



**PRESS RELEASE**

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***ASSOCIATE CONTRIBUTIONS UNDERPIN MTQ  
1<sup>ST</sup> QUARTER PERFORMANCE***

**SINGAPORE – 14 AUGUST 2004** – Mainboard-listed engineering group MTQ Corporation Limited today reported a 1<sup>st</sup> quarter profit of S\$0.1m for the financial year ending 31 March 2005.

The profit was underpinned by a healthy performance in its listed associate, RCR Tomlinson Limited (“RCR”). During the quarter, the Group took up its share of RCR’s after-tax 2<sup>nd</sup> half-year results up to 30 June 2004 and recognized negative goodwill of S\$0.3m arising from earlier acquisition of shares in RCR.

Such contribution was, however, discounted by lower exchange gains and weaker performances in the Oilfield Engineering and Engine Systems divisions.

Intense competition amidst a weak oilfield repair sector continued to impact on the performance of the Oilfield Engineering division. The hike in material and consumables prices has also compounded the difficulty of delivering satisfactory job margins.

Mr K.K. Kuah, Chairman and CEO of MTQ Group, remarked, “Multifarious challenges have surfaced in today’s oilfield repair market. Apart from continuous efforts in beefing up our productivity and adopting new work methods to cut costs, new revenue sources will be tapped as we expand the scope of our services and moderate our market risk exposure. The broad business network and excellent reputation that we currently enjoy in the oilfield equipment repair sector will undoubtedly provide necessary leverage in our pursuit of other oilfield related services.”

The Engine Systems division experienced adverse volatility in the large frame turbocharger repair volume – a critical factor that weighed down the division’s earnings. The quarter also saw the division intensifying efforts to integrate its turbocharger and fuel injection businesses with a view towards longer term operational efficiencies and benefits. While additional costs and substantial management time were incurred, the division expects its performance to pick up when it reaches advanced phase of completing its business integration.

The Subsea Robotics division pared down its operating loss as compared to the previous corresponding quarter with the shift in marketing focus to the Asian and Middle Eastern markets, coupled with significant savings from a reduced overhead base following the restructuring of its Aberdeen operations.

The division's ability to achieve any significant turnaround will, however, be pivotal upon a successful advancement of its position in the subsea services supply value chain as an integrated subsea services provider. Active efforts are currently undertaken to seek strategic alliances with other complementary service providers.

Barring unforeseen circumstances, the Group is expected to remain profitable in the current financial year.

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*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.*