



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

Market conditions and non-cash adjustments impact 4Q and 12M FY2016 earnings

- Market environment remains challenging
- Non-cash impairments of goodwill, intangible assets and fixed assets of S\$12.9 million in 4QFY2016
- Cost control and strengthening balance sheet as we look towards market recovery

Singapore, 10 May 2016 – 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 full year ended 31 March 2016 (“4QFY2016” and “12MFY2016”, respectively).

Financial Highlights	4QFY2016	4QFY2015	Chg	12MFY2016	12MFY2015	Chg
	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	49,344	63,755	(23)	221,788	295,640	(25)
Gross Profit	10,900	18,333	(41)	54,729	92,664	(41)
Gross Profit Margin	22.1%	28.8%		24.7 %	31.3 %	
Other Operating Expenses	(20,684)	(13,231)	56	(43,956)	(35,108)	22
Staff Costs	(8,639)	(10,708)	(19)	(36,890)	(46,227)	(20)
(Loss)/Profit Before Taxation	(18,319)	(5,916)	210	(22,772)	9,177	n/m
Net (Loss)/Profit Attributable to Equity Holders (PATMI)	(14,785)	(6,527)	127	(18,467)	5,021	n/m

*n/m: Not meaningful

Financial Review

The Group reported S\$49.3 million revenue for 4QFY2016, a decrease of 23% quarter-on-quarter (“qoq”) as the Group continues to see weaker demand in its sectors. Market pressures have persisted resulting in lower margins for the quarter.

In light of the continual depressed market conditions, the Group has taken impairments of goodwill, intangible assets and fixed assets totaling S\$12.9 million in 4QFY2016. These adjustments, which are non-cash in nature have impacted the financials of the Group. Excluding the impairments and fixed assets written-off, operating expenses and staff costs as a whole have continued to decline. The Group reported a net loss attributable to shareholders of S\$14.8 million for 4QFY2016.

Balance Sheet	31 Mar 2016	31 Mar 2015
	SGD'000	SGD'000
Net current assets	66,444	82,389
Net assets	113,374	138,350
Cash and cash equivalents	24,967	44,135
Bank borrowings and finance leases	44,087	60,432
Shareholder's funds	105,664	128,960
Net gearing¹	14.4%	10.5%
Net assets value per share²	68 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.

During the 12MFY2016, the Group generated S\$10.4 million cash from operation. Investing activities wise, the Group spent a total of S\$9.7 million mainly on investing in new fixed assets as well as payment of the final tranche of the consideration for Binder acquisition. During the year, the Group repaid bank borrowings of S\$19.9 million by deploying some of the cash resources to reduce interest expenses. The Group also refinanced part of its borrowings resulting in longer debt maturity profile. Net gearing was 14.4% as at the year-end date, with cash and cash equivalents of S\$25.0 million as at 31 March 2016.

Outlook

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

“Our performance for the quarter under review was reflective of the current downturn in the oil and gas industry, and this is expected to continue in the foreseeable future. The sluggish activity level of the industry has severely impacted the Group’s financial performance and resulted in the Group’s first full-year loss position in over a decade.

The Group’s financial position is sound. Whereas we do not expect a swift turnaround of the industry, we are in good position to weather the current downturn. Our focus is to broaden our reach in this increasingly competitive environment, enhance efficiency and utilisation.”

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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 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.

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