



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

PRESS RELEASE

***MTQ DELIVERS FULL YEAR PROFIT OF
S\$4.2M***

SINGAPORE – 29 May 2006 – Mainboard-listed engineering group MTQ Corporation Limited today reported a 4th quarter profit of S\$0.2m, closing its financial year ended 31 March 2006 with a net profit with S\$4.2m. The return to profitability, from a loss of S\$3.4m in FY2005, was driven primarily by a S\$2.1m gain on dilution of MTQ's shareholding in RCR following its share placement and the absence of a S\$5.1m provision for impairment made in respect of the ROV assets of the Subsea Robotics division in the last financial year.

The improved earnings were also achieved on the strength of higher earnings from the Oilfield Engineering division. The division had achieved steady progress in executing its strategy of a broad-based development, both in terms of the spectrum of services as well as the range of rental equipment offered. In particular, the segment is witnessing sustained increase in repair works of varying scale and complexities. This reflects the underlying strength of the division's key operation of providing engineering support to the oil & gas sector.

The division has also commenced the progressive installation of new machines with enhanced functionalities since 4QFY2006. With added machining capacity coming on stream, the division enjoys greater flexibility in the taking on more complex and larger repair works. Upon complete delivery and commissioning of all machines and tooling systems, the division will also be able to increase the volume of customized component manufacturing for its key customers.

Its oilfield equipment rental operations, which was initiated to complement the repair segment, has also witnessed an increase in its customer base and is well on track to establish itself deeper in the industry.

Mr K.K. Kuah, Chairman & CEO of MTQ Group, commented, "While we are pleased that our expansion approach in the Oilfield Engineering division has paid dividends in the form of earnings growth, we are also increasingly conscious of the challenge and necessity to manage mounting cost pressures effectively. Strict discipline has been adopted in optimizing efficiencies in all areas of the operations, particularly work-flow scheduling. The ability to provide improved deliveries, in terms of quality and timeliness, will also remain a primary focus of the division as it serves to accentuate the distinction in its service quality from competitors."

The Engine Systems division sustained further losses in FY2006 as the diversion of critical resources into the IT integration programme affected its performance adversely. Substantial exchange losses, arising from the significant depreciation of Australian dollars during final quarter, also weighed down its results.

The Engine Systems division is expected to turnaround in the new financial year. There will be increased momentum in its push to grow market share in the performance products market through extensive marketing and brand building efforts. Following integration of the IT infrastructure across its operating segments, the division is now able to fully implement the operational merger of its turbocharger and fuel injection operations in several key branches. The ability to provide one-stop turbocharger and fuel injection goods and services will allow the branches to service their customers better and will provide greater leverage to achieve various targeted operational synergies and costs savings.

Following the divestment of its ROV fleet during 2QFY2006, the Group's Subsea Robotics division has been wound down progressively. A gain on disposition of S\$0.6m was recognised upon realisation of its ROV assets.

Apart from the S\$2.1m gain on dilution of its shareholding in RCR after its share placement exercise, the Group also took its share of RCR's results up to 29 November 2005. Following the dilution, the Group's investment in RCR has been reflected as a long term investment and is carried at fair value. The upward fair value adjustment of S\$15.42m 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.

Subject to shareholders' approval at its AGM, the Directors has proposed a final dividend of 1.5 cents per share, less tax, to be paid in respect of FY2006.

About MTQ

MTQ Corporation Limited Group specialises in engineering services, and is primarily involved in oilfield equipment repairs and rental operations. MTQ is the authorised repair workshop for OEMs such Cooper Cameron, Varco-Shaffer and QVM, and is accredited to carry out manufacturing and repair works in accordance to American Petroleum Institute standards 6A and 16A. Through its wholly owned subsidiary, MTQ Engine Systems (Aust) Pty Ltd, the Group is also the leading independent supplier of turbocharger and fuel injection parts and services in Australia with a nationwide network of 14 branches. The Group recently divested its fleet of subsea remotely operated vehicles.

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