



MTQ CORPORATION LIMITED

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

FOR IMMEDIATE RELEASE

MTQ’s FY2013 pre-tax earnings doubles to S\$27.0 million

- Strong growth in profitability achieved with 63% increase in revenue
- Organic growth was recorded in all business segments. The results are further boosted by the inclusion of the Neptune Group’s results in the last quarter of current year
- Proposed final cash/scrip dividend of 2.0 Singapore cents per ordinary share
- Integration of Neptune and ramping up operations in Bahrain to be near term focuses in improving performance

Singapore, 6 May 2013 – 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\$21.6 million for the full year ended 31 March 2013 (“FY2013”).

| Financial Highlights | 4QFY2013 | 4QFY2012 | Chg | FY2013 | FY2012 | Chg |
|--|----------|----------|-----|---------|---------|-----|
| | SGD’000 | SGD’000 | % | SGD’000 | SGD’000 | % |
| Revenue | 93,684 | 33,632 | 179 | 208,746 | 128,395 | 63 |
| Gross Profit | 30,555 | 12,842 | 138 | 72,979 | 47,027 | 55 |
| Gross Profit Margin | 32.6% | 38.2% | - | 35.0% | 36.6% | - |
| Operating Expenses | 8,791 | 4,233 | 108 | 20,348 | 15,005 | 36 |
| Staff costs | 11,744 | 4,616 | 154 | 26,752 | 18,513 | 45 |
| Profit before taxation | 9,951 | 4,514 | 120 | 26,997 | 13,898 | 94 |
| Net Profit Attributable to Equity Holders (PATMI) | 7,746 | 3,993 | 94 | 21,565 | 14,607 | 48 |

Financial Review

In FY2013, the Group recorded revenue of S\$208.7 million, a 63% increase year-on-year compared to S\$128.4 million in FY2012. This was mainly due to i) contributions from a newly acquired subsidiary – Neptune Marine Services Limited (“Neptune”), ii) full year recognition of subsidiaries acquired in FY2012 – Premier Sea & Land Limited and its subsidiaries (“Premier Group”), and iii) organic growth in all business segments.

Neptune, being 86.8% owned by the Group as at 31 March 2013, made their first revenue contribution of S\$58.9 million in 4QFY2013.

The Oilfield Engineering segment remained the highest contributor to group revenue for the financial year, recording a 27.8% year-on-year increase in revenue to S\$94.7 million in FY2013. This can be attributed to the full year recognition of the financial results of Premier Group in FY2013, as compared to nine months in FY2012. Apart from this, the Oilfield Engineering segment also recorded organic growth. Engine Systems recorded S\$55.2 million in revenue for FY2013, a marginal increase of 1.1% year-on-year.

Gross profit margins for the Group declined slightly to 35.0% in FY2013 from 36.6% in FY2012 due to changes in the product mix since the acquisition of Neptune. However, in keeping to the Group’s cost control measures, other operating expenses of S\$20.3 million declined as a percentage to revenue at 9.7% in FY2013 (FY2012: 11.7%) and staff costs made up 12.8% of revenue in FY2013 (FY2012: 14.4%).

Due to the higher revenues and a slower rate of increase in expenses, the Group reported a 94% year-on-year increase in pre-tax profit of S\$27.0 million for FY2013. In the absence of a write-back of tax provisions of S\$3.4 million that occurred in FY2012, the Group incurred higher tax expenses of S\$4.0 million. Despite this, net profit attributable to shareholders increased by 48% year-on-year to S\$21.6 million in FY2013.

| Balance Sheet | 31 Mar 2013 | 31 Mar 2012 |
|-------------------------------------|-------------|-------------|
| | SGD'000 | SGD'000 |
| Net current assets | 87,452 | 26,865 |
| Net assets | 131,778 | 86,132 |
| Cash and cash equivalents | 40,911 | 27,314 |
| Finance lease payable | 916 | 909 |
| Borrowings | 72,659 | 45,016 |
| Shareholder's funds | 118,630 | 86,692 |
| Net gearing ¹ | 19.9% | 17.7% |
| Net assets value ² (SGD) | 1.18 | 0.96 |

The Group's balance sheet remained healthy subsequent to the acquisition of Neptune with a cash balance of S\$40.9 million (FY2012: S\$27.3 million) and a net gearing of 19.9%¹ (FY2012: 17.7%). The Group continued to report positive operating cash flow S\$21.1 million for FY2013 (FY2012: S\$20.6 million).

Rewarding Shareholders

The Group has proposed a final cash/scrip dividend of 2.0 Singapore cents per ordinary share. In addition, the Group will also propose a bonus issue of one new ordinary share for every four 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 2013. Details on the bonus issue proposal will be provided in a separate announcement.

Outlook

Commenting on the results and outlook, Mr Kuah Boon Wee, Chief Executive Officer said, ***"FY2013 had been a transformational year for the Group and I am pleased to report strong growth both in revenues and profits. The Group has successfully strengthened our presence in the oil and gas sector through acquisitions in recent years. Going forward, our near term focus would be to seamlessly integrate Neptune into the MTQ family and build on the combined strengths of customers and dedicated manpower resources across our global locations in Europe, the Middle East, Singapore and Australia."***

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 divided by the total number of issued shares excluding treasury shares as at the end of the financial period.

The Group will also strive for organic growth, especially through our new facility in Bahrain. We continue to see healthy levels of enquiries there, and remain committed to raising productivity levels in order to maximise on these business opportunities. Elsewhere in Singapore and with the Engine Systems business, we continue to focus on improving performance through better operating efficiencies.

With a wider geographical presence and a much broader suite of subsea and engineering services to offer, the Group is well placed to benefit from the buoyant oil and gas industry to generate better returns to our shareholders.”

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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 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 (“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.

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**