



MTQ CORPORATION LIMITED

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FOR IMMEDIATE RELEASE

MTQ reports S\$6.4 million pre-tax profit

- Higher revenue and gross profit recorded for 2QFY2015
- Gross profit margin declined from 36.9% to 32.8% mainly due to product mix within the Oilfield Engineering business in Singapore
- First profitable quarter recorded in Bahrain offset by lower profits from Singapore and operating loss for Binder Group

Singapore, 30 October 2014 – SGX Mainboard-listed MTQ Corporation Limited (“MTQ” or the “Group”), an established regional engineering, maintenance and subsea services group, reported revenue of S\$80.3 million for the quarter ended September 30, 2014 (2QFY2015), an increase of 24% year-on-year (yoy). The gross profit for the same quarter was S\$26.3 million, an increase of 10% yoy. The result was achieved amid a weaker business environment for the oilfield service sector, particularly in Singapore.

	2QFY2015	2QFY2014	Chg	1HFY2015	1HFY2014	Chg
Financial Highlights	SGD'000	SGD'000	%	SGD'000	SGD'000	%
Revenue	80,334	64,911	24	157,028	159,301	(1)
Gross profit	26,315	23,958	10	52,418	51,992	1
Gross profit margin	32.8%	36.9%	-	33.4%	32.6%	-
Staff costs	11,930	9,683	23	24,135	21,770	11
Other operating expenses	7,207	7,068	2	14,890	14,827	-
Profit before taxation	6,393	6,946	(8)	12,087	14,879	(19)
Net profit attributable to equity holders (PATMI)	5,346	5,502	(3)	9,532	11,985	(20)

Financial review

Group's revenue increased 24% yoy to S\$80.3 million, mainly due to the inclusion of Binder Group ("Binder") results, which was absent in 2QFY2014. Neptune and Bahrain recorded higher revenue for 2QFY2015. Gross profit increased by 10% to S\$26.3 million in 2QFY2015 despite lower margins recorded in the Oilfield Engineering business in Singapore.

Staff cost increased in tandem with the higher revenue, with most of the additional costs due to the inclusion of Binder. However, as a percentage of revenue, overall operating costs remained comparable to the same quarter last year.

Bahrain was profitable for the quarter and year-to-date. Activities in Binder, however, continued to be quiet and a loss was recorded as revenue remains below expectations. Engine Systems segment recorded a modest increase in profits.

Overall, profit before taxation decreased 8% for the quarter to S\$6.4 million. Consequently, profit attributable to shareholders of S\$5.3 million was achieved, translating to basic earnings per share of 3.50 Singapore cents for the quarter.

The Group is pleased to declare an interim dividend of 2.0 Singapore cents per share. This represents an effective increase of 20% from the corresponding period in the prior year after taking into account the bonus issue earlier this quarter.

Balance Sheet	Sep 30, 2014	Mar 31, 2014	Chg
	SGD'000	SGD'000	%
Net current assets	91,174	83,631	9
Net assets	146,655	140,606	4
Cash and cash equivalents	44,805	37,432	20
Finance lease payable	1,022	1,360	(25)
Borrowings	61,253	64,517	(5)
Shareholders' funds	137,085	130,951	5
Net gearing*	10.6%	16.8%	n.m.
Net assets value per share (Singapore cents)**	89	86	3

*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.

** 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 balance sheet remained healthy, with a 19.7 % net increase in cash and a significant decrease in net gearing to 10.6%. The NAV of S\$0.89 per ordinary share as at 30 September 2014 represents a 3% increase from the same as at 31 March 2014.

Market condition and the outlook

The recent fall in global oil prices and concerns about economic growth have definitely affected market sentiment negatively.

Commenting on the results and outlook, Mr Kuah Boon Wee, Group Chief Executive Officer, said, “Our businesses performed satisfactorily in the quarter despite the quieter market conditions. The business in Bahrain continues to make steady progress on the back of improving volumes and has achieved a milestone in this period with profitability recorded.

With significant new drilling assets poised to join the market, market sentiment is likely to remain muted. Notwithstanding this business environment, we will continue to drive efforts to secure sales while looking to expand service offerings in new markets.”

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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.

For more information, please log on www.mtq.com.sg

Issued for and on behalf of MTQ Corporation Limited

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