

**MTQ CORPORATION LIMITED**

(Company Registration Number 196900057Z)

(Incorporated in the Republic of Singapore)

**Unaudited Full Year Financial Statements And Dividend Announcement****1(a) STATEMENT OF PROFIT AND LOSS FOR THE FULL YEAR ENDED 31 MARCH 2005**

	Group			Group		
	3 months to 31.03.05 S\$'000	3 months to 31.03.04 S\$'000	Change %	12 months to 31.03.05 S\$'000	12 months to 31.03.04 S\$'000	Change %
Revenue	13,460	14,601	-8%	56,469	52,738	7%
Other income (Note A)	372	371	0%	503	450	12%
	13,832	14,972	-8%	56,972	53,188	7%
Cost of sales (Note B)	(8,774)	(9,859)	-11%	(37,554)	(35,302)	6%
	5,058	5,113	-1%	19,418	17,886	9%
Staff costs	(2,221)	(2,603)	-15%	(9,831)	(9,478)	4%
Other operating expenses (Notes C, D)	(6,812)	(1,596)	327%	(14,551)	(6,422)	127%
(Loss) / profit from operating activities	(3,975)	914	n/m	(4,964)	1,986	n/m
Finance costs (Note E)	(340)	(355)	-4%	(1,369)	(1,149)	19%
(Loss) / profit from operations before share of results of associated company	(4,315)	559	n/m	(6,333)	837	n/m
Share of results of associated company	224	290	-23%	3,514	1,366	157%
(Loss) / profit from operations before taxation	(4,091)	849	n/m	(2,819)	2,203	n/m
Taxation (Note F)	289	(376)	n/m	(564)	(876)	-36%
Net (loss) / profit from operations	(3,802)	473	n/m	(3,383)	1,327	n/m
Minority interests	827	(26)	n/m	1,419	378	275%
Net (loss) / profit attributable to shareholders	(2,975)	447	n/m	(1,964)	1,705	n/m

n/m : not meaningful



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Note A - Other income comprise:-

	Group			Group		
	3 months to	3 months to	Change	12 months to	12 months to	Change
	31.03.05	31.03.04		31.03.05	31.03.04	
SS'000	SS'000	%	SS'000	SS'000	%	
Interest income	25	11	127%	81	60	35%
Rental income	322	280	15%	322	280	15%
Other income	25	80	-69%	100	110	-9%
	<b>372</b>	<b>371</b>	<b>0%</b>	<b>503</b>	<b>450</b>	<b>12%</b>

Note B - Cost of sales include :-

	Group			Group		
	3 months to	3 months to	Change	12 months to	12 months to	Change
	31.03.05	31.03.04		31.03.05	31.03.04	
SS'000	SS'000	%	SS'000	SS'000	%	
Depreciation of property, plant and equipment	820	740	11%	3,195	2,879	11%

Note C - Other operating expenses include :-

	Group			Group		
	3 months to	3 months to	Change	12 months to	12 months to	Change
	31.03.05	31.03.04		31.03.05	31.03.04	
SS'000	SS'000	%	SS'000	SS'000	%	
Depreciation of property, plant and equipment	657	281	134%	1,671	945	77%
Amortisation of goodwill	82	103	-20%	365	243	50%
Loss / (gain) on exchange, net	31	(102)	n/m	(223)	(1,600)	-86%
Allowance for doubtful debts and bad debts written off, net	110	24	358%	326	131	149%
Allowance for inventory obsolescence and inventories written off, net	78	109	-28%	210	229	-8%
(Profit) / loss on sale of property, plant & equipment, net	(3)	29	n/m	40	6	567%
Goodwill written off	-	-	n/m	5	81	-94%
Loss on dilution of shareholding in associated company	-	-	n/m	54	-	n/m
Dilution of minority interests in subsidiary company	-	-	n/m	-	(18)	n/m
Exceptional items (Note D)	3,890	-	n/m	5,164	332	1455%

