



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

MTQ achieves 21% y-o-y increase in earnings to S\$5.0 million in 2QFY2013

- Overall revenue increased by 5% y-o-y to S\$40.1 million with good contribution from the Oilfield Engineering business of the Group
- Strong overall profit growth also reflects the economies of scale from managing a bigger group with total operating expenses down by 4%
- Focus on expanding subsea service offerings further; through increasing its interests in Neptune Marine Services Limited (“Neptune”)

Singapore, 30 October 2012 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering specialist in the fabrication, repair and maintenance of oilfield equipment, reported 21% year-on-year (“y-o-y”) growth in net profit attributable to shareholders to S\$5.0 million for the three months ended 30 September 2012 (“2QFY2013”).

Financial Highlights	2QFY2013	2QFY2012	Chg	1HFY2013	1HFY2012	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	40,070	38,078	5	78,508	62,590	25
Gross Profit	14,639	14,313	2	28,339	22,673	25
Gross Profit Margin	36.5%	37.6%	-	36.1%	36.2%	-
Operating Expenses	8,791	9,183	(4)	17,420	16,438	6
Other Income	573	183	213	1,562	302	417
Net Profit Attributable to Equity Holders (PATMI)	5,022	4,155	21	9,729	4,384	122
PATMI Margin	12.5%	10.9%	-	12.4%	7.0%	-

The Group's underlying businesses, Oilfield Engineering and Engine Systems, continued to report steady performance that led a 5% y-o-y increase in the Group's revenue to S\$40.1 million in 2QFY2013. Stronger growth was recorded in Oilfield Engineering. MTQ recorded gross profits of S\$14.6 million and gross profit margin remained relatively sturdy at 36.5% in 2QFY2013.

Effective deployment of resources kept the Group's operating expenses under tight reign at about 22% of the Group's revenue in 2QFY2013 (2QFY2012: 24%). The Group also recorded one-off gains arising from sales of equity securities and property, plant and equipment worth S\$0.4 million in 2QFY2013. Combined, this translated to a 21% y-o-y increase in net profit attributable to shareholders to S\$5.0 million in 2QFY2013.

Balance sheet remained sound with strong cash balance of S\$26.3 million and low net gearing of 12%¹ as at 30 September 2012. The Group continued to report positive operating cash flow of S\$4.3 million for 2QFY2013.

"We are delighted to report that for 2QFY2013, we have successfully integrated our Premier acquisition and recorded 21% growth in net earnings, well in excess of revenue growth. Progress in Bahrain continues to be encouraging. We remain focused on developing and expanding our Oilfield subsea business moving forward, looking to expand our service niches in engineering and related services."

Mr Kuah Boon Wee, Chief Executive Officer

Neptune

The Group has also just announced its intention to seek shareholder support to increase its equity interests in Neptune Marine Services Limited ("Neptune"). Mr Kuah elaborated more on the rationale of the transaction, ***"We see increasing activities in deepwater exploration and production and we feel that this is the right time for us to heighten our exposure to more service niches within the same value chain. Neptune offers MTQ a wider range of services in such areas as engineering, diving and survey that we can look to market to existing and new customers. "***

¹ Net gearing ratio is calculated based on net debt divided by net capitalisation. The Group includes within its net debt, bank borrowings and finance lease payable, less cash and cash equivalents. Net capitalisation refers to net debt plus shareholders' funds less non-controlling interests.

The investment relating to Neptune will be funded through a combination of external borrowings of up to A\$37million and existing cash resources. This transaction is subject to shareholders' approval at the Extraordinary General Meeting to be convened in due course.

Outlook

Drilling activities continues to remain robust in the offshore sector and the outlook for equipment deployment and utilisation remains healthy. Commenting on the outlook, Mr Kuan Boon Wee, Chief Executive Officer said, ***“MTQ is one of the leading specialists in Asia/Middle East that provides subseas services in the fields of repair, manufacture and rental of drilling equipment. We continue to focus on better supporting our customers in their varying needs, both in terms of expanding our geographical coverage such as in Bahrain as well as in offering new services and capabilities.*”**

Prospects are encouraging, but considering the overall market uncertainties, the Group continues to remain cautious in its expansion approach.

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About Neptune Marine Services Limited (Bloomberg Code: NMS.AU)

Founded in 2003, Neptune Marine Services Limited (“Neptune” or collectively known as the “Group”) is a listed entity on the Australia Stock Exchange.

Headquartered in Perth, Western Australia, the principal activities of the consolidated Neptune Group comprise commercial diving, dry underwater welding using the Neptune Group's patented NEPSYS® technology, hydrographic surveying, positioning and geophysical services, NDT (Non-Destructive Testing) and inspection services, pipeline stabilisation and grouting, ROV (Remote Operated Vehicles) services, specialist fabrication, subsea and pipeline engineering, testing and assembly services and end to end project management. The Neptune Group's primary focus is the offshore oil and gas sector

For more information, please refer to <http://www.neptunems.com/>

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

Established in 1969, **MTQ Corporation Limited (“MTQ”)** specialises in engineering solutions for oilfield equipment, 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 equipment 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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