



PRESS RELEASE

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MTQ REGISTERS S\$1.71 MILLION PROFIT AT FULL TIME

PROPOSES FINAL DIVIDEND OF 6% LESS TAX

	4QFY04	4QFY03	Change	FY2004	FY2003	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	<u>14,601</u>	<u>12,754</u>	<u>14</u>	<u>52,738</u>	<u>48,030</u>	<u>10</u>
Operating profit before exceptional items and gain on disposition	559	778	(28)	1,169	3,111	(62)
Exceptional items	-	-	n/m	(332)	(685)	(52)
Gain on disposition of discontinued operations	-	-	n/m	-	3,484	n/m
	<u>559</u>	<u>778</u>	<u>(28)</u>	<u>837</u>	<u>5,910</u>	<u>(86)</u>
Share of results of associated company	<u>290</u>	<u>-</u>	<u>n/m</u>	<u>1,366</u>	<u>-</u>	<u>n/m</u>
Profit before taxation	849	778	9	2,203	5,910	(63)
Net profit attributable to shareholders	<u>447</u>	<u>771</u>	<u>(42)</u>	<u>1,705</u>	<u>5,385</u>	<u>(68)</u>

SINGAPORE – 29 APRIL 2004 – Mainboard-listed engineering group MTQ Corporation Limited today reported a fourth-quarter profit before taxation of S\$0.85m for the financial year ended 31 March 2004 - a level comparable to its performance in 4QFY03.

For the full year, the Group's profit before taxation fell 63% to S\$2.20m on the back of a S\$52.74m revenue. The decline in profit was mainly due to the absence of a S\$3.48m gain recognised in the previous financial year upon disposition of the Group's Marine Repair Services division. The Group's performance for FY2004 was also affected by higher losses sustained by its Subsea Robotics division and weaker performance of its Oilfield Engineering division.

Demand for ROV services in the North Sea remained low during the year. This had an adverse impact on Subsea Robotics division's operations. In view of this, a decision was taken in October 2003 to restructure its Aberdeen operations whereby the North Sea fleet was relocated to Asia and Middle East. The exercise was completed in 4QFY2004 and a one-time cost of S\$0.33m was incurred.

Following the fleet relocation, 4QFY04 witnessed a moderate pick-up in Subsea Robotics division's fleet-based activity level. "The improved performance in 4QFY04 lends credence to the Group's strategy of re-focusing marketing efforts on the Asian and Middle Eastern markets which we believe offer opportunities for higher fleet utilisation," said Mr K.K. Kuah, Chairman & CEO of MTQ Group. He added, "Building on this momentum as well as significant cost savings expected to be derived from the consolidation of marketing and administrative resources at the Singapore base, we expect the division to perform better in the new financial year. The division is also currently exploring ways to enhance its performance level through strategic alliance with other complementary service providers."

The Oilfield Engineering division experienced a weakening demand for oilfield equipment repair during the second half year. While its operations are likely to benefit from an expected recovery of this sector in the new financial year, such recovery is likely to be gradual. Mounting competition in the regional oilfield equipment repair sector, coupled with the increasing raw material prices, may also continue to exert pressure on job margins.

Meanwhile, the Group's Engine Systems division enjoyed better earnings with an enlarged earnings base. In particular, its Australian fuel injection operations were strengthened with fresh income coming from the fuel injection business of Adelaide Fuel Injection group that was acquired in October 2003. The turbocharger operations also continued to contribute positively to the Group with its well-established national network and its Indonesia turbocharger unit commenced operations during the final quarter of the financial year. Efforts to expand the scale of operations in Indonesia is expected to gain pace in the new year.

During the year, MTQ also reaped positive returns on its investment in its listed associate, RCR Tomlinson Limited. The Group took up its share of RCR's after tax results up to 31 December 2003 which amounted to S\$0.54m, and recognized negative goodwill of S\$0.93m arising from the acquisition of shares in RCR. Going forward, RCR will be focusing on achieving margin growth in its operations and is expecting orders-on-hand to be strong for the second half of its financial year ending 30 June 2004.

As a significant portion of the Group's earnings is derived offshore, any significant foreign exchange fluctuation can be expected to have an impact on the Group's performance. Nevertheless, barring unforeseen circumstances, the Group will remain profitable in the new financial year.

The Directors are recommending a final dividend of 6% less tax, in respect of FY2004, for approval at the forthcoming AGM to be convened.

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.