Note D - Exceptional items comprise:-

	Group			Group		
	3 months to	3 months to	Change	12 months to	12 months to	Change
	31.03.05	31.03.04		31.03.05	31.03.04	
SS'000	SS'000	%	SS'000	SS'000	%	
Provision for restructuring costs	-	-	n/m	-	332	n/m
Provision for impairment of property, plant and equipment	3,890	-	n/m	5,164	-	n/m
	<b>3,890</b>	<b>-</b>	<b>n/m</b>	<b>5,164</b>	<b>332</b>	<b>1455%</b>

Note E - Finance costs comprise:-

	Group			Group		
	3 months to	3 months to	Change	12 months to	12 months to	Change
	31.03.05	31.03.04		31.03.05	31.03.04	
SS'000	SS'000	%	SS'000	SS'000	%	
Interest on:						
- bank loans and overdrafts	334	351	-5%	1,330	1,126	18%
- loan from a minority shareholder of a subsidiary company	6	4	50%	23	16	44%
- finance leases	-	-	n/m	-	7	n/m
- others	-	-	n/m	16	-	n/m
	<b>340</b>	<b>355</b>	<b>-4%</b>	<b>1,369</b>	<b>1,149</b>	<b>19%</b>

Note F - Adjustments for under or overprovision of tax in respect of prior years:-

	Group			Group		
	3 months to	3 months to	Change	12 months to	12 months to	Change
	31.03.05	31.03.04		31.03.05	31.03.04	
SS'000	SS'000	%	SS'000	SS'000	%	
(Overprovision) / underprovision in respect of previous years:						
- current taxation	29	(83)	n/m	(75)	(83)	-10%
- deferred taxation	(301)	(25)	1104%	(297)	(80)	271%
	<b>(272)</b>	<b>(108)</b>	<b>152%</b>	<b>(372)</b>	<b>(163)</b>	<b>128%</b>



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**1(b)(i) BALANCE SHEETS**

	Group		Company	
	31.03.05 S\$'000	31.03.04 S\$'000	31.03.05 S\$'000	31.03.04 S\$'000
Share capital	23,861	19,887	23,861	19,887
Reserves	10,704	12,390	5,564	9,198
Shareholders' funds	<u>34,565</u>	<u>32,277</u>	<u>29,425</u>	<u>29,085</u>
Minority interests	(792)	691	-	-
	<u>33,773</u>	<u>32,968</u>	<u>29,425</u>	<u>29,085</u>
Represented by:				
Non-current assets				
Goodwill	7,168	7,458	-	-
Property, plant and equipment, net	19,012	25,298	1,502	1,882
Subsidiary companies	-	-	26,964	26,045
Associated company	11,138	7,234	-	-
Other receivables	1,025	228	106	48
Deferred tax assets	539	356	-	-
	<u>38,882</u>	<u>40,574</u>	<u>28,572</u>	<u>27,975</u>
Current assets				
Inventories and work-in-progress	8,029	7,666	-	-
Receivables	12,493	11,181	401	415
Tax recoverable	922	729	689	721
Fixed deposits	2,435	3,809	400	502
Cash at bank and in hand	3,320	2,446	119	209
	<u>27,199</u>	<u>25,831</u>	<u>1,609</u>	<u>1,847</u>
Current liabilities				
Trade and other payables	(11,228)	(10,707)	(684)	(605)
Short-term bank borrowings	(7,279)	(4,760)	-	-
Long-term bank borrowings, current portion	(3,985)	(3,649)	-	-
Finance lease payables	-	(1)	-	-
Loan from a minority shareholder of a subsidiary company	(1,390)	(1,386)	-	-
Provision for taxation	(67)	(606)	-	-
	<u>(23,949)</u>	<u>(21,109)</u>	<u>(684)</u>	<u>(605)</u>
Net current assets	3,250	4,722	925	1,242
Non-current liabilities				
Long-term bank borrowings	(7,980)	(11,869)	-	-
Deferred tax liabilities	(379)	(459)	(72)	(132)
	<u>(8,359)</u>	<u>(12,328)</u>	<u>(72)</u>	<u>(132)</u>
	<u>33,773</u>	<u>32,968</u>	<u>29,425</u>	<u>29,085</u>

Share capital had increased significantly pursuant to the share placement exercise carried out by the Company on 13 April 2004 and the exercise of employees' share options. A total of 15,896,000 new ordinary shares of S\$0.25 each had been issued during the financial year.

