



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

**PRESS RELEASE**

***MTQ TRIPLES INTERIM EARNINGS***  
***WITH IMPROVED CONTRIBUTIONS FROM CORE OPERATING DIVISIONS***

**SINGAPORE – 31 October 2006** – Mainboard-listed engineering group MTQ Corporation Limited (“MTQ Group” or “Group”) today reported a sterling set of results for its half year ended 30 September 2006 (“1HFY07”) as net profit leaped 255% from S\$0.67m in 1HFY06 to S\$2.38m on the back of a 17% revenue growth.

Despite the absence of a S\$1.22m share in associate income, the Group’s core businesses delivered handsome improvements in performance with :

- Strong contributions from the Oilfield Engineering division as it ramped up repair work volumes and component manufacturing activities;
- Recovery of the Engine Systems division in Australia with improved sales generated from market share expansion in its fuel injection and automotive performance products segments;
- The Group also enjoyed a dividend income of S\$1.28m from its equity investment in RCR Tomlinson Ltd.

Buttressed by sustained buoyant market activities in the oil and gas sector, the Group’s Oilfield Engineering division continued its earnings growth track into the current financial year. With increasing order books stretching workshop utilization, the investment into new machining capabilities, which were fully delivered and installed during the half year, had been pivotal in the division’s drive to broaden its earnings base and achieve margins growth.

Apart from its ability to take on bigger and more complex engineering projects beyond the capabilities of its smaller competitors, the enhanced machining functionalities also facilitated the expansion of its OEM component manufacturing segment, a new engine of growth for the division. Meanwhile, the oilfield equipment rental operations also posted strong earnings, benefiting from an aggressive marketing drive and progressive efforts to provide a wider range of oilfield equipment available for rental.

Commenting on the division's performance, Mr K. K. Kuah, Chairman & CEO of MTQ Group, said, "The significant additional capital investments, committed more than a year ago after extensive considerations, reflected management's confidence in the underlying operations. The ability to provide a comprehensive range of services to our customers, including repairs, manufacturing and rental services, will provide a strong competitive advantage that cannot be easily replicated or overcome. Going forward, the division will continue to broaden its service range and will seek to tap into new emerging markets in the oil and gas industry."

"While the division recognizes the urgency to capitalize on the existing buoyant climate in the oilfield engineering sector, we will continue to adopt a risk-weighted approach in chartering our next growth phase." added Mr Kuah.

Improved performance of the Engine Systems division in Australia further reinforced the Group's 1HFY07 results. More aggressive marketing strategies were implemented which effectively put the division on track towards earnings recovery. The expanded distribution network, following the successful integration of its fuel injection operations into several key turbocharger branches during 1HFY07, saw the fuel injection segment reaping significantly higher sales relative to the comparative half year in 1HFY06. Contributions from the distribution of automotive performance parts also added onto the revenue growth. Going forward, the management will continue to focus on revenue expansion through effective cross-selling of its products and services within its existing branch network while driving further cost savings across its operating segments.

The strong interim earnings lifted the Group's earnings per share from 0.73 Singapore cents for 1HFY06 to 2.49 Singapore cents for 1HFY07. The earnings accretion, coupled with positive fair value adjustments on its quoted investment in RCR Tomlinson Ltd, also pushed the Group's net asset value per share up by 14% from 54.75 Singapore cents as of 31 March 2006 to 62.39 Singapore cents as of 30 September 2006.

Moving into 2HFY07, the Group is not expected to receive any further dividends from its investment in RCR Tomlinson Ltd. Performance of the two core operating divisions is, however, expected to remain healthy.

The Directors have declared an interim dividend of 1 Singapore cents per share, less tax, to be paid in respect of the current financial year.

### **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 branch network.*

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