



MTQ CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number 196900057Z)

Unaudited Full Year Financial Statements And Dividend Announcement

1(a) STATEMENT OF PROFIT AND LOSS FOR THE THREE MONTHS ENDED 31 MARCH 2006

GROUP	Continuing Operations			Discontinued Operations			Total		
	3 months to 31.03.06	3 months to 31.03.05	Change	3 months to 31.03.06	3 months to 31.03.05	Change	3 months to 31.03.06	3 months to 31.03.05	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	14,529	12,031	21%	40	1,429	-97%	14,569	13,460	8%
Other income / (expenses) (Note A)	526	410	28%	89	(38)	n/m	615	372	65%
	15,055	12,441	21%	129	1,391	-91%	15,184	13,832	10%
Cost of sales (Note B)	(8,803)	(7,210)	22%	(23)	(1,564)	n/m	(8,826)	(8,774)	1%
	6,252	5,231	20%	106	(173)	n/m	6,358	5,058	26%
Staff costs	(2,418)	(2,051)	18%	(22)	(170)	-87%	(2,440)	(2,221)	10%
Other operating expenses (Note C)	(3,981)	(2,578)	54%	(35)	(4,234)	-99%	(4,016)	(6,812)	-41%
(Loss) / profit from operating activities	(147)	602	n/m	49	(4,577)	n/m	(98)	(3,975)	-98%
Finance costs (Note D)	(193)	(262)	-26%	-	(78)	n/m	(193)	(340)	-43%
Gain on disposition (Note E)	-	-	n/m	112	-	n/m	112	-	n/m
(Loss) / profit from operations before share of results of associated company	(340)	340	n/m	161	(4,655)	n/m	(179)	(4,315)	-96%
Share of results of associated company	-	224	n/m	-	-	n/m	-	224	n/m
(Loss) / profit from operations before taxation	(340)	564	n/m	161	(4,655)	n/m	(179)	(4,091)	-96%
Taxation (Note F)	(454)	43	n/m	846	246	244%	392	289	36%
Net (loss) / profit from operations	(794)	607	n/m	1,007	(4,409)	n/m	213	(3,802)	n/m
Attributable to:									
Shareholders of the Company	(794)	607	n/m	825	(3,582)	n/m	31	(2,975)	n/m
Minority interests	-	-	n/m	182	(827)	n/m	182	(827)	n/m
	(794)	607	n/m	1,007	(4,409)	n/m	213	(3,802)	n/m

n/m : not meaningful



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STATEMENT OF PROFIT AND LOSS FOR THE FULL YEAR ENDED 31 MARCH 2006

GROUP	Continuing Operations			Discontinued Operations			Total		
	12 months to 31.03.06	12 months to 31.03.05	Change	12 months to 31.03.06	12 months to 31.03.05	Change	12 months to 31.03.06	12 months to 31.03.05	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	52,027	49,745	5%	2,550	6,724	-62%	54,577	56,469	-3%
Other income / (expenses) (Note A)	2,841	651	336%	(6)	(148)	-96%	2,835	503	464%
	54,868	50,396	9%	2,544	6,576	-61%	57,412	56,972	1%
Cost of sales (Note B)	(31,616)	(30,479)	4%	(2,554)	(7,075)	-64%	(34,170)	(37,554)	-9%
	23,252	19,917	17%	(10)	(499)	-98%	23,242	19,418	20%
Staff costs	(9,469)	(8,824)	7%	(406)	(1,007)	-60%	(9,875)	(9,831)	0%
Other operating expenses (Note C)	(11,710)	(9,093)	29%	(263)	(5,458)	-95%	(11,973)	(14,551)	-18%
Profit / (loss) from operating activities	2,073	2,000	4%	(679)	(6,964)	-90%	1,394	(4,964)	n/m
Finance costs (Note D)	(1,007)	(1,063)	-5%	(131)	(306)	-57%	(1,138)	(1,369)	-17%
Gain on disposition (Note E)	-	-	n/m	560	-	n/m	560	-	n/m
Profit / (loss) from operations before share of results of associated company	1,066	937	14%	(250)	(7,270)	-97%	816	(6,333)	n/m
Share of results of associated company	3,150	3,514	-10%	-	-	n/m	3,150	3,514	-10%
Profit / (loss) from operations before taxation	4,216	4,451	-5%	(250)	(7,270)	-97%	3,966	(2,819)	n/m
Taxation (Note F)	(522)	(810)	-36%	760	246	209%	238	(564)	n/m
Net profit / (loss) from operations	3,694	3,641	1%	510	(7,024)	n/m	4,204	(3,383)	n/m
Attributable to:									
Shareholders of the Company	3,694	3,641	1%	418	(5,605)	n/m	4,112	(1,964)	n/m
Minority interests	-	-	n/m	92	(1,419)	n/m	92	(1,419)	n/m
	3,694	3,641	1%	510	(7,024)	n/m	4,204	(3,383)	n/m



