



MTQ CORPORATION LIMITED
(Incorporated in the Republic of Singapore)

Unaudited Third Quarter Financial Statement And Dividend Announcement

1(a) STATEMENT OF PROFIT AND LOSS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2003

	Group			Group		
	3 months to 31.12.03 S\$'000	3 months to 31.12.02 S\$'000	Change %	9 months to 31.12.03 S\$'000	9 months to 31.12.02 S\$'000	Change %
Revenue	13,832	12,063	15%	38,137	35,276	8%
Investment income	-	43	n/m	-	43	n/m
Other income (Note A)	30	126	-76%	79	355	-78%
	13,862	12,232	13%	38,216	35,674	7%
Cost of sales (Note B)	(9,824)	(7,885)	25%	(25,443)	(23,275)	9%
	4,038	4,347	-7%	12,773	12,399	3%
Staff costs	(2,638)	(1,999)	32%	(6,875)	(5,881)	17%
Other operating expenses (Note C, D)	(1,723)	(1,288)	34%	(4,826)	(4,437)	9%
Profit from operating activities	(323)	1,060	n/m	1,072	2,081	-48%
Interest on borrowings (Note E)	(305)	(184)	66%	(794)	(433)	83%
Gain on disposition of discontinuing operation	-	-	n/m	-	3,484	n/m
	(628)	876	n/m	278	5,132	-95%
Share of results of associated company	701	-	n/m	1,076	-	n/m
Profit from operations before taxation	73	876	-92%	1,354	5,132	-74%
Taxation (Note F)	24	(160)	n/m	(500)	(395)	27%
Net profit from operations	97	716	-86%	854	4,737	-82%
Minority interests	203	62	227%	404	(123)	n/m
Net profit attributable to shareholders	300	778	-61%	1,258	4,614	-73%

n/m : not meaningful



MTQ CORPORATION LIMITED
(Incorporated in the Republic of Singapore)

Note A - Other income comprises:-

	Group			Group		
	3 months to	3 months to	Change	9 months to	9 months to	Change
	31.12.03	31.12.02		31.12.03	31.12.02	
SS'000	SS'000	%	SS'000	SS'000	%	
Interest income	26	35	-26%	49	58	-16%
Government grant	-	79	n/m	-	262	n/m
Other income	4	12	-67%	30	35	-14%
	30	126	-76%	79	355	-78%

Note B - Cost of sales include :-

	Group			Group		
	3 months to	3 months to	Change	9 months to	9 months to	Change
	31.12.03	31.12.02		31.12.03	31.12.02	
SS'000	SS'000	%	SS'000	SS'000	%	
Depreciation of property, plant and equipment	757	541	40%	2,139	1,311	63%

Note C - Other operating expenses include:-

	Group			Group		
	3 months to	3 months to	Change	9 months to	9 months to	Change
	31.12.03	31.12.02		31.12.03	31.12.02	
SS'000	SS'000	%	SS'000	SS'000	%	
Depreciation of property, plant and equipment	228	205	11%	664	598	11%
(Profit) / Loss on sale of property, plant & equipment, net	(19)	2	n/m	(23)	(25)	-8%
(Gain) on exchange, net	(953)	(48)	1885%	(1,498)	(353)	324%
Allowance for doubtful debts and bad debts written off / (back)	16	(16)	n/m	107	106	1%
Allowance for stock obsolescence and stocks written off	62	26	138%	120	74	62%
Amortisation of goodwill	78	23	239%	140	35	300%
Goodwill written off	73	-	n/m	81	-	n/m
Exceptional items (Note D)	332	-	n/m	332	685	-52%

Note D - Exceptional items comprise:-

	Group			Group		
	3 months to	3 months to	Change	9 months to	9 months to	Change
	31.12.03	31.12.02		31.12.03	31.12.02	
SS'000	SS'000	%	SS'000	SS'000	%	
Provision for diminution in value of investment	-	-	n/m	-	685	n/m
Insurance claim in relation to property, plant and equipment written off	-	(2,007)	n/m	-	(2,007)	n/m
Provision for restructuring costs	332	-	n/m	332	-	n/m
Property, plant and equipment written off	-	2,007	n/m	-	2,007	n/m
	332	-	n/m	332	685	-52%

