



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

MTQ reports 60% earnings growth to S\$24.2 million for FY2014

- Group revenue increased by 50% to S\$313.3 million mainly due to full year contribution from Neptune Marine Services, boosted by healthy growth in Oilfield Engineering segment
- Strong operating cash flows strengthened financial position, lowering net gearing from 21.3% in FY2013 to 16.8% in FY2014 despite new investments
- Proposed full year dividend of 2 Singapore cents per ordinary share plus a proposed 1-for-5 bonus share issue, representing an effective 50% increase in dividends from 2 years ago

Singapore, 5 May 2014 – 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\$24.2 million for the full year ended 31 March 2014 (“FY2014”).

Financial Highlights	4QFY2014	4QFY2013 (Restated)	Chg	FY2014	FY2013 (Restated)	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	78,886	93,684	(16)	313,330	208,746	50
Gross Profit	26,419	30,555	(14)	103,808	72,979	42
Gross Profit Margin	33.5%	32.6%	-	33.1%	35.0%	-
Other Operating Expenses	6,766	9,652	(30)	27,127	26,012	4
Staff Costs	12,252	11,744	4	45,728	26,752	71
Profit Before Taxation	7,447	8,682	(14)	30,335	20,642	47
Net Profit Attributable to Equity Holders (PATMI)	5,793	6,664	(13)	24,174	15,397	57
PATMI Margin	7.3%	7.1%	-	7.7%	7.4%	-

Financial Review

Group revenue increased by 50% year-on-year (“y-o-y”) to S\$313.3 million in FY2014, largely due to full year contribution from Neptune Marine Services (“Neptune”), which became the Group’s subsidiary in December 2012. The Oilfield Engineering segment also contributed to revenue growth, with increased activity levels in Bahrain, incremental growth in Singapore, and contribution from the Binder Group in its first quarter of consolidation with the Group. However, revenue from the Engine Systems segment declined by 11% mainly due to the depreciation of the Australian Dollar.

Gross profit grew by 42% y-o-y to S\$103.8 million in FY2014. The inclusion of Neptune lowered gross profit margin slightly to 33.1% in FY2014, compared to 35.0% in FY2013. Similarly, staff cost grew by 71% to S\$45.7 million. Other operating expenses remained relatively stable at S\$27.1 million, taking into consideration the restatement of FY2013 financial statements to adjust for finalized figures relating to the acquisition of Neptune.

In line with revenue growth, net profit attributable to shareholders increased by 57% to S\$24.2 million in FY2014 from S\$15.4 million in FY2013. This translated into basic earnings per share of 19.19 Singapore cents (FY2013: 13.17 Singapore cents).

Balance Sheet	31 Mar 2014	31 Mar 2013 (Restated)
	SGD’000	SGD’000
Net current assets	79,087	85,888
Net assets	140,605	120,759
Cash and cash equivalents	37,432	40,911
Finance lease payable	1,360	916
Borrowings	64,517	72,659
Shareholder’s funds	130,950	110,356
Net gearing¹	16.8%	21.3%
Net assets value²	103.0 cents	88.0 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 shareholders’ funds divided by the total number of issued shares excluding treasury shares as at the end of the financial period.

The Group generated S\$32.2 million in cash flows from operating activities on the back of robust business activities. The repayment of bank borrowings reduced net gearing from 21.3% in FY2013 to 16.8% in FY2014. Consequently, the Group's cash and cash equivalents stood at S\$37.4 million as at 31 March 2014.

Rewarding Shareholders

The Board of Directors has proposed a final cash/scrip dividend of 2 Singapore cents per share. In addition, the Group will propose a bonus issue of one new ordinary share for every five ordinary shares held in the capital of MTQ which will be subjected to the approval of the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of the bonus shares on the official list of the SGX-ST. Barring any unforeseen circumstances, the Group expects that the bonus shares will be entitled to the proposed final cash/scrip dividend in respect of the financial year ended 31 March 2014, which will represent a dividend payout ratio of 22.9% and an effective 50% increase in dividends paid over that of 2 years ago. Details of the proposed bonus issue will be provided in a separate announcement.

Outlook

Commenting on the results and outlook, Mr Kuah Boon Wee, Group Chief Executive Officer, said, ***"We are delighted to have achieved a good year of revenue and profit growth in FY2014, with stronger contributions from all the oil and gas divisions. Neptune had an exceptional quarter for 4QFY2013 which accounts for the weaker comparative for 4QFY2014. For FY2014, I am pleased that Neptune had an improved performance and that Singapore and Bahrain also improved their operating performance. We will focus on consolidating our operations and we anticipate a profitable year moving ahead."***

The outlook for our operating businesses remains encouraging, although global economic uncertainties persist. Operationally, we will continue to focus on improving results in both Singapore and Neptune. We intend to build on 4QFY2014's record revenue in Bahrain and aim to achieve profitability in FY2015. The long term outlook for LNG projects underpins our desire to grow the Binder Group.

I am pleased that our efforts to build a more broad-based oilfield services group has led to increased returns to our shareholders in recent years. We will continue to work on improving our value proposition to our customers, so that we can continue to reward shareholders and our employees moving ahead.

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

Established in 1969, **MTQ Corporation Limited (“MTQ” or the “Group”)** 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 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 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. In 2014, MTQ expanded into the design and manufacturing of proprietary and custom-built pipe support and pipe suspension solutions for the oil & gas sector through Binder Group Pty Ltd, which has production facilities in Perth and Indonesia.

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

**Issued for and on behalf of MTQ Corporation Limited
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