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Note A - Other income comprise:-

	Group			Group		
	3 months to	3 months to	Change	12 months	12 months to	Change
	31.03.06	31.03.05		to 31.03.06	31.03.05	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Interest income	32	25	28%	87	81	7%
Rental income	434	322	35%	434	322	35%
Gain on dilution of shareholding in associated company	-	-	n/m	2,108	-	n/m
Other income	149	25	496%	206	100	106%
	615	372	65%	2,835	503	n/m

Note B - Cost of sales include :-

	Group			Group		
	3 months to	3 months to	Change	12 months	12 months to	Change
	31.03.06	31.03.05		to 31.03.06	31.03.05	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Depreciation of property, plant and equipment	280	820	-66%	1,553	3,195	-51%

Note C - Other operating expenses include :-

	Group			Group		
	3 months to	3 months to	Change	12 months	12 months to	Change
	31.03.06	31.03.05		to 31.03.06	31.03.05	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Depreciation of property, plant and equipment	337	657	-49%	2,237	1,671	34%
Loss / (gain) on exchange, net	1,028	31	3216%	1,400	(223)	n/m
Allowance for doubtful debts and bad debts written off, net	435	110	295%	457	326	40%
(Write back)/Allowance for inventory obsolescence and inventories written off, net	(138)	78	n/m	74	210	-65%
(Gain) / loss on sale of property, plant and equipment, net	(69)	(3)	2200%	(103)	40	n/m
Loss on dilution of shareholding in associated company	-	-	n/m	-	54	n/m
Provision for impairment of property, plant and equipment	-	3,890	n/m	-	5,164	n/m
Amortisation of goodwill	-	82	n/m	-	365	n/m
Goodwill written off	-	-	n/m	-	5	n/m

Note D - Finance costs comprise:-

	Group			Group		
	3 months to	3 months to	Change	12 months	12 months to	Change
	31.03.06	31.03.05		to 31.03.06	31.03.05	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Interest on:						
- bank loans and overdrafts	204	334	-39%	1,130	1,330	-15%
- loans from a minority shareholder of a subsidiary company	-	6	n/m	-	23	n/m
- others	(11)	-	n/m	8	16	-50%
	193	340	-43%	1,138	1,369	-17%



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Note E - Gain on disposition

Subsea Robotics division

On 13 September 2005, the Group's subsidiary companies, MTQ Subsea Technology Pte Ltd and MTQ Subsea Limited, completed the sale of its ROV fleet to Oceaneering International AG ("OI") for a total consideration of S\$8.49m (US\$5.06m). Following the divestment of its ROV fleet, the Subsea Robotics division has progressively wound down its ROV operations and realised its other ROV assets.

As at 31 March 2006, only assets of S\$399,000 and associated liabilities of S\$279,000 relating to the Subsea Robotics Division are classified as held for sale.

To-date, total proceeds from the disposition of its ROV fleet and other assets, amounting to S\$8.39m, net of costs, has been fully received.

The carrying amounts of the net assets disposed are as follows:

	Group	
	At 31.03.06	At 31.03.05
	S\$'000	S\$'000
Total assets	7,492	8,329
Total liabilities	-	-
	7,492	8,329

The net cash flows attributable to the discontinued operation are as follows:

	Group	
	12 months to 31.03.06	12 months to 31.03.05
	S\$'000	S\$'000
Operating	(826)	531
Investing	8,396	(153)
Financing	(7,544)	(154)
	26	224

Note F - Taxation

	Group			Group		
	3 months to 31.03.06	3 months to 31.03.05	Change	12 months to 31.03.06	12 months to 31.03.05	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(Overprovision) / underprovision in respect of previous years:						
- current taxation	(16)	29	n/m	(16)	(75)	-79%
- deferred taxation	(421)	(301)	40%	(415)	(297)	40%
	(437)	(272)	61%	(431)	(372)	16%



