



MTQ CORPORATION LIMITED
(Co. Reg No. : 196900057Z)

PRESS RELEASE

MTQ DELIVERS STRONGER 3RD QUARTER EARNINGS
DESPITE SIGNIFICANT IMPAIRMENT PROVISIONS

SINGAPORE – 14 FEBRUARY 2005 – Mainboard-listed engineering group MTQ Corporation Limited today announced a 3rd quarter profit of S\$0.67m, rebounding from a weak 2nd quarter performance. This also represents a two-fold improvement over its comparative period performance, despite lower exchange gains and a significant S\$1.18m provision for impairment in respect of certain assets of the Subsea Robotics division. Year-to-date, the Group achieved a net profit of S\$1.01m for the nine months ended 31 December 2004.

The Group's improvement reflects the recovery of its Oilfield Engineering division following an upsurge in global oil and gas exploration and production activities. With oil prices appearing to be sustainable at higher-than-expected levels, drilling contractors and rig owners are relaxing their budgets on fleet maintenance/building programmes.

“The current development favours the division. Our progressive approach to continuously upgrade our workshop capabilities has enabled us to take on more sophisticated, high-value repair work that are beyond our competitors' capabilities. We believe that this will serve us well on quality differentiation and allow us to stay ahead of competitors.” said Mr K. K. Kuah, Chairman & CEO of MTQ Group.

“Meanwhile, efforts to expand our complementary oilfield equipment rental operations remain an area of emphasis for the division.” added Mr Kuah.

Strong contribution from our associated company, RCR Tomlinson Ltd, has boosted the Group’s results. A direct beneficiary of a buoyant resource sector in Australia, RCR registered record profit of A\$3m for its half-year ended 31 December 2004. Its performance was also reinforced by maiden contribution from its newly acquired engineering business of Stelform Engineering Pty Ltd. In addition, the associate has also recently completed the acquisition of the business of Laser & Allied Cutting Services. Laser is the single largest laser cutting business in Australia. With the inclusion of the results of this high margin business in its 2nd half-year, RCR has further upgraded its net profit target for the full year ending 30 June 2005 from A\$4.5m to A\$5m.

The restructuring and fleet relocation exercise of the Subsea Robotics division had effectively trimmed overheads and narrowed down losses. Nevertheless, active efforts to establish the division as an integrated subsea service provider, through strategic alliances with other complementary service providers, saw little progress and utilisation levels of its remotely operated vehicles (“ROV”) fleet remained low. Accordingly, the carrying value of certain ROVs and assets under construction had been written down by S\$1.18m to reflect the fleet utilisation prospects of its fleet based on its existing business model. On an on-going basis, the asset values will be subject to further reviews to take into consideration subsequent developments in operations.

Meanwhile, weak performance of the turbocharger operations impacted the results of Engine Systems division in 3QFY2005 despite healthy contributions from its fuel injection unit. Competitive pressures in the turbocharger operations is likely to intensify with the influx of cheaper imports into Australia. The division is presently driving up its sales and marketing efforts, and enhancing its inventory management through an integrated Australia-wide business approach.

Going into the final quarter of FY2005, the Group will continue to recognize negative goodwill arising from previous acquisition of shares in RCR. However, it will not take up further share of RCR's results since it can only account for RCR's results once every half yearly. As such, barring unforeseen circumstances, the Group's 4th quarter performance is expected to be weaker than that of the current quarter.

Contact Information

MTQ Corporation Limited

Tel: 6777 7651 Fax: 6777 6433

Kuah Kok Kim, Chairman & CEO

kkkuah@mtq.com.sg

William Fong, Group Financial Controller

williamfong@mtq.com.sg

MTQ Corporation Limited Group specialises in engineering services, and is primarily involved in oilfield equipment repairs as well as the design, production and operation of subsea remotely operated vehicles. The Group also owns the leading independent supplier of turbocharger and fuel injection parts and services in Australia.