Non-current assets decreased mainly due to the significant drop in property, plant and equipment arising from depreciation charge of S\$4.87m and a S\$5.16m provision for impairment in respect of the ROV fleet of the Subsea Robotics division and a property in Ipoh, Malaysia. This was offset by additional purchase of property, plant and equipment as well as the acquisition of additional shares in associated company, RCR Tomlinson Limited ("RCR"), pursuant to their right issue exercise in December 2004. The Group also took up its share of RCR's after-tax results from 1 January 2004 to 31 December 2004 and recognised negative goodwill of S\$1.40m during FY2005.

Net current assets decreased mainly due to higher current bank borrowings, net of cash, and increase in payables offset by higher trade receivables.

Non-current liabilities decreased mainly due to the repayment of bank loans as explained in 1(b)(ii).



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**1(b)(ii) GROUP BORROWINGS**

	As at 31.03.05		As at 31.03.04	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	10,937	327	8,160	250
Amount repayable after one year	7,980	-	11,869	-

**Details of any collateral:**

(i) Total bank borrowings of S\$11,913,000 granted to a subsidiary company are secured by the following:-

- first legal mortgage over the subsidiary company's freehold property at 32 Raynham St. Salisbury, Queensland, Australia;
- legal assignment of the sale proceeds of the aforementioned property to the bank;
- legal charge over the equity interest held by the subsidiary company in another body corporate;
- corporate guarantee from the Company;
- fixed and floating charge over the assets of the subsidiary company; and
- deed of subordination from a fellow subsidiary company.

(ii) Total bank borrowings of S\$6,204,000 granted to a second subsidiary company are secured by the following :-

- floating charge over its assets;
- corporate guarantee from its subsidiary company and the Company;
- personal guarantee from its minority shareholder;
- deed of subordination from the Company and its minority shareholder; and
- standby letter of credit supported by its minority shareholder.

(iii) Total bank borrowings of S\$800,000 granted to a third subsidiary company are secured by the following :-

- fixed charge on certain workshop equipment purchased with the bank borrowings;
- corporate guarantee provided by the Company; and

**Group's Borrowings:**

The Group's borrowings as at 31 March 2005 had decreased slightly from 31 March 2004 mainly due to repayment of term loans offset by:

- (a) new bank loans,
- (b) higher utilisation of bank overdrafts, and
- (c) translation of Australian dollar based borrowings at a higher exchange rate.



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**1(c) CASH FLOW STATEMENT FOR THE FULL YEAR ENDED 31 MARCH 2005**

	Group	
	12 months to 31.03.05 S\$'000	12 months to 31.03.04 S\$'000
<b>Cash flows from operating activities:</b>		
(Loss) / profit from operations before taxation	(2,819)	2,203
Add/ (less):		
Depreciation of property, plant and equipment	4,866	3,824
Amortisation of goodwill	365	243
Interest income	(81)	(60)
Interest expense	1,369	1,149
Share of results of associated company	(3,514)	(1,366)
Goodwill written off	5	81
Loss on sale of property, plant & equipment, net	40	6
Loss on dilution of shareholding in associated company	54	-
Provision for impairment of property, plant & equipment	5,164	-
Provision for restructuring costs	-	332
Dilution of minority interests in subsidiary company	-	(18)
<b>Operating profit before reinvestment in working capital</b>	<b>5,449</b>	<b>6,394</b>
(Increase) / decrease in receivables	(1,963)	3,006
Increase in inventories and work-in-progress	(363)	(451)
Increase / (decrease) in payables	505	(320)
Currency re-alignment	5	(890)
<b>Cash generated from operations</b>	<b>3,633</b>	<b>7,739</b>
Interest income received	81	60
Interest expense paid	(1,330)	(1,133)
Income taxes paid	(815)	(1,236)
<b>Net cash provided by operating activities</b>	<b>1,569</b>	<b>5,430</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(4,291)	(2,073)
Proceeds from sale of property, plant and equipment	450	205
Loans (to) / repaid by staff, net	(146)	93
Dividends received from associated company	285	160
Acquisition of additional shares in associated company	(1,470)	(2,493)
Acquisition of additional shares in subsidiary company	(69)	-
Investment in new business	-	(7,411)
Subscription for shares in a subsidiary company by minority shareholders	-	43
<b>Net cash used in investing activities</b>	<b>(5,241)</b>	<b>(11,476)</b>
<b>Cash flows from financing activities:</b>		
Dividends paid	(1,909)	(1,549)
Proceeds from bank overdrafts, secured	948	941
(Repayment of) / proceeds from bank loans, net	(1,874)	1,408
Repayment of finance leases	(1)	(79)
Proceeds from issuance of new shares	6,277	105
(Repayment of) / proceeds from loan from minority shareholder of a subsidiary company, net	(19)	540
<b>Net cash provided by financing activities</b>	<b>3,422</b>	<b>1,366</b>
Net change in cash and cash equivalents	(250)	(4,680)
Cash and cash equivalents at beginning of financial year	6,005	10,685
Cash and cash equivalents at end of financial year	<b>5,755</b>	<b>6,005</b>



