



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

Staying resilient in tough markets

- Market environment remains challenging and outlook weak
- S\$10.3 million total cash inflow in 3QFY2016
- Reduced gearing increasing financial flexibility

Singapore, 28 January 2016 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, reported a modest pre-tax loss of S\$1.3 million for the three months ended 31 December 2015 (“3QFY2016”).

Financial Highlights	3QFY2016	2QFY2016	Chg
	SGD'000	SGD'000	%
Revenue	54,612	57,820	(6)
Gross Profit	13,172	15,036	(12)
<i>Gross Profit Margin</i>	24.1%	26.0%	
Other Operating Expenses	(6,826)	(8,173)	(16)
Staff Costs	(8,801)	(9,256)	(5)
Loss Before Taxation	(1,308)	(896)	46
Net Loss Attributable to Equity Holders (PATMI)	(850)	(501)	70

**n/m: Not meaningful*

Financial Review

The Group reported S\$54.6 million revenue for 3QFY2016, a decrease of 6% quarter-on-quarter (“qoq”) as the Group continues to see weaker demand in the sector. Market pressures have persisted resulting in lower margins for the quarter.

Operating expenses and staff costs as a whole have continued to decline. Excluding the fixed assets written-off, they are lower than 2QFY2016 by about 4% or S\$0.6 million. Notwithstanding such efforts, the Group reported a net loss attributable to shareholders of S\$0.9 million for 3QFY2016.

Balance Sheet	31 Dec 2015	31 Mar 2015
	SGD'000	SGD'000
Net current assets	80,869	82,389
Net assets	132,355	138,350
Cash and cash equivalents	47,846	44,135
Finance lease payable	588	797
Borrowings	55,774	59,635
Shareholder's funds	123,358	128,960
Net gearing¹	6.0%	10.5%
Net assets value per share²	80 cents	83 cents

¹ Net gearing ratio is calculated based on net debt divided by net capitalization. The Group includes within its net debt, bank borrowings and finance lease payable, less cash and cash equivalents. Net capitalization 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 interest, divided by the total number of issued shares excluding treasury shares as at the end of the financial period, adjusted for the effect of bonus issue.

The Group generated S\$2.2 million cash from operation before working capital this quarter. Including the proceeds received from the insurance claims and other working capital changes, S\$11.5 million operational cash flows were generated. Investing activities wise, the Group generated S\$3.2 million from disposal of assets which resulted in a gain on disposal of about S\$0.7 million during the quarter.

Taking into account the repayment of borrowings, the Group had a total net cash inflow of S\$10.3 million during the quarter bringing the cash and cash equivalents to S\$47.8 million, S\$3.7 million higher than that as at 31 March 2015. Accordingly, net gearing was reduced from 10.5% to 6.0% placing the Group in better financial flexibility to weather the storm.

Outlook

Commenting on the financial results and outlook, Mr Kuah Boon Wee, Group Chief Executive Officer said,

“Oil prices have continued to trend downwards since the last quarter of 2015. Demand for oilfield services remained weak and profit margins are under pressure due to competition across all segments.

Maintaining a strong financial position has always been an important goal for us in this environment. Our cash balance further improved during the quarter and the gearing ratio has been reduced to a very healthy level. These factors will add to the resilience of MTQ in the downturn. We will spare no effort to secure business opportunities, reduce costs and raise utilization, which will enable us to see through this challenging period.”

- 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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