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1(b)(i) BALANCE SHEETS

	Group		Company	
	31.03.06	31.03.05	31.03.06	31.03.05
	S\$'000	S\$'000	S\$'000	S\$'000
Share capital [see 1(d)(i)]	28,126	23,861	28,126	23,861
Reserves	24,127	10,704	2,145	5,564
Shareholders' funds	52,253	34,565	30,271	29,425
Minority interests	(642)	(792)	-	-
	<u>51,611</u>	<u>33,773</u>	<u>30,271</u>	<u>29,425</u>
Represented by:				
Non-current assets				
Goodwill	6,543	7,168	-	-
Property, plant and equipment, net	11,038	19,012	1,158	1,502
Subsidiary companies	-	-	17,427	26,964
Associated company	-	11,138	-	-
Long term investments	32,569	-	-	-
Other receivables	382	1,025	128	106
Deferred tax assets	1,148	539	-	-
	<u>51,680</u>	<u>38,882</u>	<u>18,713</u>	<u>28,572</u>
Current assets				
Inventories	10,154	8,029	-	-
Trade and other receivables	11,542	11,061	16,991	377
Prepayments	956	167	34	24
Tax recoverable	842	922	825	689
Fixed deposits	-	2,435	-	400
Cash at bank and in hand	3,650	3,320	-	119
	<u>27,144</u>	<u>25,934</u>	<u>17,850</u>	<u>1,609</u>
Assets classified as held for sale	399	-	-	-
	<u>27,543</u>	<u>25,934</u>	<u>17,850</u>	<u>1,609</u>
Current liabilities				
Trade and other payables	(9,050)	(5,420)	(975)	(174)
Accruals and provisions	(4,014)	(4,543)	(558)	(510)
Short term bank borrowings	(5,815)	(7,279)	(700)	-
Long term bank borrowings, current portion	(1,042)	(3,985)	-	-
Loans from a minority shareholder of a subsidiary company	(76)	(1,390)	-	-
Provision for taxation	(358)	(67)	-	-
	<u>(20,355)</u>	<u>(22,684)</u>	<u>(2,233)</u>	<u>(684)</u>
Liabilities associated with assets classified as held for sale	(279)	-	-	-
	<u>(20,634)</u>	<u>(22,684)</u>	<u>(2,233)</u>	<u>(684)</u>
Net current assets	6,909	3,250	15,617	925
Non-current liabilities				
Other payables	-	-	(3,994)	-
Long term bank borrowings	(5,716)	(7,980)	-	-
Deferred tax liabilities	(254)	(379)	(65)	(72)
Loans from a minority shareholder of a subsidiary company	(1,008)	-	-	-
	<u>(6,978)</u>	<u>(8,359)</u>	<u>(4,059)</u>	<u>(72)</u>
	<u>51,611</u>	<u>33,773</u>	<u>30,271</u>	<u>29,425</u>

Non-current assets increased significantly mainly due to the purchase of additional shares in RCR Tomlinson Limited ("RCR") as well as fair value adjustments in relation to the Group's investment in RCR.

As announced on 1 December 2005, RCR ceased to be an associated company of the Group and is instead reflected as a long term investment, following the dilution of the Group's shareholding in RCR to 19.11% on 29 November 2005.

In accordance with FRS 39 – Financial Instruments, the carrying amount of the Group's investment in RCR was increased by S\$15.42 million upon measuring it at fair value as at 31 March 2006. The fair value adjustment had been taken up as part of shareholders' equity and will only be recognised in the profit and loss account upon realisation of the investment in RCR.

The increase in non-current assets was, however, offset by a reduction in property, plant and equipment following the sale of its ROV fleet by the Subsea Robotics division as well as a property in Ipoh, Malaysia.

The carrying amount of goodwill was also translated at a lower rate following the weakening of the Australian dollar.

Net current assets increased mainly due to an increase in inventories and lower bank borrowings (as explained in 1b(ii)), offset by an increase in payables.

Non-current liabilities decreased mainly due to the repayment of bank loans, net of new borrowings to fund the acquisition of plant and equipment by the Oilfield Engineering division. Non-current liabilities also included S\$1m loans from a minority shareholder of a subsidiary company previously classified under current liabilities.



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1(b)(ii) GROUP BORROWINGS

	As at 31.03.06		As at 31.03.05	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less	5,575	1,282	10,937	327
Amount repayable after one year	5,716	-	7,980	-

Details of any collateral:

(i) Total bank borrowings in Australian dollars equivalent to S\$9,335,000 granted to a subsidiary company, S\$5,160,000 of which falls due after one year, 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;
- legal charge over the equity interest held by the subsidiary company in another body corporate;
- corporate guarantee provided by 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\$1,956,000 granted to a second subsidiary company, S\$556,000 of which falls due after one year, are secured by the following :-

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

Group's Borrowings:

The Group's borrowings as at 31 March 2006 decreased significantly from 31 March 2005 mainly due to the retirement of bank borrowings by the Subsea Robotics division (through proceeds from the sale of its ROV fleet) offset by proceeds from new bank borrowings to finance working capital as well as the purchase of plant and equipment by the Oilfield Engineering division.