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Note : Cash and cash equivalents consist of the following:-

	Group	
	As at 31.03.05	As at 31.03.04
	S\$'000	S\$'000
Fixed deposits	2,435	3,809
Cash at bank and in hand	3,320	2,446
Bank overdrafts, unsecured	-	(250)
	5,755	6,005

The decrease in net cash provided by operating activities arose mainly due to the loss from operations as well as unfavourable working capital movements.

Net cash used in investing activities during FY2005 was significantly lower than FY2004, during which the Group incurred S\$7.41m in the acquisition of the business of Adelaide Fuel Injection ("AFI Group"). More cash was also expended on the acquisition of additional shares in RCR. This was offset by a higher investment in property, plant and equipment during FY2005.

Net cash provided by financing activities increased from FY2004 with the proceeds from the share placement exercise completed in 13 April 2004, offset by net higher repayment of bank loans.

Update on usage of proceeds from private placement on 13 April 2004

Proceeds from the share placement exercise have been used to fund the Group's acquisition of additional shares in RCR, purchase of plant and equipment as well as working capital requirements.

1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE FULL YEAR ENDED 31 MARCH 2005

<u>Group</u>	<u>Share Capital</u> S\$'000	<u>Share Premium</u> S\$'000	<u>Foreign Currency Translation Reserve</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Shareholders' Funds</u> S\$'000
<b>Balance as at 1 April 2003</b>	19,800	1,944	701	8,845	31,290
Exchange difference on translation of overseas subsidiary companies	-	-	804	-	804
Issuance of ordinary shares pursuant to exercise of options	87	18	-	-	105
Net profit attributable to shareholders	-	-	-	1,705	1,705
Share of reserves movement in associated company	-	-	-	(78)	(78)
Dividends paid in respect of previous financial year, less tax	-	-	-	(928)	(928)
Dividends paid in respect of current financial year, less tax	-	-	-	(621)	(621)
<b>Balance as at 31 March 2004</b>	19,887	1,962	1,505	8,923	32,277
<b>Balance as at 1 April 2004</b>	19,887	1,962	1,505	8,923	32,277
Exchange difference on translation of overseas subsidiary companies	-	-	54	-	54
Issuance of ordinary shares pursuant to exercise of options	6	1	-	-	7
Issuance of ordinary shares pursuant to share placement	3,968	2,302	-	-	6,270
Net loss attributable to shareholders	-	-	-	(1,964)	(1,964)
Share of reserves movement in associated company	-	-	-	(170)	(170)
Dividends paid in respect of previous financial year, less tax	-	-	-	(1,145)	(1,145)
Dividends paid in respect of current financial year, less tax	-	-	-	(764)	(764)
<b>Balance as at 31 March 2005</b>	23,861	4,265	1,559	4,880	34,565