Note E - Interest on borrowings comprises:-

	Group			Group		
	3 months to	3 months to	Change	9 months to	9 months to	Change
	31.12.03	31.12.02		31.12.03	31.12.02	
SS'000	SS'000	%	SS'000	SS'000	%	
Interest on bank loans and overdrafts	297	181	64%	775	423	83%
Interest on finance leases	3	3	0%	7	10	-30%
Interest on loan from minority shareholder of a subsidiary company	5	-	n/m	12	-	n/m
	305	184	66%	794	433	83%



MTQ CORPORATION LIMITED
(Incorporated in the Republic of Singapore)

Note F - Amount of any adjustment for under or overprovision of tax in respect of prior years:-

	Group			Group		
	3 months to	3 months to	Change	9 months to	9 months to	Change
	31.12.03	31.12.02		31.12.03	31.12.02	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Underprovision / (Overprovision) in respect of previous years:						
- current taxation	-	3	n/m	-	32	n/m
- deferred taxation	-	-	n/m	(55)	-	n/m
	-	3	n/m	(55)	32	n/m

1(b)(i) BALANCE SHEETS

	Group		Company	
	31.12.03	31.03.03	31.12.03	31.03.03
	S\$'000	S\$'000	S\$'000	S\$'000
Share capital	19,887	19,800	19,887	19,800
Reserves	11,983	11,490	9,093	12,641
Shareholders' funds	31,870	31,290	28,980	32,441
Minority interests	663	970	-	-
	32,533	32,260	28,980	32,441
Represented by:				
Non-current assets				
Goodwill	7,411	2,163	-	-
Property, plant and equipment, net	25,853	24,238	1,984	2,307
Subsidiary companies	-	-	25,327	22,208
Associated company	6,989	-	-	-
Investments	-	2,813	-	-
Other receivables	251	316	55	73
Deferred tax asset	361	297	-	-
	40,865	29,827	27,366	24,588
Current assets				
Inventories and work-in-progress	7,725	5,668	-	-
Receivables	13,280	14,495	760	673
Fixed deposits	3,505	7,705	1,001	7,702
Cash at bank and in hand	2,713	2,980	461	435
	27,223	30,848	2,222	8,810
Current liabilities				
Payables: amounts falling due within one year	(22,100)	(17,925)	(443)	(773)
	(22,100)	(17,925)	(443)	(773)
Net current assets	5,123	12,923	1,779	8,037
Non-current liabilities				
Payables: amounts falling due after one year	(13,131)	(10,121)	-	-
Deferred tax liability	(324)	(369)	(165)	(184)
	(13,455)	(10,490)	(165)	(184)
Net assets	32,533	32,260	28,980	32,441

Goodwill increased significantly with the acquisition of the business assets of Adelaide Fuel Injection Service Pty Ltd, Adelaide Fuel Injection Parts Pty Ltd and Rund Pty Ltd (collectively known as "AFI Group"). In addition, the Australian-dollar based goodwill were also translated at a higher exchange rate.

The net investment in associated company reflected the Group's 28.02% investment in RCR Tomlinson Ltd ("RCR"). As at the end of last financial year, the Group held a 19.99% equity stake in RCR and had classified it under "Investments".

The decrease in net current assets was mainly attributable to the following:

- payment of final & interim dividends in respect of last financial year and current financial year respectively;
- increase in bank borrowings as explained in 1(b)(ii); and
- increase in loan from minority shareholders of a subsidiary company.

Non-current liabilities increased due to additional bank borrowings obtained as explained in 1(b)(ii).



MTQ CORPORATION LIMITED
(Incorporated in the Republic of Singapore)

1(b)(ii) GROUP BORROWINGS

	As at 31.12.03		As at 31.03.03	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	8,015	-	6,205	-
Amount repayable after one year	13,131	-	10,121	-

Details of any collateral:

(i) Total bank borrowings of S\$12,255,000 granted to a subsidiary company are secured by the following:-

- simple deposit of title deed over the subsidiary company's property at Raynham St. Salisbury, Queensland, Australia;
- legal assignment of the sale proceeds of the aforementioned property to the bank;
- legal charge over the subsidiary company's quoted investment;
- corporate guarantee from the Company; and
- fixed and floating charge over the assets of the subsidiary company.

