



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

MTQ's pre-tax earnings surge 39% to \$7.9 million in 1QFY2014

- 146% increase in revenue to S\$94.4 million, primarily contributed by inclusion of Neptune's results
- Gross profit increased by 106% to S\$28.2 million. Gross profit margin eased from 35.6% to 29.9% due to change in products and services mix following the acquisition of Neptune

Singapore, 24 July 2013 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, reported 38% increase in net profit attributable to shareholders to S\$6.5 million for the three months ended 30 June 2013 (“1QFY2014”).

Financial Highlights	1QFY2014	1QFY2013	Chg
	SGD'000	SGD'000	%
Revenue	94,390	38,438	146
Gross Profit	28,237	13,700	106
Gross Profit Margin	29.9%	35.6%	-
Other Operating Expenses	7,629	3,638	110
Staff Costs	12,420	4,991	149
Profit Before Taxation	7,933	5,695	39
Net Profit Attributable to Equity Holders (PATMI)	6,483	4,707	38

Financial Review

The Group recorded S\$94.4 million in revenue for 1QFY2014, representing an increase of 146% as compared to S\$38.4 million for 1QFY2013. This increase was largely due to Neptune Marine Services Limited's ("Neptune") financial results after it became a subsidiary of the Group in December 2012.

Although the Oilfield Engineering segment recorded higher gross profit margin in 1QFY2014 as compared to 1QFY2013, gross profit margin for the Group eased to 29.9% in 1QFY2014 compared to 35.6% a year ago, as a result of the inclusion of Neptune's results. Overall gross profit margins remain healthy.

In tandem with the increase in revenue, the Group saw a 149% year-on-year (y-o-y) increase in staff costs to S\$12.4 million, while other operating expenses rose by 110% y-o-y to S\$7.6 million. However, these expenses were well maintained as a percentage of revenue, with staff costs and other operating expenses making up 13.2% and 8.1% of revenue respectively in 1QFY2014 (1QFY2013: 13.0% and 9.5% respectively).

As a result of the enlarged operations of the Group, net profit attributable to shareholders increased 38% y-o-y to S\$6.5 million. This translates into earnings per share of 5.18³ Singapore cents (1QFY2013: 4.17³ Singapore cents).

Balance Sheet	30 Jun 2013	31 Mar 2013
	SGD'000	SGD'000
Net current assets	55,753	85,888
Net assets	134,075	131,778
Cash and cash equivalents	38,688	40,911
Finance lease payable	1,799	916
Borrowings	69,533	72,659
Shareholder's funds	122,738	118,630
Net gearing¹	19.6%	19.9%
Net assets value^{2,3}	98 cents	95 cents

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.

² Net assets value is calculated based on the Group's net assets, after deducting the non-controlling interests, divided by the total number of issued shares excluding treasury shares as at the end of the financial period.

³ The per share calculations have been adjusted retrospectively for the increase in the number of ordinary shares following the issue of one (1) bonus share for every four (4) existing ordinary shares.

The Group's balance sheet remained healthy subsequent to the acquisition of Neptune with a cash balance of S\$38.7 million (31 March 2013: S\$40.9 million) and a net gearing of 19.6% as at 30 June 2013 (31 March 2013: 19.9%).

Outlook

Commenting on the results and outlook, Mr Kuah Boon Wee, Group Chief Executive Officer said, ***“We are pleased to have begun our new financial year with a positive set of results with profits recorded in all our business segments. The vessel campaign that boosted Neptune’s numbers in the last two quarters has now ended and we should see a period of quieter activity down under. Lower revenues are expected for the Group for the next quarter.*”**

Overall drilling and exploration activities continue to remain encouraging. The Group remains focused on capitalising on such opportunities and growing our overall business.

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

Established since 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 equipment, is also a 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 (“Neptune”) is located in Perth, Western Australia, and has operational presence in the United Kingdom 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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