September 2021, there are no outstanding shares comprised in Awards granted pursuant to the MTQ Share Plan as at 30 September 2022, 31 March 2022 and 30 September 2021.

MTQ Corporation Limited and its Subsidiaries**Notes to the condensed interim financial statements
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

17. Share capital and treasury shares (cont'd)Warrants pursuant to MTQ Rights cum Warrants Issue

As at 30 September 2022, the aggregate number of warrants pursuant to the MTQ Rights cum Warrants Issue in FY19 amounted to 15,430,000 (30 September 2021: 15,438,000). The movements in the number of warrants for the period are as follows:

	Group and Company		
	6 months ended 30.9.2022	6 months ended 31.3.2022	6 months ended 30.9.2021
	'000	'000	'000
At beginning of period	15,430	15,438	15,442
Issuance of ordinary shares on exercise of warrants pursuant to MTQ Rights cum Warrants Issue	–	(8)	(4)
At end of period	<u>15,430</u>	<u>15,430</u>	<u>15,438</u>

18. Dividends

	Group and Company	
	30.9.2022	30.9.2021
	\$'000	\$'000
Declared and paid during the financial period		
<i>Dividends on ordinary shares:</i>		
- Final tax exempt (one-tier) dividend for 2022: 0.5 cents (2021: 0.5 cents) per share	<u>1,081</u>	<u>1,081</u>

MTQ Corporation Limited and its Subsidiaries

Notes to the condensed interim financial statements For the six-month financial period ended 30 September 2022

(In Singapore dollars)

19. Commitments and contingencies

(a) *Capital expenditure*

As at the end of the financial period, the Group had the following capital expenditure commitments:

	Group		Company	
	30.9.2022	31.3.2022	30.9.2022	31.3.2022
	\$'000	\$'000	\$'000	\$'000
Authorised and committed	4,499	1,724	4,247	313

The Group is currently undertaking some civil works at its leasehold property in Tuas, Singapore. This is mainly in preparation for the relocation of its operation from Pandan Property (targeted to be in 2023) as well as to improve the land intensification at the Tuas site. Total committed capital expenditure relating to the civil works included in the above was \$4,145,000 (31 March 2022: \$176,000).

(b) *Contingent liabilities*

	Group		Company	
	30.9.2022	31.3.2022	30.9.2022	31.3.2022
	\$'000	\$'000	\$'000	\$'000
Corporate guarantees issued by the Company for bank facilities utilised by subsidiaries	–	–	195	330
Guarantees issued to external parties	751	1,074	442	628

The corporate guarantees have not been recognised by the Group and the Company as management has assessed the fair value of the corporate guarantees to be immaterial.

Guarantees to external parties comprise performance and warranty bonds issued to customers which commit the Group to make payments upon failure to perform under the terms of the relevant contracts.

MTQ Corporation Limited and its Subsidiaries

Notes to the condensed interim financial statements For the six-month financial period ended 30 September 2022

(In Singapore dollars)

20. Related party disclosure

In addition to directors' fees and those related party information disclosed elsewhere in the condensed interim financial statements, the following significant transactions between the Company and related parties took place during the financial period on terms agreed by the parties concerned:

(a) *Sale and purchase of goods and services*

	Group		Company	
	30.9.2022	30.9.2021	30.9.2022	30.9.2021
	\$'000	\$'000	\$'000	\$'000
Associate and Joint ventures				
- Sales of goods	98	69	—	—
- Purchase of goods	1,306	960	—	—
Subsidiaries				
- Management fee income	—	—	1,419	1,375
- Rental income from investment properties	—	—	1,848	568
- Interests on loans	—	—	49	34

(b) *Compensation of key management personnel*

The amounts paid to a director and key management personnel during the financial period ended 30 September 2022 and 30 September 2021 are as follows:

	Group	
	30.9.2022	30.9.2021
	\$'000	\$'000
Director's remuneration:		
- Salaries, wages and bonuses	185	213
- Defined contribution plan expense	7	11
- Others	10	12
	<u>202</u>	<u>236</u>
Other key management personnel:		
- Salaries, wages and bonuses	546	516
- Defined contribution plan expense	38	36
- Others	97	115
	<u>681</u>	<u>667</u>

MTQ Corporation Limited and its Subsidiaries

Notes to the condensed interim financial statements For the six-month financial period ended 30 September 2022

(In Singapore dollars)

21. Fair value of assets and liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(a) *Fair value hierarchy*

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

(b) *Assets measured at fair value*

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Note	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
Group					
30.9.2022					
Financial asset:					
Other investment	14	3,783	–	–	3,783
31.3.2022					
Financial asset:					
Other investment	14	3,635	–	–	3,635

The fair value of the other investment (Note 14) is determined by reference to its quoted closing prices at the balance sheet date.

