



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

MTQ's 1QFY2013 net earning surges to S\$4.7 million

- Revenue jumped 57% y-o-y to S\$38.4 million largely due to steady growth from all businesses and the impact of Premier Group
- The Group's overall financial position strengthened with net gearing improving to 15% as at 30 June 2012

Singapore, 26 July 2012 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering specialist in the fabrication, repair and maintenance of oilfield equipment, registered an impressive growth, more than twenty fold, in net profit attributable to shareholders to S\$4.7 million for the three month ended 30 June 2012 (“1QFY2013”).

Financial Highlights (S\$'000)

Financial Highlights	1QFY2013	1QFY2012	% Change
Revenue	38,438	24,512	57
Gross Profit	13,700	8,360	64
Gross Profit Margin	35.6%	34.1%	-
Profit before Taxation	5,695	999	470
Net Profit Attributable to Shareholders	4,707	229	1,955
Net Margin	12.2%	0.9%	-
Basic Earnings per Ordinary Share (cents)*	5.21	0.26	1,904

* Based on weighted average number of ordinary shares for 1QFY2013 of 90.279 million (1QFY2012: 89.030 million shares)

The Group's revenue jumped 57% year-on-year ("y-o-y") to S\$38.4 million in 1QFY2013. This was primarily due to revenue contribution from Premier Sea & Land Pte Ltd and Pemac Pte Ltd (together the "Premier Group"), which were acquired subsequent to 1QFY2012. The Premier Group contributed about 30% to the Group's revenue in 1QFY2013. The Group's underlying businesses, both Oilfield Engineering and Engine Systems, have performed well during the quarter under review.

Gross profit leapt 64% y-o-y to S\$13.7 million while gross profit margin stayed strong at 35.6% in 1QFY2013 (from 34.1% in 1QFY2012). Operations in Bahrain improved with encouraging sales growth and the business there continues to work towards achieving profitability.

Operational expenses (comprising staff costs and other operating expenses) grew by 19% to S\$8.6 million but continued to be well controlled at about 22% of the Group's revenue in 1QFY2013. Effective cost control measures, growth in underlying businesses and contribution from the Premier Group attributed to a higher net profit attributable to shareholders of S\$4.7 million in 1QFY2013 as compared to S\$229,000 in 1QFY2012. Net profit margin was also much higher at 12.2% for 1QFY2013. This was represented by a basic earnings per ordinary share of 5.21 Singapore cents in 1QFY2013 (1QFY2012: 0.26 Singapore cents).

Strong balance sheet with positive operating cash flow

The Group's balance sheet remained strong, well supported by a solid cash balance of S\$20.0 million and a low net gearing of 15% as at 30 June 2012 (net gearing was 18% as at 31 March 2012).

The Group generated positive cash inflow from operating activities of S\$4.4 million in 1QFY2013 as compared to a cash inflow of S\$0.4 million in 1QFY2012.

"This is a set of encouraging results for the Group as we managed to combine good revenue growth with integrating our Premier acquisition in the quarter without compromising on margins. Underlying business and operational fundamentals are sound. Our efforts in investing and taking an active approach to improve operational efficiency and maintain cost effectiveness have paid off. This is notwithstanding the fact that our Bahrain operations remain at the early stages of development. We continue to believe that Bahrain will develop into a positive contributor for the Group

moving forward. Our Engine Systems business also recorded a positive start to the year.

Mr Kuah Boon Wee, Chief Executive Officer

Outlook

Commenting on the outlook, Mr Kuah Boon Wee, Chief Executive Officer said, “While oil prices have dipped recently, drilling activity continues to remain robust in the offshore sector. *We remained committed to enhancing our business fundamentals and expanding our product portfolio to stay relevant and also to better support our customers. Premier and Bahrain have been examples of this expansion. Given the encouraging industry outlook, we will step up our efforts to grow new businesses and find more opportunities that make sense for our customers and shareholders.*

Prospects are encouraging but considering the overall market uncertainties, we continue to maintain a cautious approach in threading forward.”

- End -

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. The Premier group, in addition to repair and manufacture of oilfield equipments, is also supplier of oilfield equipments and tools manufactured by some of the leading global brands. 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

**Issued for and on behalf of MTQ Corporation Limited
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