



## MTQ CORPORATION LIMITED

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### FOR IMMEDIATE RELEASE

# MTQ's 1H FY12 revenue up 40% y-o-y

- Pretax profit excluding one-off items increased 14% y-o-y due to organic growth and the effect of new acquisitions
- MTQ remains focused on expanding its current servicing offering, both geographically as well as new niches

**Singapore, 31 October 2011** – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering specialist in the fabrication, repair and maintenance of oilfield equipment, is pleased to report that the Group’s revenue increased 40% year-on-year (“y-o-y”) to S\$62.6 million for the financial period ended 30 September 2011 (“1H FY12”). This was due to organic growth in existing businesses and the impact of Premier Sea & Land Limited (“Premier Group”), acquired in July 2011.

### Financial Highlights (S\$'000)

Financial Highlights	1H FY12	1H FY11	% Change
Revenue	62,590	44,633	40
Gross Profit	22,673	17,881	27
Gross Profit Margin	36.2%	40.1%	-
Profit before taxation	6,032	6,892	(12)
Net Profit Attributable to Shareholders	4,384	5,379	(19)
Net Margin	7.0%	12.1%	-
Basic Earnings per Ordinary Share (cents)*	4.92	6.11	(19)

\* Based on a weighted average number of ordinary shares of 89.094 million shares for 1H FY12 (1H FY11: 88.059 million shares)

Revenue contribution from the Oilfield Engineering Division increased 19% y-o-y to S\$25.1 million in 1H FY12. Higher revenues were recorded in all key segments. For the Engine Systems Division, revenue increased from S\$24.0 million in 1H FY11 to S\$28.1 million in 1H FY12 due to a combination of organic growth, new agencies and recent acquisitions.

Gross profit increased 27% y-o-y to S\$22.7 million in 1H FY12. Gross profit margin reduced from 40.1% in 1H FY11 to 36.2% in 1H FY12 due to product mix in the Oilfield Engineering Division and higher costs to completion.

All divisions recorded growth in net profits, however, overall net profit attributable to shareholders was lower at S\$4.4 million in 1H FY12. Within 1H FY11 results were one-off gains of approximately S\$1.6 million consisting of gain on sale of property and reversal of allowance of doubtful debts. Excluding these items, the net profit attributable to shareholders in 1H FY12 would be 14% higher than that of 1H FY11. This also reflects profits from the Premier Group as well as start up losses in Bahrain.

The Group's net gearing ratio increased from 5.5% as at 31 March 2011 to 28.8% as at 30 September 2011 as a result of higher borrowings drawn down to finance the acquisition of Premier Group. Cash balances of S\$15.7 million were recorded as at 30 September 2011.

### **Rewarding the shareholders**

The Board of Directors is pleased to recommend a tax-exempt (one-tier) interim scrip dividend of 2.0 Singapore cents per ordinary share, to be paid on or about 6 January 2012.

### **Moving ahead**

Commenting on the outlook, Mr Kuah Boon Wee, Chief Executive Officer said, ***“The results of the past six months reflect that underlying activities in our business areas remain healthy. As we further integrate our new acquisitions, we look to translate more of our revenue growth into profit growth. While Bahrain remains in the start up phase of its development, all necessary approvals have been obtained. The feedback from customers in the Middle East remains positive and we hope to ramp up activity levels in the second half.*”**

***While the overall macroeconomic outlook does cause concern, we expect that oil and gas drilling activities will remain positive, especially in the markets we are active in. So long as the oil price remains at current levels, we are fairly optimistic that drilling activities will continue to stimulate demand for our products and services.***

*We have committed at Group level, capital expenditure to upgrade our existing facilities and equipment as well as continue investing in human resources to better tap on potential growth opportunities. We remain dedicated to improving profitability and to building a stronger engineering services Group for our customers.”*

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

Established in 1969, **MTQ Corporation Limited (“MTQ”)** specialises in engineering solutions for oilfield equipments, including repair, manufacture and rental operations. Well-known for its broad experience for over 30 years and commitment to service quality, MTQ is the authorised working partner for some of the world’s largest OEMs in drilling equipment, and is accredited to carry out manufacturing and repair works in accordance to American Petroleum Institute Standards. Through its wholly-owned subsidiary, MTQ Engine Systems (Aust) Pty Ltd, the Group is also the leading independent supplier of turbocharger and fuel injection parts and services in Australia with a nationwide network.

For more information, please log on [www.mtq.com.sg](http://www.mtq.com.sg)

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**Issued for and on behalf of MTQ Corporation Limited**

**By Financial PR Pte Ltd**

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