



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

**PRESS RELEASE**

***MTQ DIVESTS SUBSEA ROBOTICS ROV FLEET  
FOR S\$8.4 MILLION  
UNVEILS EXPANSION PLANS FOR OILFIELD ENGINEERING DIVISION***

**SINGAPORE – 28 JULY 2005** – Mainboard-listed engineering group MTQ Corporation Limited (“MTQ”, and together with its subsidiaries, “MTQ Group”) announced today that it has entered into a conditional agreement for the sale of its entire fleet of remotely operated vehicles (“ROVs”) and related assets (together, the “Assets”) to Oceaneering International AG (“OIAG”) for an aggregate consideration of US\$5.06m (approximately S\$8.4m).

The transaction involves the sale of the ROV fleet of MTQ Subsea Technology Pte Ltd and MTQ Subsea Limited (collectively “MTQ Subsea”), together with contracts related to the hire and operation of the ROVs. Under the agreement, MTQ Subsea also committed not to engage in any business involving hiring or operating of submersible vehicles for offshore oil and gas exploration, production and construction activities for a period of 3 years. There is, however, no prohibition against MTQ Subsea constructing submersible vehicles for sale or hiring out or selling ROV peripherals, related accessories and tooling. Completion of the transaction is subject to the approval of MTQ’s shareholders, OIAG being satisfied with the due diligence of the Assets and relevant contracts as well as various regulatory approvals.

MTQ Subsea, which forms MTQ Group’s Subsea Robotics division, is a 77.51% owned venture between MTQ and a group of individuals, engaged in the design, building and the operation of ROVs and their peripherals. While the engineering

capabilities of its fleet were quickly proven under the challenging North Sea environment, the division has been plagued by low fleet utilization levels since its inception. The size of its fleet as well as its scope of services offered imposed severe limitations on the divisions' ability to compete effectively and secure direct business from oil companies and drilling contractors.

“Our persistent efforts to overcome these operating limitations and expand our service range, through fleet relocation as well as exploring strategic alliance with other service providers did not succeed. Meanwhile, the recurring operating costs, in particular, the heavy depreciation expenses, and low fleet utilization weighed in heavily on the Group's performance. While the division has been self-sufficient from a cash perspective, turning around the fleet operations would require further significant investment of resources which may not justifiable given the uncertainties of its returns. In particular, we believe that such resources could be more efficiently deployed in the Group's other divisions which are showing promising growth prospects. The disposal of the Assets will also eliminate any further negative impact on the Group's results,” said Mr. K.K. Kuah, Chairman & CEO of MTQ as he explained the rationale for the divestment.

Commenting on the future plans for MTQ Group, Mr. Kuah said, “The Group is now experiencing an exciting phase of growth in its Oilfield Engineering and Engine Systems divisions. The recovery of the oilfield repair sector has accelerated the influx of oilfield equipment repair jobs, with our workshop running at near full capacity. Capitalising on the buoyant climate, the division is hastening the pace of its efforts to expand its earnings base and reduce reliance on specific segments of the oil and gas industry. We are in active discussion with several original equipment manufacturers to support them in component manufacturing. Significant capital investments of up to S\$5.0m will be made in the coming months to upgrade our workshop facility with new machinery equipped with state-of-the-art technology which will put us in the forefront of this pursuit.”

Apart from its primary focus to increase market share in the traditional turbocharger and fuel injection segment, the Group's Engine Systems division has also identified product vertical integration opportunities in the automotive performance vehicle market in Australia, the fastest growing automotive segment in the country. Supported by its nation-wide branch network and a fully integrated IT operating infrastructure, the division is actively pursuing the distributorship rights with various original equipment vehicle manufacturers.

The Subsea Robotics division will retain ownership of the ROV intellectual property developed by its core engineering team. Going forward, the division is looking into the feasibility of capitalizing on such intellectual property as well as its existing engineering expertise to design and manufacture equipment and accessories for the subsea engineering sector.

MTQ Group reported a net loss of S\$1.9m for the financial year ended 31 March 2005 after an impairment provision of S\$5.10m for the ROV assets. On a proforma basis, had the divestment taken place on 1 April 2004, the Group's loss per share for the financial year ended 31 March 2005 would have reduced from 2.07 Singapore cents to 1.82 cents. Had the divestment been completed on 31 March 2005, MTQ Group's net tangible assets per share would also have improved from 28.70 Singapore cents to 28.98 cents.

*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.*