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1(c) CASH FLOW STATEMENT FOR THE FULL YEAR ENDED 31 MARCH 2006

	Group	
	12 months to 31.03.06 S\$'000	12 months to 31.03.05 S\$'000
Cash flows from operating activities:		
Profit / (loss) from operations before taxation	3,966	(2,819)
Add/ (less):		
Depreciation of property, plant and equipment	3,790	4,866
(Gain) / loss on sale of property, plant and equipment	(103)	40
Interest income	(87)	(81)
Interest expense	1,138	1,369
(Gain) / loss on dilution of shareholding in associated company	(2,108)	54
Share of results of associated company	(3,150)	(3,514)
Gain on disposition of discontinued operations	(560)	-
Provision for impairment of property, plant & equipment	-	5,164
Amortisation of goodwill	-	365
Goodwill written off	-	5
Operating profit before reinvestment in working capital	2,886	5,449
Increase in receivables and prepayments	(659)	(1,963)
Increase in inventories	(2,623)	(363)
Increase in payables and provisions	3,499	505
Currency re-alignment	747	1
Cash generated from operations	3,850	3,629
Interest income received	87	81
Interest expense paid	(1,131)	(1,330)
Income taxes paid	(56)	(815)
Net cash provided by operating activities	2,750	1,565
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,597)	(4,291)
Proceeds from sale of property, plant and equipment	1,025	450
Proceeds from disposition of discontinued operations	8,391	-
Loans granted to staff	(217)	(264)
Loans repaid by staff	203	118
Acquisition of additional shares in associated company	(2,171)	(1,470)
Acquisition of additional shares in subsidiary company	-	(69)
Dividends received from associated company	544	285
Net cash provided by / (used in) investing activities	3,178	(5,241)
Cash flows from financing activities:		
Dividends paid	(1,909)	(1,909)
Proceeds from bank loans and borrowings	2,460	2,752
Repayment of bank loans and borrowings	(8,786)	(3,678)
Proceeds from loans from a minority shareholder of a subsidiary company	50	-
Repayment of loans from a minority shareholder of a subsidiary company	(356)	(19)
Repayment of finance leases	-	(1)
Proceeds from issuance of new shares	-	6,277
Net cash (used in) / provided by financing activities	(8,541)	3,422
Net change in cash and cash equivalents	(2,613)	(254)
Cash and cash equivalents at beginning of financial period	5,755	6,005
Effect of exchange rate changes on cash and cash equivalents	(192)	4
Cash and cash equivalents at end of financial period	2,950	5,755



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

	Group	
	As at 31.03.06 S\$'000	As at 31.03.05 S\$'000
Fixed deposits	-	2,435
Cash at bank and in hand	3,650	3,320
Bank overdrafts (unsecured)	(700)	-
	<u>2,950</u>	<u>5,755</u>

Net cash provided by operating activities increased in FY2006 mainly due to more favourable working capital movements and lesser tax paid, offset by lower cash flows generated from the Engine Systems division in view of its weaker performance.

Net cash provided by investing activities in FY2006 was derived mainly from the proceeds from the disposal of the ROV fleet of the Subsea Robotics division as well as proceeds from sale of other property, plant and equipment. This was offset by the acquisition of additional shares in RCR.

Net cash of S\$8.5m used in financing activities arose mainly from :-

- (i) the repayment of bank borrowings
- (ii) the repayment of loans from a minority shareholder of a subsidiary company, and
- (iii) the payment of dividends



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1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE FULL YEAR ENDED 31 MARCH 2006