(ii) Total bank borrowings of S\$6,576,000 granted to a second subsidiary company are secured by the following :-

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

(iii) Total bank borrowings of S\$2,304,000 granted to a third subsidiary company are secured by the following :-

- fixed charge on equipment purchased under the facility granted;
- corporate guarantee provided by the Company; and
- subordination deed from the Company

Note: Included in the Group's secured borrowings is S\$11,000 of finance lease payables.

Group's Borrowings:

The Group's aggregate borrowings as at 31 December 2003 increased mainly due to higher bank overdrafts and term loans. New term loan was obtained in relation to the acquisition of the businesses of AFI Group. Borrowings of the Group subsidiary company in Australia were also translated at higher exchange rate.



MTQ CORPORATION LIMITED
(Incorporated in the Republic of Singapore)

1(c) CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2003

	Group	
	3 months to 31.12.03 S\$'000	3 months to 31.12.02 S\$'000
Cash flows from operating activities:		
Profit from operations before taxation	73	876
Add/ (less):		
Depreciation of property, plant and equipment	985	746
Amortisation of goodwill	78	23
(Profit) / Loss on sale of property, plant & equipment , net	(19)	2
Investment and interest income	(26)	(78)
Interest expense	305	184
Goodwill written off	73	6
Provision for restructuring costs	332	-
Share of results of associated company	(701)	-
Operating income before reinvestment in working capital	1,100	1,759
Decrease / (Increase) in receivables	872	(150)
Increase in inventories and work-in-progress	(685)	(219)
Increase / (Decrease) in payables	1,056	(112)
Currency re-alignment	(370)	(41)
Cash generated from operations	1,973	1,237
Interest income received	26	35
Interest expense paid	(305)	(184)
Income taxes paid	(361)	(85)
Net cash provided by operating activities	1,333	1,003
Cash flows from investing activities:		
Purchase of property, plant and equipment	(885)	(3,233)
Proceeds from sale of property, plant and equipment	107	27
Repayment of staff loans / (New staff loans) , net	37	(33)
Investment in new business	(7,314)	(613)
Subscription of additional shares in associated company	(1,410)	-
Dividends received from associated company	159	-
Dividends received from quoted investment	-	43
Subscription for shares in a subsidiary company by minority shareholders	-	300
Net cash used in investing activities	(9,306)	(3,509)
Cash flows from financing activities:		
Dividend paid	(621)	(618)
Proceeds from bank overdrafts, secured	1,311	105
Repayment of finance leases	(25)	(22)
Proceeds from bank loans, secured	3,139	412
Loan from minority shareholder of a subsidiary company, net	135	-
Proceeds from issuance of new shares	33	-
Net cash provided by / (used in) financing activities	3,972	(123)
Net change in cash and cash equivalents	(4,001)	(2,629)
Cash and cash equivalents at beginning of financial period	10,219	11,137
Cash and cash equivalents at end of financial period	6,218	8,508

Note : Cash and cash equivalents consist of fixed deposits, cash at bank and in hand.

Net cash generated from operating activities during 3QFY2004 was mainly due to more favourable working capital movements.

Net cash used in investing activities for 3QFY2004 was higher than 3QFY2003 mainly due to the acquisition of AFI Group's business and the subscription of additional shares in associated company, RCR Tomlinson, pursuant to its capital raising exercise. This was offset by a lower investment in property, plant & equipment.

Net cash provided by financing activities for 3QFY2004 relates mainly to the additional loan obtained for the purchase of investments offset by the payment of dividend.