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<u>Company</u>	<u>Share Capital</u> S\$'000	<u>Share Premium</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Shareholders' Funds</u> S\$'000
<b>Balance as at 1 April 2003</b>	19,800	1,944	10,697	32,441
Issuance of ordinary shares pursuant to exercise of options	87	18	-	105
Net loss attributable to shareholders	-	-	(1,912)	(1,912)
Dividends paid in respect of previous financial year, less tax	-	-	(928)	(928)
Dividends paid in respect of current financial year, less tax	-	-	(621)	(621)
<b>Balance as at 31 March 2004</b>	<b>19,887</b>	<b>1,962</b>	<b>7,236</b>	<b>29,085</b>
<b>Balance as at 1 April 2004</b>	19,887	1,962	7,236	29,085
Issuance of ordinary shares pursuant to exercise of options	6	1	-	7
Issuance of ordinary shares pursuant to share placement	3,968	2,302	-	6,270
Net loss attributable to shareholders	-	-	(4,028)	(4,028)
Dividends paid in respect of previous financial year, less tax	-	-	(1,145)	(1,145)
Dividends paid in respect of current financial year, less tax	-	-	(764)	(764)
<b>Balance as at 31 March 2005</b>	<b>23,861</b>	<b>4,265</b>	<b>1,299</b>	<b>29,425</b>

**1(d)(ii) CHANGES IN COMPANY'S SHARE CAPITAL**

During FY2005, the Company issued and allotted 25,000 ordinary shares of S\$0.25 each upon the exercise of options granted under the Metalock Executives' Share Option Scheme. This scheme was replaced by the MTQ Corporation Executives' Share Option Scheme 2003 in April 2003. Options granted under the previous scheme shall, however, continue to be exercisable in accordance with the terms of the previous scheme.

On 13 April 2004, the Company also issued 15,871,000 new ordinary shares of S\$0.25 each pursuant to a private share placement exercise. As a result of the share placement exercise and the exercise of employees' share option, the Company's share capital was increased to 95,445,000 shares of S\$0.25 each as at 31 March 2005.

The total number of options outstanding as at 31 March 2005 are as follows:-

<u>Date of grant</u>	<u>No. of options outstanding</u>		<u>Expiry date</u>	<u>Exercise price per share</u>
	<u>As at 31.03.05</u> ( <u>'000</u> )	<u>As at 31.03.04</u> ( <u>'000</u> )		
15 October 2000	200	200	15 October 2005	S\$0.30
15 October 2000	586	711	15 October 2010	S\$0.30
31 July 2003	440	440	30 July 2008	S\$0.43
31 July 2003	1,435	1,495	30 July 2013	S\$0.43
	<u>2,661</u>	<u>2,846</u>		

**2 AUDIT**

The figures have not been audited or reviewed by the Company's auditors.

**3 AUDITORS' REPORT**

Not Applicable

**4 ACCOUNTING POLICIES**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 March 2004.

**5 CHANGES IN ACCOUNTING POLICIES**

Not Applicable



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**6 EARNINGS PER ORDINARY SHARE (EPS)**

	<b>Group</b>	
	<b>12 months ended 31.03.05</b>	<b>12 months ended 31.03.04</b>
	<b>(cents)</b>	<b>(cents)</b>
(Loss) / earnings per ordinary share:-		
- Based on weighted average number of ordinary shares on issue (Note A)	(2.07)	2.15
- On a fully diluted basis (Note B)	(2.07)	2.14

**Note A**

The earnings per share based on existing share capital is calculated on the profit set out in 1(a) above and the weighted average number of ordinary shares in issue during the period under review :-

FY2005 - 94.922 m shares (FY2004 - 79.431m shares)

**Note B**

The earnings per share on a fully diluted basis is calculated on the profit set out in 1(a) above and the weighted average number of ordinary shares of in issue during the period under review (adjusted for the effects of dilutive potential ordinary shares being the share options granted to employees) :-

FY2005 - 95.063m shares (FY2004 - 79.729m shares)

**7 NET ASSET VALUE**

	<b>Group</b>		<b>Company</b>	
	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>
	<b>(cents)</b>	<b>(cents)</b>	<b>(cents)</b>	<b>(cents)</b>
Net asset value per ordinary share based on issued share capital	36.21	40.57	30.83	36.56

**8 REVIEW OF GROUP PERFORMANCE**

**TURNOVER**

**4QFY2005**

The Group registered a revenue of S\$13.46m for 4QFY2005, which represented an 8% slide against its turnover of S\$14.60m in 4QFY2004.