Group	Attributable to shareholders of the Company						Minority Interests S\$'000	Total Equity S\$'000
	Share Capital S\$'000	Share Premium S\$'000	Foreign Currency Translation Reserve S\$'000	Retained Earnings S\$'000	Fair Value Adjustment Reserve S\$'000	Shareholders' Funds S\$'000		
Balance as at 1 April 2004	19,887	1,962	1,505	8,923	-	32,277	691	32,968
Exchange difference on translation of overseas subsidiary companies	-	-	54	-	-	54	-	54
Issuance of ordinary shares pursuant to exercise of options	6	1	-	-	-	7	-	7
Issuance of ordinary shares pursuant to share placement	3,968	2,302	-	-	-	6,270	-	6,270
Net loss from operations	-	-	-	(1,964)	-	(1,964)	(1,419)	(3,383)
Dilution of minority interests in a subsidiary company	-	-	-	-	-	-	(64)	(64)
Share of reserves movement in associated company	-	-	-	(170)	-	(170)	-	(170)
Dividends paid in respect of previous financial year, less tax	-	-	-	(1,145)	-	(1,145)	-	(1,145)
Dividends paid in respect of current financial year, less tax	-	-	-	(764)	-	(764)	-	(764)
Balance as at 31 March 2005	23,861	4,265	1,559	4,880	-	34,565	(792)	33,773
Balance as at 1 April 2005	23,861	4,265	1,559	4,880	-	34,565	(792)	33,773
Effect of adopting FRS103	-	-	-	474	-	474	-	474
Effect of adopting FRS 39	-	-	-	5	-	5	-	5
Balance as at 1 April 2005, restated	23,861	4,265	1,559	5,359	-	35,044	(792)	34,252
Transfer of share premium to share capital (see note (i) below)	4,265	(4,265)	-	-	-	-	-	-
Net gain on fair value changes	-	-	-	-	15,421	15,421	-	15,421
Exchange difference on translation of overseas subsidiary companies	-	-	(897)	-	-	(897)	58	(839)
Net profit from operations	-	-	-	4,112	-	4,112	92	4,204
Share of reserves movement in associated company	-	-	-	482	-	482	-	482
Dividends paid in respect of previous financial year, less tax	-	-	-	(1,145)	-	(1,145)	-	(1,145)
Dividends paid in respect of current financial year, less tax	-	-	-	(764)	-	(764)	-	(764)
Balance as at 31 March 2006	28,126	-	662	8,044	15,421	52,253	(642)	51,611

Company

	Share Capital S\$'000	Share Premium S\$'000	Retained Earnings S\$'000	Shareholders' Funds S\$'000
Balance as at 1 April 2004	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 from operations	-	-	(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)
Balance as at 31 March 2005	23,861	4,265	1,299	29,425
Balance as at 1 April 2005	23,861	4,265	1,299	29,425
Transfer of share premium to share capital (see note (i) below)	4,265	(4,265)	-	-
Net profit from operations	-	-	2,755	2,755
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)
Balance as at 31 March 2006	28,126	-	2,145	30,271

Note (i) : With effect from 30 January 2006, the concept of "par value" and "authorised capital" were abolished under the Companies (Amendment) Act 2005. The amount standing to the credit of the Company's share premium account has become part of the Company's share capital as at that date.



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

No shares were issued by the Company during the year. As mentioned in note (i) of 1(d)(i) above, the share premium account has become part of the Company's share capital.

Pursuant to the expiry of 200 unexercised share options on 15 October 2005, the total number of options outstanding as at 31 March 2006 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 31.03.06 ('000)</u>	<u>As at 31.03.05 ('000)</u>		
16 October 2000	-	200	15 October 2005	S\$0.30
16 October 2000	546	586	15 October 2010	S\$0.30
31 July 2003	440	440	30 July 2008	S\$0.43
31 July 2003	1,125	1,435	30 July 2013	S\$0.43
	<u>2,111</u>	<u>2,661</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 2005, except for the adoption of the following new and revised Singapore Financial Reporting Standards ("FRS") that became effective for the financial year ended 31 March 2006.

(i) FRS 105 - Non-current Assets Held for Sale and Discontinued Operations

The Group has applied FRS 105 prospectively in accordance with the transitional provisions of FRS 105. Under the superseded FRS 35, the Group would have recognised a discontinued operation at the earlier of:

- The date the Group enters into a binding sale agreement; and
- The date the board of directors have approved and announced a formal disposal plan.

A discontinued operation is a major line of business or geographical unit held for sale or has been disposed of. The effect of this change in accounting policy is that a discontinued operation is recognised by the Group at a later point than under FRS 35 due to a stricter criteria in FRS 105.

(ii) FRS 103 - Business Combinations/ FRS 36 (revised) - Impairment of Assets

Under FRS 103, goodwill arising from business combinations as recorded in the balance sheet of the Group is no longer required to be amortised and charged to the income statement. Instead, such goodwill will be tested for impairment in accordance with FRS 36 (revised)-Impairment of Assets. Any impairment loss is charged to the income statement and subsequent reversal is not allowed.

No goodwill amortisation was recorded for the financial year ended 31 March 2006 (financial year ended 31 March 2005: S\$365,000).