MTQ CORPORATION LIMITED
(Incorporated in the Republic of Singapore)

1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 31 DECEMBER 2003

<u>Group</u>	<u>Share Capital</u> S\$'000	<u>Share Premium</u> S\$'000	<u>Foreign Currency Translation Reserves</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Share Capital & Reserves</u> S\$'000
Balance as at 1 October 2002	19,800	1,944	606	7,914	30,264
Exchange difference on translation of overseas subsidiary companies	-	-	8	-	8
Net profit attributable to shareholders	-	-	-	778	778
Interim dividend paid in respect of current financial year, less tax	-	-	-	(618)	(618)
Balance as at 31 December 2002	19,800	1,944	614	8,074	30,432
Balance as at 1 October 2003	19,860	1,956	1,033	8,875	31,724
Exchange difference on translation of overseas subsidiary companies	-	-	434	-	434
Issue of shares	27	6	-	-	33
Net profit attributable to shareholders	-	-	-	300	300
Interim dividend paid in respect of current financial year, less tax	-	-	-	(621)	(621)
Balance as at 31 December 2003	19,887	1,962	1,467	8,554	31,870

<u>Company</u>	<u>Share Capital</u> S\$'000	<u>Share Premium</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Share Capital & Reserves</u> S\$'000
Balance as at 1 October 2002	19,800	1,944	12,351	34,095
Net loss attributable to shareholders	-	-	(5)	(5)
Interim dividend paid in respect of current financial year, less tax	-	-	(618)	(618)
Balance as at 31 December 2002	19,800	1,944	11,728	33,472
Balance as at 1 October 2003	19,860	1,956	9,459	31,275
Issue of shares	27	6	-	33
Net loss attributable to shareholders	-	-	(1,707)	(1,707)
Interim dividend paid in respect of current financial year, less tax	-	-	(621)	(621)
Balance as at 31 December 2003	19,887	1,962	7,131	28,980

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

During the current quarter, the Company issued and allotted 110,000 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.

<u>Date of grant</u>	<u>No. of shares that may be issued upon exercising all outstanding options</u>		<u>Expiry date</u>
	<u>As at 31.12.03</u> ('000)	<u>As at 31.12.02</u> ('000)	
15 October 2000	200	200	15 October 2005
15 October 2000	711	1,265	15 October 2010
31 July 2003	440	-	30 July 2008
31 July 2003	1,510	-	30 July 2013
	<u>2,861</u>	<u>1,465</u>	

As at 31 December 2003, the company's share capital comprised of 79,549,000 fully paid ordinary shares of S\$0.25 each .



MTQ CORPORATION LIMITED
(Incorporated in the Republic of Singapore)

2 AUDIT

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

3 AUDITORS' REPORT

Not Applicable

4 ACCOUNTING POLICIES

With effect from 1 January 2003, the Group has complied with Financial Reporting Standards ("FRS") of Singapore which replaced the Singapore Statements of Accounting Standards ("SAS") adopted by the Group before the FRS came into effect. There are no material differences arising from the compliance with FRS.

For the purpose of preparing the consolidated financial statements, the Group has equity accounted for its share of the six months (July to December 2003) results of RCR Tomlinson Limited ("RCR"), an associated company, in the current quarter. It would appear that the Group would only be able to account for RCR's results once every half yearly after RCR has announced their results. As this will be applied on a consistent basis, the Group's annual financial statements will account for RCR's 12-month results with effect from FY2005 in compliance with FRS28.

The presentation and classification of certain items in the financial statements have been changed to provide proper comparisons with the current year's presentation.

5 CHANGES IN ACCOUNTING POLICIES

Other than as stated above, no changes in the accounting policies and methods of computation.

6 EARNINGS PER ORDINARY SHARE (EPS)

	Group		Group	
	3 months ended 31.12.03 (cents)	3 months ended 31.12.02 (cents)	9 months ended 31.12.03 (cents)	9 months ended 31.12.02 (cents)
Earnings per ordinary share:-				
- Based on weighted average number of ordinary shares on issue (Note A)	0.38	0.98	1.58	5.83
- On a fully diluted basis (Note B)	0.38	0.98	1.58	5.81

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 :-

3QFY2004 - 79.528m shares (3QFY2003 - 79.200m shares)
YTD December 2003 - 79.392m shares (YTD December 2002 - 79.200m 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) :-

3QFY2004 - 79.786m shares (3QFY2003 - 79.394m shares)
YTD December 2004 - 79.691m shares (YTD December 2002 - 79.377m shares)

7 NET ASSET VALUE

	Group		Company	
	31.12.03 (cents)	31.03.03 (cents)	31.12.03 (cents)	31.03.03 (cents)
Net asset value per ordinary share based on issued share capital	40.06	39.51	36.43	40.96



MTQ CORPORATION LIMITED
(Incorporated in the Republic of Singapore)

8 REVIEW OF GROUP PERFORMANCE

Turnover

For 3QFY2004, the Group's turnover was 15% higher than that of the comparative quarter, and for the nine months ended 31 December 2003, turnover was S\$38.1m, an 8% growth compared to the comparative 9-month period.