ROV fleet utilisation levels of the Subsea Robotics division remained low during the quarter. The Engine Systems division also experienced weaker activities in both its turbocharger and fuel injection segments.

Meanwhile, buoyant conditions in the oil and gas industry fueled strong demand for the services of the Oilfield Engineering Division.

**FY2005**

For FY2005, the Group achieved a 7% growth of its turnover from the comparative year. The increase reflected improved performance of the Oilfield Engineering and Subsea Robotics divisions as well as a full year contribution from the fuel injection business of AFI Group acquired in October 2003. This was, however, moderated by lower turbocharger activities in the Engine Systems division.

**PROFITABILITY**

**4QFY2005**

Despite a lower turnover in 4QFY2005, the Group achieved comparable gross profit against that of 4QFY2004 as its expansion into the leasing of oilfield equipment generated strong profit margins. Traditional oilfield equipment repair services of the Oilfield Engineering division also benefited from the upturn in oil and gas exploration activities.

Notwithstanding this, the Group recorded a net loss of S\$2.98m for 4QFY2005.

Subsea Robotics division incurred further losses during the quarter as active efforts to secure strategic alliances with other subsea engineering service providers yielded no success to-date. This was taken into consideration as part of the on-going review of its performance and the fleet utilisation prospects.

Given limitations in its ability to turnaround the ROV operations, and the growth opportunities available in the Group's two other core divisions, the division will now extend its strategic review to explore the potential divestment of its ROV fleet. Accordingly, the division deemed it appropriate to make an additional S\$3.92m provision for impairment of the fleet to reflect its estimated realizable value based on market enquiries.

Performance of the Engine Systems division continued to be impacted by the on-going business integration exercise which took up significant management time and resources. Increased competition arising from the influx of cheaper imports into Australia also affected the turbocharger operations.

During the quarter, the Group recognised negative goodwill of S\$0.20m arising from its investment in RCR Tomlinson Ltd as well as a reversal of S\$0.27m excess tax provisions in respect of previous years.





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FY2005

The Group registered a net loss of S\$1.96m, following significant impairment provisions of S\$5.10m for the ROV fleet of the Subsea Robotics division, weaker turbocharger activities and considerably lower exchange gains relative to FY2004.

The adverse impact was mitigated by strong results of its Oilfield Engineering division, a full year contribution from the fuel injection activities of AFI group as well as its share of associate income of S\$ 3.51 m (including recognition of negative goodwill).

**9 VARIANCE FROM PROSPECT STATEMENT**

In the unaudited Third Quarter Financial Statements and Dividend announcement released on 14 February 2005, the Group indicated that it will continue to review the performance of the Subsea Robotics division on an ongoing basis, including assessing the need for further impairment of the division's assets. In the same announcement, the Group also stated that it is expected to register a weaker 4th quarter performance in FY2005.

On 26 May 2005, the Group released a profit warning for FY2005. Having assessed the ROV fleet performance and prevailing market requirements as well as the growth opportunities in the Group's Oilfield Engineering and Engine Systems divisions, the Subsea Robotics division will now include, as one of its business options, the divestment of its ROV fleet. Accordingly, the Group had deemed it appropriate to make an additional provision for impairment of the ROV fleet to reflect its estimated realizable value based on market enquiries. As a result of such impairment provision, the Group registered a loss for FY2005.

**10 PROSPECTS**

Oil and gas exploration and production activities is likely to remain buoyant in the key Asian markets of Oilfield Engineering division during FY2006. While this will benefit the division, sustainability of the performance level of its oilfield equipment leasing operations will be contingent upon its ability in expanding its customer base to reduce existing reliance on certain key rental contracts.

Meanwhile, the Group's Engine Systems division is expected to recover and deliver positive contributions in FY2006. Completion of its business integration process will allow the division to achieve targeted synergistic benefits in both marketing efforts as well as cost controls.

In the new financial year, Subsea Robotics division will actively pursue the strategic options determined for the division, including the potential divestment of its ROV fleet. Building on its proven engineering capabilities, the division may, subject to further review and feasibility studies, thereafter seek to grow its earnings base in the sale of "built to order" subsea robotics systems and peripherals.

