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FOR IMMEDIATE RELEASE

- Strengthened financial position with completion of Rights cum Warrants exercise
- Modest improvement at bottom-line excluding impairment charges, with reduced losses at Oilfield Engineering mostly offset by higher losses from Neptune
- Non-cash impairment charges amounting to S$11.8 million

Singapore, 14 May 2018 – 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 2018 ("4QFY2018" and "FY2018" respectively).

Financial Highlights[1]	**4QFY2018**	**4QFY2017**	**Chg**	**FY2018**	**FY2017**	**Chg**
	SGD'000	**SGD'000**	**%**	**SGD'000**	**SGD'000**	**%**
Revenue	22,561	39,684	(43)	111,866	130,361	(14)
Gross Profit	3,300	5,862	(44)	17,235	23,285	(26)
Gross Profit Margin	*14.6%*	*14.8%*		*15.4 %*	*17.9%*	
Other Income	271	134	102	1,340	994	35
Other Operating Expenses[1]	(4,571)	(6,497)	(30)	(16,196)	(20,036)	(19)
Staff Costs	(4,351)	(5,399)	(19)	(19,976)	(23,554)	(15)
Finance Costs	(176)	(350)	(50)	(840)	(1,371)	(39)
Share of Results of Joint Venture	(241)	(248)	(3)	(967)	93	n.m.
Loss Before Tax from Continuing Operations[1]	(5,768)	(6,498)	(11)	(19,404)	(20,589)	(6)
Taxation credit[1]	220	274	(20)	1,219	1,385	(12)
Loss After Tax from Continuing Operations[1]	(5,548)	(6,224)	(11)	(18,185)	(19,204)	(5)

[1]Excluding impairments of goodwill and write-off of deferred tax assets amounting to S$5.5 million and S$6.3 million respectively.

Financial Review

The Group reported revenue of S$111.9 million for FY2018, down 14% year-on-year ("yoy"). The decrease was largely from Neptune segment which recorded several project delays. The Oilfield Engineering segment, on the other hand, saw improved activities particularly in Singapore although lower pipe support and new manufacturing revenues (which command lower margins) resulted in lower overall revenue for the segment in 4QFY2018 and FY2018.

As the Group continues to operate in this challenging environment, it took a prudent approach and made about S$0.9 million doubtful debt provision against some long outstanding debts as well as recognized impairment in goodwill and write-off of deferred tax assets totaling S$11.8 million. Excluding these, the Group's staff costs and other operating expenses decreased considerably due to its cost rationalization efforts. Finance costs also declined due to lower borrowings during the year. Share of joint venture results continued to be weaker than the corresponding periods a year ago due to certain tender processes taking longer than expected.

Bottom-line, Oilfield Engineering segment recorded a 71% lower losses but this was negated by the poorer results mainly from Neptune segment. Investment Holding segment comprised mainly central overheads and included loss on winding up of a dormant subsidiary and certain reversal of provisions in FY2018 and FY2017 respectively. Excluding these, the overheads for FY2018 were comparable to FY2017's.

Segmental Loss After Tax[1]	**FY2018**	**FY2017**	**Chg**
	SGD'000	**SGD'000**	**%**
Neptune[1]	(11,451)	(9,235)	24
Oilfield Engineering	(1,760)	(6,109)	(71)
Investment Holding	(4,978)	(3,812)	31
Others	4	(48)	n.m.
From Continuing Operations[1]	**(18,185)**	**(19,204)**	**(5)**

[1]Excluding impairments of goodwill and deferred tax assets amounting to S$5.5 million and S$6.3 million respectively.

Balance Sheet	31 Mar 2018	31 Mar 2017
	SGD'000	SGD'000
Net current assets	33,273	65,293
Net assets	66,690	99,972
Net tangible assets	62,073	89,419
Cash and cash equivalents	10,759	31,408
Bank borrowings and finance leases	22,634	41,741
Shareholder's funds	63,186	93,945
Net gearing[1]	15.1%	9.4%
Net assets value per share[2]	41 cents	61 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. Including the Minimum Net Proceeds from the MTQ Rights Cum Warrants exercise, which was completed in April 2018, the Group would have been in a net cash position as at 31 March 2018.*

[2] *Net assets value is calculated based on the Group's shareholders' funds divided by the total number of issued shares excluding treasury shares and subsidiary holding.*

The reduction of net assets and net tangible assets were mainly due to the impairment in goodwill and write-off of deferred tax assets recognized in FY2018. Apart from these, the changes in components of the Group's financial position were largely a result of the losses recognized during the year and the repayment of a bank borrowing in April 2017 to reduce finance costs.

During the year, the Group undertook a capital raising exercise with the view to further strengthen its financial position through this prolonged downturn. The MTQ Rights cum Warrants exercise was completed in April 2018 and as a result, improved the balance sheets including the net debt/cash position by S$12.0 million.

Results & outlook

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

"The past year has continued to be tough. Our Oilfield Engineering segment showed progress and recorded a positive EBITDA for the full year in line with the improving market sentiments in the region. On the other hand, general activity surrounding the Neptune segment continued to remain slow and this has weakened the Group's overall operating results and cash flows.

We are pleased that the MTQ Rights cum Warrants Issue has been successfully completed in April 2018 and are grateful for our shareholders' support in this exercise. With the Group now in a net cash position, the Group can work positively towards improving its results in the upcoming year. We will also explore options to reposition loss making units for better markets. Recent market sentiment in the Oilfield Engineering Division is encouraging and our stronger financial position will enable us to take advantage of opportunities ahead."

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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 additional 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.

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