



MTQ CORPORATION LIMITED

182 PANDAN LOOP SINGAPORE 128373 TEL: (65) 6774 9332 FAX: (65) 6777 6433

FOR IMMEDIATE RELEASE

MTQ reports 11% y-o-y increase in pre-tax profits to S\$6.9 million in 2QFY2014

- 62% rise in revenue to S\$64.9 million with Neptune's inclusion
- Healthy gross profit margin of 36.6%
- Net profits increased by 10% to \$5.5m

Singapore, 30 October 2013 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, reported 10% increase in net profit attributable to shareholders to S\$5.5 million for the three months ended 30 September 2013 (“2QFY2014”).

Financial Highlights	2QFY2014	2QFY2013	Chg	1HFY2014	1HFY2013	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	64,911	40,070	62	159,301	78,508	103
Gross Profit	23,755	14,639	62	51,992	28,339	83
Gross Profit Margin	36.6%	36.5%	-	32.6%	36.1%	-
Other Operating Expenses	6,742	3,783	78	14,371	7,421	94
Staff Costs	9,958	5,008	99	22,378	9,999	124
Profit Before Taxation	6,946	6,281	11	14,879	11,976	24
Net Profit Attributable to Equity Holders (PATMI)	5,502	5,022	10	11,985	9,729	23

Financial Review

The Group recorded revenue of S\$64.9 million for 2QFY2014, representing a 62% increase year-on-year (“y-o-y”) compared to S\$40.1 million in 2QFY2013. The main contributor to the significant increase in revenue was the inclusion of the Neptune subsea businesses (“Neptune”), which became part of the Group in December 2012. Revenue contribution from the Oilfield Engineering business was lower due to weaker sales recorded from agency activities as compared to 2QFY2013.

Gross profit margin for the Group remained healthy at 36.6% in 2QFY2014 (2QFY2013: 36.5%). However, 1HFY2014 saw lower gross profit margin of 32.6% due to lower margins within the Neptune segment, especially for 1QFY2014. Overall staff costs increased to S\$10.0 million in 2QFY2014 in line with the expanded operations. Similarly, other operating expenses increased 78% to S\$6.7 million, due to higher operating lease expenses and other overhead costs.

Overall, the Group recorded a 10% y-o-y increase in net profit attributable to equity holders to S\$5.5 million for 2QFY2014, and a 23% increase in YTD net profit attributable to shareholders to S\$12.0 million. This is equivalent to basic earnings per share of 4.39 Singapore cents in 2QFY2014 (2QFY2013: 4.44 Singapore cents) and 9.57 Singapore cents in 1HFY2014 (1HFY2013: 8.61 Singapore cents).

The Group has proposed an unchanged interim cash/scrip dividend of 2.0 Singapore cents per share, an effective increase of 25% with the bonus share issue made in July 2013.

Balance Sheet	30 Sep 2013	31 Mar 2013
	SGD'000	SGD'000
Net current assets	51,507	85,888
Net assets	138,918	131,778
Cash and cash equivalents	45,348	40,911
Finance lease payable	1,237	916
Borrowings	64,558	72,659
Shareholder's funds	127,286	118,630
Net gearing ¹	12.8%	19.9%
Net assets value ²	101.0 cents	95.0 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.

The Group continued to generate strong cash flows from operating activities of S\$16.6 million in 2QFY2014, which boosted the Group's cash and cash equivalents to S\$45.3 million as at 30 September 2013. The balance sheet was further improved with a paring of bank borrowings, resulting in lower net gearing of 12.8%, compared to 19.9% as at 31 March 2013.

Outlook

Commenting on the results and outlook, Mr Kuah Boon Wee, Group Chief Executive Officer said, ***"It is encouraging to see that activities and enquiries for Oilfield Engineering continue to remain robust both in Singapore and Bahrain. I am pleased to note that Neptune has been profitable in its second full quarter of operations as part of the MTQ Group. Going forward, our focus will be to pursue contributions from our growing business in Bahrain and to drive further operating improvements in our other businesses, especially Neptune."***

"We anticipate that the overall drilling and exploration sentiment in Singapore and Middle East remains positive. Our immediate outlook remains encouraging."

- End -

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
By Financial PR Pte Ltd**

For more information please contact:

Romil SINGH romil@financialpr.com.sg
Vern Cheng KEE verncheng@financialpr.com.sg, staff@financialpr.com.sg
Tel: (65) 64382990 **Fax: (65) 64380064**