Negative goodwill arising from business combinations must now be recognised immediately in the income statement. Previously, the Group recognised negative goodwill in the income statement over 3 years, being the weighted average useful life of those assets that are depreciable or amortisable (Negative goodwill recognised for financial year ended 31 March 2005: S\$1,399,000). In accordance with the transitional provisions of FRS 103, the comparative financial statements for FY2005 are not restated. Instead, the following adjustments have been effected on the opening balances in the balance sheet as at 1 April 2005:

	Increase / (decrease)
	S\$'000
Retained earnings	474
Associated company	474



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(iii) FRS 39 - Financial Instruments

The Group and the Company had adopted FRS 39 prospectively on 1 April 2005. At that date, financial assets within the scope of FRS39 were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial assets that were classified as financial assets at fair value through profit or loss and available-for-sale financial assets were measured at fair value while loans and receivables and held-to-maturity investments were measured at amortised cost using the effective interest rate method. In accordance with the transitional provisions of FRS39, the comparative financial statements for FY2005 are not restated. Instead the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 April 2005:

	Increase / (decrease)
	S\$'000
Retained earnings	5
Trade and other payables	121
Associated company	126

(iv) Other FRS applicable from 1 April 2005

Apart from those described above, the Group adopted various new and revised FRS, mandatory for financial years beginning on or after 1 April 2005. These do not have any significant financial impact on the Group.

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

5 CHANGES IN ACCOUNTING POLICIES

As discussed above.

6 EARNINGS PER ORDINARY SHARE (EPS)

	Group	
	12 months ended 31.03.06 (cents)	12 months ended 31.03.05 (cents)
<u>Earnings / (loss) per ordinary share:-</u>		
Basic - Continuing operations	3.87	3.84
Basic - Discontinued operations	0.44	(5.91)
Basic - Total (Note A)	<u>4.31</u>	<u>(2.07)</u>
Diluted - Continuing operations	3.87	3.83
Diluted - Discontinued operations	0.44	(5.90)
Diluted - Total (Note B)	<u>4.31</u>	<u>(2.07)</u>

Note A

The basic earnings / (loss) per ordinary share is calculated based on the net profit attributable to shareholders of the Company set out in 1(a) above and the weighted average number of ordinary shares in issue during the period under review :-

FY2006 - 95.445m shares (FY2005 - 94.922 m shares)

Note B

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

FY2006 - 95.505m shares (FY2005 - 95.063m shares)

7 NET ASSET VALUE

	Group		Company	
	31.03.06 (cents)	31.03.05 (cents)	31.03.06 (cents)	31.03.05 (cents)
Net asset* value per ordinary share	54.75	36.21	31.72	30.83

* Net asset refers to shareholders' funds.



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8 REVIEW OF GROUP PERFORMANCE

REVENUE

4QFY06 vs 4QFY05

The Group generated revenue of S\$14.57m in 4QFY06, 8% higher than that achieved in 4QFY05.

The improvement was led mainly by robust sales in the Oilfield Engineering division, with higher volumes of repair work completed. Its oilfield equipment rental business also posted stronger revenue for the quarter, driven by more aggressive marketing and offer of increasingly wide range of oilfield equipment for rental.

The Engine Systems division also registered marginal revenue growth from 4QFY05 to 4QFY06, benefiting from its continued expansion into the distribution of automotive performance products since July 2005 as well as higher sales in the fuel injection segment during the quarter. Nevertheless, the division's turbocharger operation remained relatively weak and generated lower revenue in 4QFY06.

The increase was, however, moderated by the absence of contribution from the Subsea Robotics division following the sale of its remotely operated vehicles ("ROVs") fleet in September 2005.

FY06 VS FY05

For full year FY06, the Group registered a revenue of S\$54.58m, representing a 3% decline over that achieved in FY05.

The decrease was attributable mainly to the absence of Subsea Robotics division's ROV fleet revenue in FY06 following its fleet divestment as well as weaker turbocharger and fuel injection activities in the Engine Systems division. Stronger revenue from the Oilfield Engineering division, however, moderated the extent of this decline substantially.

PROFITABILITY

4QFY06 vs 4QFY05

The Group reversed a net loss of S\$3.80m net loss in 4QFY05 to achieve a profit of S\$0.21m in 4QFY06. The improvement was mainly led by the absence of a S\$3.89m provision for impairment made in respect of ROV assets of the Subsea Robotics division during 4QFY05. The Oilfield Engineering division also posted stronger earnings on the back of higher revenue.

The profit increase was, however, offset by significant exchange losses of S\$1.03m incurred during 4QFY06. Despite improved performance in its fuel injection operations and contributions from the automotive performance parts distribution, the Engine Systems division's performance was adversely affected as substantial exchange losses were recorded following the depreciation of the Australian dollars during the quarter.

FY06 VS FY05

For the financial year ended 31 March 2006, the Group generated a profit of S\$4.20m, after accounting for its share of RCR's results and a S\$2.11m gain on the dilution of its shareholding in RCR following RCR's placement of new shares at a significant premium above its net asset value in December 2005.

