



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

MTQ reports quarterly pre-tax earnings of S\$5.1 million, up by 51%

- Registered growth across all business segments, overall revenue grew by 14% y-o-y to S\$36.6 million in 3QFY2013
- Effective cost management lifted gross profit margins from 35.8% to 38.5%
- Acquired 83.36% in Neptune Marine Services Limited (“Neptune”) as at 30 January 2013; integration underway

Singapore, 30 January 2013 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, reported net profit attributable to shareholders of S\$4.1 million for the three months ended 31 December 2012 (“3QFY2013”).

Financial Highlights	3QFY2013	3QFY2012	Chg	9MFY2013	9MFY2012	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	36,554	32,173	14	115,062	94,763	21
Gross Profit	14,084	11,512	22	42,424	34,185	24
<i>Gross Profit Margin</i>	38.5%	35.8%	-	36.9%	36.1%	-
Operating Expenses	9,802	8,231	19	26,565	24,669	8
Other Income	1,092	372	194	1,997	674	196
Profit before taxation	5,068	3,352	51	17,046	9,384	82
Net Profit Attributable to Equity Holders (PATMI)	4,088	6,230	(34)	13,819	10,614	30
<i>PATMI Margin</i>	11.2%	19.4%	-	12.0%	11.2%	-

The Group's existing businesses, Oilfield Engineering and Engine Systems, continued to deliver growth, resulting in a year-on-year revenue increase of 14% in 3QFY13 to S\$36.6 million. Oilfield Engineering remained the dominant contributor to revenue growth.

Through effective cost management, the Group was able to lift gross profit margins from 35.8% in 3QFY12 to 38.5% in 3QFY13. The effect of these cost control measures are also evident in other operating expenses, which makes up 22.5% of revenue in 3QFY13, after stripping out a one-off loss arising from the disposal of available-for-sale financial asset and the costs relating to the acquisition of Neptune. This is a marked improvement from 3QFY12, during which other operating expenses made up 25.6% of revenue.

This stronger operating performance, along with higher other income arising from disposal of property, plant and equipment, resulted in pre tax profits of S\$5.1 million for 3QFY13, up 51% on 3QFY12. Net profits were down 34% because of a one-off write-back of overprovision of taxes in 3QFY12 amounting to S\$3.4 million.

The Group's balance sheet, incorporating the Neptune Group for the first time, records a healthy cash balance of S\$42.0 million and net gearing of 12.3%¹ as at 31 December 2012. The Group continued to report positive operating cash flow of S\$7.0 million for 3QFY2013.

Update on Neptune

The Group has progressively increased its shareholding in Neptune since the announcement of the offer in October 2012. As of 30 January 2013, the Group controls about 83.36% in Neptune. The Group has consolidated Neptune's balance sheet into those of the Group in 3QFY2013.

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 total equity.*

Outlook

Commenting on the results and outlook, Mr Kuah Boon Wee, Chief Executive Officer said, *“The Group continues to record strong profits on the back of steady growth in revenues from all its businesses. This is notwithstanding the higher expenses incurred on investment activities and the fact that Bahrain continues to be loss making in the quarter under review.*

Drilling activity continues to remain robust in the offshore sector and we see good prospects moving ahead.

Order levels in Bahrain are increasing and our goal is to ramp up activity levels there. Another immediate challenge is to consolidate our position in Neptune and drive further operational synergies within and across all the businesses. We are excited that the Neptune businesses have joined the MTQ stable. Their portfolio of services will reinforce our goal of being an oilfield engineering, maintenance and subsea services group with operations in Asia, the Middle East and the North Sea.

With the recent expansion of the Group’s oil and gas footprint, we are committed to improving our service offerings to our customers and returns to our shareholders. Barring any unforeseen circumstances, the Group's operating results for FY2013 are expected to surpass FY2012.”

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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 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. Neptune Marine Services Limited is located in Perth, Western Australia, and has operational presence in the UK and Asia. Neptune provides engineering services to offshore oil and gas, marine and renewable energy industries with a focus on subsea and topside services.

For more information, please log on www.mtq.com.sg

**Issued for and on behalf of MTQ Corporation Limited
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