



## MTQ CORPORATION LIMITED

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### FOR IMMEDIATE RELEASE

- Higher revenue from Bahrain and Binder
- Weak activity levels in Singapore remain
- Additional S\$1.3 million gain on disposal of Engine Systems
- Receivables and inventories provisions/write-offs of S\$1.6 million recognised in 4QFY2017

**Singapore, 5 May 2017** – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or “Group”), an established regional engineering, maintenance and subsea services group, reported today its results for the three months and twelve months ended 31 March 2017 (“4QFY2017” and “FY2017” respectively).

Financial Highlights	4QFY2017	4QFY2016	Chg	FY2017	FY2016	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	39,684	38,969	2	130,361	178,663	(27)
Gross Profit	5,862	7,381	(21)	23,285	39,998	(42)
<i>Gross Profit Margin</i>	14.8%	18.9%		17.9%	22.4%	
Other Income	1,422	580	145	2,443	4,643	(47)
Other Operating Expenses	(6,497)	(19,383)	66	(20,036)	(37,588)	47
Staff Costs	(5,399)	(6,949)	22	(23,554)	(29,205)	19
Finance Costs	(350)	(476)	26	(1,371)	(1,939)	29
Share of Results of Joint Venture	(248)	17	nm	93	(285)	nm
Loss before tax from Continuing Operations	(5,210)	(18,830)	72	(19,140)	(24,376)	21
Profit from Discontinued Operation, net of tax	-	436	(100)	1,549	1,324	17
Loss attributable to Owners of the Company	(4,563)	(14,785)	69	(15,133)	(18,467)	18

## **Financial Review**

The Group reported S\$39.7 million overall revenue for 4QFY2017, comparable to the same period a year ago. While activity levels in Singapore and Neptune saw little improvement, revenue from Bahrain and Binder was higher during the periods. The Group's gross profit margin for 4QFY2017 was 14.8% as the Group continues to experience pricing pressures.

The dispute involving a sum of S\$1.3 million consideration from the disposal of Engine Systems has been resolved in favour of MTQ during the quarter. Accordingly, an additional gain of the same amount has been recognised.

With the continual weak market conditions, the Group has made further provisions against receivables and inventories totaling S\$1.6 million during the quarter.

Bottom-line, the Group recorded lower losses for 4QFY2017 due to the absence of S\$13.0 million impairment charges recognised a year ago. Excluding this, the Group's loss before tax from continuing operations for the quarter was narrowed by 10.6%.

<b>Cash flows</b>	<b>4QFY2017</b>	<b>4QFY2016</b>	<b>FY2017</b>	<b>FY2016</b>
	<b>SGD'000</b>	<b>SGD'000</b>	<b>SGD'000</b>	<b>SGD'000</b>
<b>Net cash from/(used in):</b>				
- <b>Operating activities</b>	(4,658)	(6,270)	190	10,352
- <b>Investing activities</b>	(478)	(5,037)	10,207	(9,747)
- <b>Financing activities</b>	(285)	(11,120)	(4,829)	(19,445)
<b>Net change in cash &amp; cash equivalents (inclusive of exchange rate effects)</b>	(4,817)	(22,879)	6,441	(19,168)
<b>Cash and cash equivalents at end of financial period</b>	31,408	24,967	31,408	24,967

The Group had a net cash outflow of S\$4.7 million from operations for the quarter, bringing the total net cash inflow from operating activities for the full year to S\$0.2 million. Investing cash flows for FY2017 included the first tranche of net cash received from the disposal of Engine Systems, while financing cash flows represent repayments of borrowings and interest as well as the dividends paid to minority interests during the year.

Overall, the Group's ending cash and cash equivalents was S\$31.4 million, bringing the net debt gearing to 9.4% as at 31 March 2017. Had the remaining consideration of S\$9.4 million from the disposal of Engine Systems been received during the year, cash and net debt gearing positions would have been S\$40.8 million and 0.9% respectively.

Balance Sheet	31 Mar 2017	31 Mar 2016
	SGD'000	SGD'000
Net current assets	65,293	66,444
Net assets	99,972	113,374
Net tangible assets	89,419	97,738
Cash and cash equivalents	31,408	24,967
Bank borrowings and finance leases	41,741	44,087
Shareholder's funds	93,945	105,664
Net gearing <sup>1</sup>	9.4%	14.4%
Net assets value per share <sup>2</sup>	61 cents	68 cents

<sup>1</sup> 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.

<sup>2</sup> 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.

## **Results & outlook**

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

*“The last quarter continued to be challenging for the industry. While activities in Bahrain continued to be robust, recovery elsewhere will take time.*

*We have endured a year of low revenues and losses, but also have strengthened the Group’s financial position when we took a strategic decision to exit Engine Systems. This will allow us to weather the downturn in this challenging environment and prepare for the impending recovery.”*

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### **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 equipment, is also supplier of oilfield equipment and tools manufactured by some of the leading global brands. 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. The Binder group, based in Perth with a production facility in Indonesia, designs and manufactures proprietary and custom-built pipe support and pipe suspension solutions for the oil and gas sector.

For more information, please log on [www.mtq.com.sg](http://www.mtq.com.sg)

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