



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

MTQ Reports S\$9.2 Million Pre-Tax Profit for FY2015

- FY2015 profit before tax decreased by 69% on goodwill impairment and weaker oilfield engineering services in Singapore and in Binder
- Profitable operating performance for 4QFY2015
- Positive full year contributions from Bahrain
- Strengthened financial position with higher cash balance of S\$44.1 million and lower net gearing of 10.5%
- Proposed final cash dividend of 2 Singapore cents per share

Singapore, 11 May 2015 – 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\$5.0 million for the twelve months ended 31 March 2015 (“FY2015”).

Financial Highlights	4QFY2015	4QFY2014 (Restated)	Chg	FY2015	FY2014 (Restated)	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	63,755	78,886	(19)	295,640	313,330	(6)
Gross Profit	18,333	26,419	(31)	92,664	103,808	(11)
Gross Profit Margin	28.8%	33.5%	-	31.3 %	33.1%	-
Other Operating Expenses	(13,231)	(7,500)	76	(35,108)	(28,754)	22
Staff Costs	(10,708)	(11,942)	(10)	(46,227)	(44,525)	4
Profit Before Taxation	(5,916)	7,023	-	9,177	29,911	(69)
Net Profit Attributable to Equity Holders (PATMI)	(6,527)	5,497	-	5,021	23,878	(79)

Financial Review

The Group reported revenue of S\$295.6 million for FY2015, down 6% year-on-year (“yoy”).

- Neptune’s decrease by S\$7.7 million was mainly due to the absence of diving campaigns that boosted FY2014’s revenue;
- Oilfield Engineering’ encountered weaker demand in Singapore, augmented by the inclusion of Binder’s full year revenue and Bahrain’s increase; and
- Engine Systems’ decline was mainly due to the impact of a weaker Australian dollar exchange rate during the year.

Segmental Revenue	FY2015		FY2014	
	SGD’000	%	SGD’000	%
Neptune	151,948	51	159,646	51
Oilfield Engineering	96,478	33	104,604	33
Engine Systems	47,214	16	48,894	16
Investment Holding	-	-	186	-
Total revenue	295,640	100	313,330	100

While the oilfield business in Singapore slowed in the second half of the financial year, the business in Bahrain has continued to gain momentum, almost doubling revenue in FY2015.

Gross profit declined by 11% yoy to S\$92.7 million, in line with lower revenue, with gross profit margin narrowing slightly from 33.1% for FY2014 to 31.3% for FY2015.

From the annual impairment assessment exercise, a goodwill impairment charge of S\$6.8 million was recorded in other operating expenses arising from the Binder and Engine Systems’ businesses. Apart from the goodwill impairment, the increase in operating costs was also due to the inclusion of Binder’s full year results in FY2015. Excluding the impairment charges and Binder, the Group managed to lower operating costs in most operating units.

Profit attributable to equity holders, excluding the goodwill impairment, would have been S\$0.3 million and S\$11.8 million for 4QFY2015 and FY2015 respectively. Overall including the accounting losses, the Group recorded S\$6.5 million loss and S\$5.0 million profit attributable to equity holders for 4QFY2015 and FY2015 respectively.

Balance Sheet	31 Mar 2015	31 Mar 2014 (Restated)
	SGD'000	SGD'000
Net current assets	83,043	83,631
Net assets	138,350	140,312
Cash and cash equivalents	44,135	37,432
Finance lease payable	797	1,360
Borrowings	59,635	64,517
Shareholder's funds	128,960	130,657
Net gearing ¹	10.5%	16.9%
Net assets value ²	83.0 cents	86.0 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\$33.4 million cash flow from operating activities before changes in working capital in FY2015, which boosted the Group's cash and cash equivalents to S\$44.1 million as at March 31, 2015, increased from S\$37.4 million a year earlier and resulted in the reduction of net gearing ratio from 16.9% to 10.5%.

The Board of Directors has proposed a final cash dividend of 2 Singapore cents per share, bringing the total annual dividend to 4 Singapore cents for FY2015.

Outlook

Commenting on the results and outlook, Mr Kuah Boon Wee, Group Chief Executive Officer said, ***"In line with lower oil prices, the market outlook has turned negative for our oil and gas activities. The Singapore oilfield and Binder businesses are suffering from reduced activity levels and significant improvements are not expected in the short term. However, our Bahrain business has delivered an encouraging performance on the back of improving margins and growing market share. Neptune and Engine Systems also continued to remain profitable in competitive environments.***

While oil prices will recover, we anticipate that overall capital expenditure in our industry will reduce this year. Our focus will be on securing service opportunities as work on existing projects will continue. We will remain vigilant on addressing our cost structure.

We have proposed a final cash dividend of 2 Singapore cents per share to thank shareholders for their support. As an organisation, we have seen several cycles in our businesses through the years. Financially, we are sound and we continue to proactively engage with all our customers, drawing on our track record and strengths to weather the market down turn. We remain focused on improving operational capabilities and we are confident that we will emerge as a stronger entity.”

- 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. 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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