MTQ Corporation Limited and its Subsidiaries

**Notes to the condensed interim financial statements
For the six-month financial period ended 30 September 2022**

(In Singapore dollars)

21. Fair value of assets and liabilities (cont'd)

(c) *Financial instruments whose carrying amount approximates fair value*

Management has determined that the carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables and bank borrowings based on their notional amounts, reasonably approximates their fair values either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period or their discounted expected future cash flows are not materially different from their notional amounts.

22. Subsequent events

There are no known subsequent events which have led to the adjustments to this set of condensed interim financial statements.

1. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The condensed interim financial statements for the six-month period ended 30 September 2022 have not been audited nor reviewed by the Company's auditors.

2. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**
 - (a) **Updates on the efforts taken to resolve each outstanding audit issue.**
 - (b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable. The Group's latest financial statements were not subjected to an adverse opinion, qualified opinion or disclaimer of opinion.

3. **Review of performance of the Group**

Condensed Interim Balance Sheets

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

- a) the reclassification of the carrying amounts of Pandan Property and certain property, plant and equipment as assets held for sale and liabilities directly associated with the assets held for sale (Note 15);
- b) reclassification of S\$13.6 million 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; and
- c) payment of S\$1.1 million dividends in respect of previous financial year.

Further information on certain balance sheet items can be found in notes 11 to 17. Apart from the above, the change in net assets were mainly due to the total comprehensive income of S\$3.1 million, and changes in working capital items were mainly due to timing differences.

Condensed Interim Consolidated Cash Flow Statement

Cash wise, there was a significant increase in the Group's working capital requirements in line with the increase in activities during the period, resulting in negative net operating cash flows. Higher borrowings was incurred to support growth with net gearing still low at 14.0%. Within investing activities, the Group spent about S\$1.7 million on capital expenditure mainly to further boost productivity and capacity in Bahrain. Overall cash and cash equivalents stood at about S\$8.3 million as at 30 September 2022 (31 March 2022: S\$8.3 million). This was after payment of FY2022's final dividend of S\$1.1 million in August 2022.

Condensed Interim Consolidated Statement of Comprehensive Income

The Group reported S\$34.9 million revenue for 6 months ended 30 September 2022 ("1HFY2023"), an increase of 40% year-on-year ("yoy") compared to S\$24.9 million in the corresponding period of the preceding year ("1HFY2022"). The Group had previously highlighted the increase in order books due to the higher drilling activity and rig counts in both Asia Pacific and Middle East when addressing shareholders' substantial questions during its most recent Annual General Meeting. The increase can be seen across the Singapore and Bahrain geographical segments of the Group below.

3. Review of performance of the Group (cont'd)

Condensed Interim Consolidated Statement of Comprehensive Income (cont'd)

Other operating expenses and staff costs rose 46% and 21% respectively to support the growth in revenue. Expenses also included additional overheads relating to the new leasehold property in Tuas. The operating expenses, however, is expected to reduce (by approximately S\$0.6 million for 6 months) once the disposal of the Group's leasehold property in Pandan Loop is completed. The completion of the disposal is currently subject to JTC's approval.

Finance costs also increased with higher borrowings during the period and additional interests on lease liabilities from Tuas's lease accounting.

Overall, the Group recorded a significant increase in profit after tax of S\$1.8 million in 1HFY2023, an increase of 70% year-on-year ("yoy") despite substantially lower government grants received during 1HFY2023.

4. 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.

5. 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.

Increase activity by drilling contractors in the Middle East and SE Asia has contributed to higher revenues for the Group. As asset utilization continues to improve, the Group expects more maintenance opportunities to occur in the period ahead. The Group also continue to work closely with OEM in the key regions to support customer activity. Overall, the outlook for the Group's operating businesses remains positive. However, operational execution and working capital management will always be important areas to focus on.

6. If a decision regarding dividend has been made, the required information has been disclosed:

(a) Current Financial Period Reported

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.

(c) Date payable

Not applicable.

(d) Record date

Not applicable.

7. If no dividend has been declared/recommended, a statement to that effect.

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

- 8. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPT”), 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.

- 9. Negative confirmation by the Board pursuant to Rule 705(5)**

The Board of Directors confirm 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 six-month ended 30 September 2022 to be false or misleading, in any material aspect.

- 10. Confirmation of undertakings from all its directors and executive officers pursuant to Rule 720(1) of the SGX 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.

BY ORDER OF THE BOARD

Tan Lee Fang
Company Secretary
28 October 2022