The Group will continue to benefit from its share of RCR's results in the new financial year. In FY2006, the Group will adopt FRS103 – Business Combinations. Accordingly, it will adjust the outstanding negative goodwill against the opening retained earnings of the Group and will no longer be able to recognize any credits to the profit and loss account arising from the negative goodwill included in its existing investment in RCR.

Barring unforeseen circumstances, the Group is expected to return to profitability in the new financial year.

**11 DIVIDENDS**

a) Any dividend declared for the present financial period? Yes

**Present Period**

Name of Dividend	Interim, paid	Final, proposed
Dividend Type	Cash	Cash
Dividend Rate	4% per ordinary share, less tax	6% per ordinary share, less tax
Par Value of Shares	S\$0.25	S\$0.25
Tax Rate	20%	20%

b) Any dividend declared for the previous corresponding period? Yes

**Previous Corresponding Period**

Name of Dividend	Interim, paid	Final, paid
Dividend Type	Cash	Cash
Dividend Rate	4% per ordinary share, less tax	6% per ordinary share, less tax
Par Value of Shares	S\$0.25	S\$0.25
Tax Rate	22%	20%

c) Date payable

The proposed dividend, if approved at the forthcoming Annual General Meeting, will be paid at a date to be announced later.

d) Books closure date

Notice will be given at a later date on the closure of the Shares Transfer Books and Register of members to determine shareholders' entitlement to the proposed final dividend.



**MTQ CORPORATION LIMITED**

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**12 BUSINESS SEGMENTAL INFORMATION**

By Industry Segments

**FY2005**

	<b>Investment Holding</b>	<b>Oilfield Engineering</b>	<b>Engine Systems</b>	<b>Subsea Robotics</b>	<b>Multi-disciplined Engineering</b>	<b>Others</b>	<b>Eliminations</b>	<b>Group</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Revenue &amp; Expenses</b>								
External sales	-	15,974	33,771	6,724	-	-	-	56,469
Inter-segment sales	2,584	984	-	-	-	-	(3,568)	-
<b>Total sales</b>	<b>2,584</b>	<b>16,958</b>	<b>33,771</b>	<b>6,724</b>	<b>-</b>	<b>-</b>	<b>(3,568)</b>	<b>56,469</b>
Segment results	(3,265)	2,852	(381)	(1,865)	-	(86)	2,945	200
Exceptional items	-	-	-	(5,099)	-	(65)	-	(5,164)
	(3,265)	2,852	(381)	(6,964)	-	(151)	2,945	(4,964)
Finance costs								(1,369)
Share of results of associated company					3,514			3,514
Taxation								(564)
Minority interests								1,419
<b>Net profit attributable to shareholders</b>								<b>(1,964)</b>
<b>Assets &amp; Liabilities</b>								
Segment assets	12,679	15,720	28,362	9,753	11,138	523	(13,555)	64,620
Deferred tax assets								539
Tax recoverable								922
<b>Total assets</b>								<b>66,081</b>
Segment liabilities	(692)	(2,388)	(18,020)	(6,497)	-	(869)	17,238	(11,228)
Provision for taxation								(67)
Deferred taxation								(379)
Bank borrowings								(19,244)
Loan from minority shareholder of a subsidiary company								(1,390)
<b>Total liabilities</b>								<b>(32,308)</b>
<b>Other segmental information</b>								
Capital expenditure	26	1,075	3,039	154	-	-	(3)	4,291
Depreciation	404	791	1,637	2,023	-	15	(4)	4,866
<u>Other non-cash (income) / expenses</u>								
Loss / (Profit) on sale of property, plant & equipment	-	(3)	43	-	-	-	-	40
Amortisation of goodwill	-	-	365	-	-	-	-	365
Goodwill written off	-	-	-	-	-	-	5	5
Loss on dilution of shareholding in associated company	-	-	-	-	54	-	-	54
	-	(3)	408	-	54	-	5	464

**By geographical segments**

	<b>Singapore</b>	<b>Australia</b>	<b>United Kingdom</b>	<b>Malaysia</b>	<b>Indonesia</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
External sales	21,385	33,452	1,313	-	319	56,469
Segment assets	18,457	38,903	6,152	522	586	64,620
Capital expenditure	1,209	3,036	43	-	3	4,291