The improved performance was also driven by stronger earnings from the Oilfield Engineering division, reduced operating losses in the Subsea Robotics division, as well as gains derived on disposition of its ROV fleet. The improvement was, however, offset by significantly deeper losses in the Engine Systems division as well as unfavourable exchange movements.

The Group also benefited from the absence of a S\$5.10m provision for impairment in respect of the ROV assets of Subsea Robotics division previously made in FY05, as well as goodwill amortisation of S\$0.37m which is no longer required under FRS103 – Business Combinations.

9 VARIANCE FROM PROSPECT STATEMENT

No significant variance noted.



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10 PROSPECTS

Oilfield Engineering division

The expansion of its component manufacturing capability will materialise in the new financial year as the division has commenced the progressive installation and commissioning of new machines with enhanced functionalities and tooling systems. Following completion of the installation in the new financial year, the new machines will beef up its manufacturing capability and will also offer the division greater flexibility in taking on a broader spectrum of oilfield repair work.

The pursuit by the division to penetrate more deeply into its oilfield equipment rental market in the new financial year entails a marketing strategy of targeting a wider clientele base and possibly, securing higher volumes of smaller rental contracts. While this may translate into a lower turnover for the new financial year, it is necessary to ensure the long term viability of the division.

Engine Systems division

The Engine Systems division, despite having sustained losses in the year, is expected to improve its performance in the new financial year. Following integration of the IT infrastructure across its operating segments, the division has commenced the operational merger of its operations in several key branches. These branches will emerge as single, one-stop providers for turbocharger and fuel injection goods and services.

The division will continue to drive its expansion into the automotive performance products market in Australia. Beyond its marketing approach, the division will, through a re-manufacturing exchange programme, seek to improve operational efficiencies and customer service turnaround time.

Operating overheads of the division are also likely to reduce following completion of the ERP implementation exercise.

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	1.0 cents per ordinary share, less tax	1.5 cents per ordinary share, less tax
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	1.0 cents per ordinary share, less tax	1.5 cents per ordinary share, less tax
Tax Rate	20%	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.



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12 BUSINESS SEGMENTAL INFORMATION

By Industry Segments

FY2006

	Continuing Operations						Discontinued Operations (Note E)	Total	
	Investment Holding S\$'000	Oilfield Engineering S\$'000	Engine Systems S\$'000	Multi-disciplined Engineering S\$'000	Others S\$'000	Eliminations S\$'000	Total S\$'000	Subsea Robotics S\$'000	Group S\$'000
Revenue & Expenses									
External sales	-	18,814	33,213	-	-	-	52,027	2,550	54,577
Inter-segment sales	2,986	651	23	-	-	(3,660)	-	-	-
Total sales	2,986	19,465	33,236	-	-	(3,660)	52,027	2,550	54,577
Segment results	(200)	4,175	(4,035)	-	(47)	2,093	1,986	(679)	1,307
Gain on disposition	-	-	-	-	-	-	-	560	560
	(200)	4,175	(4,035)	-	(47)	2,093	1,986	(119)	1,867
Interest income							87	-	87
Finance costs							(1,007)	(131)	(1,138)
Share of results of associated company				3,150			3,150	-	3,150
Taxation							(522)	760	238
Minority interests							-	(92)	(92)
Net profit attributable to shareholders							3,694	418	4,112
Assets & Liabilities									
Segment assets	1,749	16,511	25,641	32,569	41	(17)	76,494	739	77,233
Deferred tax assets							1,148	-	1,148
Tax recoverable							842	-	842
Total assets							78,484	739	79,223
Segment liabilities	(653)	(5,000)	(7,230)	-	(62)	-	(12,945)	(398)	(13,343)
Provision for taxation							(268)	(90)	(358)
Deferred tax liabilities							(254)	-	(254)
Bank borrowings							(12,573)	-	(12,573)
Loans from a minority shareholder of a subsidiary company							-	(1,084)	(1,084)
Total liabilities							(26,040)	(1,572)	(27,612)
Other segmental information									
Capital expenditure	62	3,637	898	-	-	(14)	4,583	14	4,597
Depreciation	406	596	2,226	-	5	(3)	3,230	560	3,790
Other non-cash (income) / expenses									
(Gain) / loss on sale of property, plant & equipment	(2)	(73)	(40)	-	32	-	(83)	(20)	(103)
Gain on dilution of shareholding in associated company	-	-	-	(2,108)	-	-	(2,108)	-	(2,108)
Gain on disposition of discontinued operations	-	-	-	-	-	-	-	(560)	(560)
	(2)	(73)	(40)	(2,108)	32	-	(2,191)	(580)	(2,771)