The growth was contributed primarily from higher turnover in the Engine Systems operations in Australia due to increased revenue contribution from the recently acquired fuel injection business of AFI Group. However, this increase was offset by the general slowdown in the oilfield equipment repair segment and the Group's subsea robotics operations.

Profitability

The Group's operating profit before taxation for 3QFY2004 was S\$0.1m, representing a 92% decrease from the S\$0.9m of prior comparative quarter. The weaker performance essentially resulted from losses suffered in the subsea robotics segment.

The Oilfield Engineering division experienced significant market slowdown in the oilfield equipment repair segment and job margins were greatly affected.

The Subsea Robotics division sustained further losses in the current quarter. Fleet utilisation declined further during the quarter as the division commenced the relocation of its fleet. This follows the decision to wind down its Aberdeen operations as the market in the North Sea continues to be persistently weak. The losses also included additional one-off redundancy and relocation costs of S\$0.3m which have been provided for.

As for the outstanding insurance claim arising from the loss of the "PHOENIX 2" ROV, the Division will be proceeding with legal action against the insurers, following unsuccessful attempts at settlement. The Division believes that the claim has reasonable prospects for success.

The Engine Systems division continued to post positive earnings contribution to the Group. The division also enlarged its earnings base in the fuel injection business with its acquisition of the business of AFI group in October 2003. The Indonesian turbocharger operating arm also commenced operations in the quarter as scheduled. Start-up costs were incurred as expected.

Strong positive exchange gains also helped the Group to mitigate the weaker performances in the Oilfield Engineering and Subsea Robotics divisions.

In 3QFY2004, the Group took up its share of the after-tax half-year results of its associated company, RCR Tomlinson Ltd, amounting to S\$0.5m. In addition, the Group also recognized negative goodwill of S\$0.3m arising from the acquisition of shares in RCR.

For the nine months ended 31 December 2003, the Group made a profit before taxation of S\$1.3m, a 74% decrease from that of prior comparative period, primarily due to the inclusion of a gain of S\$3.5m realised from the sale of the marine repair business last year.

9 VARIANCE FROM PROSPECT STATEMENT

No variance noted.

10 PROSPECTS

The current slowdown in the oilfield equipment repair segment is likely to continue into the 4th quarter, showing few signs of abatement. As such, repair revenues and margins of the Oilfield Engineering division are likely to be squeezed in response to weaker demands. Moderate market recovery is, however, expected in the new financial year.

Subsea Robotics division will complete the relocation of its entire North Sea fleet by the end of the financial year. While focus will be placed on deploying the fleet to secure jobs in the Asian and Middle Eastern markets, such efforts are unlikely to result in any significant increase in the utilization levels of the fleet in the near term.

Nevertheless, these markets offer better long term growth opportunities and more stable earnings in the long run. The division will also benefit through cost savings arising from more efficient use of its administrative and marketing resources after the restructuring exercise.

The Group is optimistic that the Engine Systems division will perform well in line with the Australian economy.

Meanwhile, the division's Indonesian unit will continue to incur further start-up costs which is likely to exceed its initial revenue contribution.

Barring unforeseen circumstances and a successful resolution of the claim against the insurer, the Group will remain profitable for the full financial year.



MTQ CORPORATION LIMITED
(Incorporated in the Republic of Singapore)

11 **DIVIDENDS**

a) Any dividend declared for the present financial period? No

Present Period

Name of Dividend	Not applicable
Dividend Type	
Dividend Rate	
Par Value of Shares	
Tax Rate	

b) Any dividend declared for the previous corresponding period? No

Previous Corresponding Period

Name of Dividend	Not applicable
Dividend Type	
Dividend Rate	
Par Value of Shares	
Tax Rate	

c) Date payable

Not applicable

d) Books closure date

Not applicable

BY ORDER OF THE BOARD

Fong Choon Seng
Company Secretary
29.01.04