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**FY2004**

	<b>Investment Holding</b>	<b>Oilfield Engineering</b>	<b>Engine Systems</b>	<b>Subsea Robotics</b>	<b>Multi-disciplined Engineering</b>	<b>Others</b>	<b>Eliminations</b>	<b>Group</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Revenue &amp; Expenses</b>								
External sales	-	13,657	32,710	6,371	-	-	-	52,738
Inter-segment sales	2,552	-	55	-	-	-	(2,607)	-
<b>Total sales</b>	<b>2,552</b>	<b>13,657</b>	<b>32,765</b>	<b>6,371</b>	<b>-</b>	<b>-</b>	<b>(2,607)</b>	<b>52,738</b>
Segment results	(377)	941	2,455	(810)	-	(92)	201	2,318
Exceptional items	-	-	-	(332)	-	-	-	(332)
	(377)	941	2,455	(1,142)	-	(92)	201	1,986
Finance costs								(1,149)
Share of results of associated company					1,366			1,366
Taxation								(876)
Minority interests								378
<b>Net profit attributable to shareholders</b>								<b>1,705</b>
<b>Assets &amp; Liabilities</b>								
Segment assets	12,213	8,102	19,613	12,488	7,234	5,475	195	65,320
Deferred tax assets								356
Tax recoverable								729
<b>Total assets</b>								<b>66,405</b>
Segment liabilities	(605)	(1,626)	(6,416)	(1,949)	-	(111)	-	(10,707)
Provision for taxation								(606)
Deferred taxation								(459)
Bank borrowings								(20,278)
Finance lease payables								(1)
Loan from minority shareholder of a subsidiary company								(1,386)
<b>Total liabilities</b>								<b>(33,437)</b>
<b>Other segmental information</b>								
Capital expenditure	51	187	2,509	565	-	-	-	3,312
Depreciation	476	747	527	2,044	-	16	14	3,824
<u>Other non cash (income) / expenses</u>								
(Loss) / Profit on sale of property, plant & equipment	(3)	(19)	3	25	-	-	-	6
Amortisation of goodwill	-	-	243	-	-	-	-	243
Goodwill written off	-	-	-	-	-	-	81	81
Provision for restructuring costs	-	-	-	332	-	-	-	332
Dilution of minority interests in subsidiary company	-	-	-	-	-	-	(18)	(18)
	(3)	(19)	246	357	-	-	63	644
<b>By geographical segments</b>								
	<b>Singapore</b>	<b>Australia</b>	<b>United</b>	<b>Malaysia</b>	<b>Indonesia</b>	<b>Total</b>		
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>		
External sales	16,228	32,688	3,800	-	22	52,738		
Segment assets	26,468	28,351	10,618	(206)	89	65,320		
Capital expenditure	738	2,167	65	-	342	3,312		



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**13 IN THE REVIEW OF PERFORMANCE, THE FACTORS LEADING TO ANY MATERIAL CHANGES IN CONTRIBUTIONS TO TURNOVER AND EARNINGS BY THE BUSINESS OR GEOGRAPHICAL SEGMENTS**

Refer to Paragraph 8

**14 BREAKDOWN OF SALES**

	Group		Change %
	31.03.05 S\$'000	31.03.04 S\$'000	
Sales reported for first half year	29,178	24,305	20
Operating profit after tax before deducting minority interests reported for first half year	110	757	(85)
Sales reported for second half year	27,291	28,433	(4)
Operating profit after tax before deducting minority interests reported for second half year	(3,493)	570	n/m

**15 BREAKDOWN OF THE TOTAL ANNUAL DIVIDEND (IN DOLLAR VALUE) FOR THE LATEST FULL YEAR AND PREVIOUS FULL YEAR**

	2005 S\$	2004 S\$
Ordinary	1,908,900	1,765,822
Preference	-	-
<b>Total:</b>	<b>1,908,900</b>	<b>1,765,822</b>

**16 INTERESTED PERSON TRANSACTIONS**

NIL

**BY ORDER OF THE BOARD**

Fong Choon Seng  
Company Secretary  
30.05.05