By Geographical Segments

	Singapore S\$'000	Australia S\$'000	United Kingdom S\$'000	Malaysia S\$'000	Indonesia S\$'000	Total S\$'000
External sales	21,154	32,351	210	-	862	54,577
Segment assets	18,927	57,485	71	40	710	77,233
Capital expenditure	3,713	783	-	-	101	4,597



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By Industry Segments

FY2005

	Continuing Operations						Discontinued Operations (Note E)	Total	
	Investment Holding S\$'000	Oilfield Engineering S\$'000	Engine Systems S\$'000	Multi-disciplined Engineering S\$'000	Others S\$'000	Eliminations S\$'000	Total S\$'000	Subsea Robotics S\$'000	Group S\$'000
Revenue & Expenses									
External sales	-	15,974	33,771	-	-	-	49,745	6,724	56,469
Inter-segment sales	2,584	984	-	-	-	(3,568)	-	-	-
Total sales	2,584	16,958	33,771	-	-	(3,568)		6,724	56,469
Segment results	(3,715)	2,639	(381)	-	(86)	3,608	2,065	(1,865)	200
Provision for impairment of property, plant and equipment	-	-	-	-	(65)	-	(65)	(5,099)	(5,164)
	(3,715)	2,639	(381)	-	(151)	3,608	2,000	(6,964)	(4,964)
Finance costs							(1,063)	(306)	(1,369)
Share of results of associated company							3,514	-	3,514
Taxation							(810)	246	(564)
Minority interests							-	1,419	1,419
Net profit / (loss) attributable to shareholders							3,641	(5,605)	(1,964)
Assets & Liabilities									
Segment assets	12,319	16,080	27,097	11,138	523	(13,555)	53,602	9,753	63,355
Deferred tax assets							539	-	539
Tax recoverable							922	-	922
Total assets							55,063	9,753	64,816
Segment liabilities	(692)	(2,388)	(16,755)	-	(869)	17,238	(3,466)	(6,497)	(9,963)
Provision for taxation							-	(67)	(67)
Deferred tax liabilities							(379)	-	(379)
Bank borrowings							(13,040)	(6,204)	(19,244)
Loan from minority shareholder of a subsidiary company							-	(1,390)	(1,390)
Total liabilities							(16,885)	(14,158)	(31,043)
Other segmental information									
Capital expenditure	26	1,075	3,039	-	-	(3)	4,137	154	4,291
Depreciation	404	791	1,637	-	15	(4)	2,843	2,023	4,866
Other non-cash (income) / expenses									
(Gain)/loss on sale of property, plant & equipment	-	(3)	43	-	-	-	40	-	40
Amortisation of goodwill	-	-	365	-	-	-	365	-	365
Goodwill written off	-	-	-	-	-	5	5	-	5
Loss on dilution of shareholding in associated company	-	-	-	54	-	-	54	-	54
	-	(3)	408	54	-	5	464	-	464

By Geographical Segments

	United Kingdom					Total S\$'000
	Singapore S\$'000	Australia S\$'000	Malaysia S\$'000	Indonesia S\$'000	United Kingdom S\$'000	
External sales	21,385	33,452	1,313	-	319	56,469
Segment assets	18,457	37,638	6,152	522	586	63,355
Capital expenditure	1,209	3,036	43	-	3	4,291



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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 %
	31.03.06 S\$'000	31.03.05 S\$'000	
Sales reported for first half year	27,748	29,178	(5)
Net profit from operations reported for first half year	670	110	509
Sales reported for second half year	26,829	27,291	(2)
Net profit/(loss) from operations reported for second half year	3,534	(3,493)	n/m

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

	2006 S\$	2005 S\$
Ordinary	1,908,900	1,908,900
Preference	-	-
Total:	<u>1,908,900</u>	<u>1,908,900</u>

16 INTERESTED PERSON TRANSACTIONS

NIL

17 QUARTERLY REPORTING

The Company's market capitalization as at 31 March 2003 was below S\$75m. Accordingly, it was not required to release quarterly announcement of its financial statements under Chapter 7 of the SGX-ST Listing Manual. Notwithstanding this, the Company has done so voluntarily since the financial year ended 31 March 2003.

After due consideration, the Company has decided to discontinue the practice of announcing its financial statements on a quarterly basis with effect from the new financial year.

In arriving at the decision, the Company took into consideration cost factors, the associated benefits and whether these could be achieved through timely announcement of material events, shareholders' profile as well as the trading liquidity of its shares.

Despite the discontinuance from quarterly reporting, the Company remains committed to providing timely disclosure to its shareholders and will ensure compliance with the reporting requirements under Listing Rule 705(1).

BY ORDER OF THE BOARD

Fong Choon Seng
Company Secretary
29.05.06