

Investment in our People, our Greatest Asset



Reputable consultant sought to spur our efforts in the development of our human capital.

We have engaged the services of a reputable consultant to assist us in the development of the Total Human Resource Management System (THuRMS) and the achievement of the People Developer Standard for our operations.

THuRMS will help us attract and retain the better employees and strengthen our base of well-qualified, trained and committed human resources.

The consultant has started work with us. Staff from all levels have been briefed about the objectives of this project. All are enthusiastic and are looking forward to the prospects of improvement, both on an individual and a corporate level.



**Productivity
Winning Team
July - September 02**

MTQ Subsea Ltd Enters Into Alliance With Algosaibi and Hydrodive.

A first of its kind alliance in West Africa sets to capitalize on current booming West African Oil & Gas industry.

MTQ Subsea Ltd, Metalock's ROV subsidiary based in Aberdeen Scotland, has entered into an alliance with Khalifa A Algosaibi Diving & Marine Services of Saudi Arabia and Hydrodive of South Africa. The alliance seeks to jointly provide ROV and diving support services on board the newly built ROV Dynamic Positioning II Dive Support Vessel "Adams Surveyor" owned by Algosaibi.

Our Phoenix I heavy work class ROV system has been installed on the vessel in Gibraltar and the vessel is set to begin operations out of Port Harcourt in Nigeria.

The vessel equipped with its ROV and diving systems, is especially well suited

for large inspection, maintenance and construction projects.

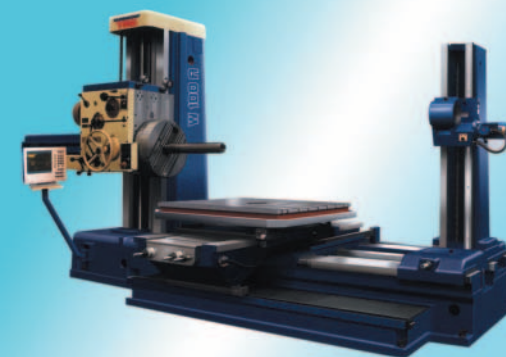
The alliance's endeavour to place the vessel in West Africa is motivated by the strategic objective of capitalising on the current booming West African Oil & Gas industry. This way, it will be in the best position to provide West African clients with the added benefits of low cost and timely mobilizations to their various offshore Oil & Gas installations.

An alliance of this sort is believed to have set a benchmark in West Africa. No other operator has yet committed to providing a newly built vessel of such operational capabilities dedicated to the region.

MTQ Subsea is proud to be part of this alliance, and we look forward to closer strategic business cooperation with our alliance partners.



MTQ Engineering Pte Ltd Poised for Business Expansion with New Production Capabilities



Oilfield engineering business increases scope with the purchase of new machinery.

With the conclusion of sales in the marine repair business, MTQ Engineering Pte Ltd, our local engineering arm, is now lean, focused and ready to surge forward to fully explore the bigger potential of engineering repair services in the Oil and Gas industry.

As it is our objective to offer our existing customers a greater capacity of services, we are expanding the current scope of oilfield business to include the

re-conditioning of products like valves, valve blocks, wellhead connectors and larger BOPs, for the OEMs.

We have also embarked on a systematic equipment renewal and upgrading programme to maintain our leadership position in the market and to meet the requirements of expansion.

This expansion will enhance the profitability of this subsidiary, as revenue increment will not be met with the same corresponding increase in other overhead costs.

A New Name and a Promising Future for our Australian Subsidiary



Dynamic Turbocharger Services (Australia) Pty Ltd changes its name to MTQ Engine Systems (Aust) Pty Ltd and expects to reap significant business advantages from the recent acquisition of the fuel injection business of RM Diesel.

This has been an exciting and profitable year so far for MTQ Engine Systems (Aust) Pty Ltd. After six months of trading, most of our areas of business are performing well and achieving improved sales over the same period last year.

Things are also looking positive as the newly acquired fuel injection business is likely to further enhance the performance of the company.

RM Diesel, which commenced operations

in 1984, is a major supplier of fuel injection spare parts. Currently operating predominantly in the New South Wales and Queensland markets, the company is the authorised distributor of many leading brands including Bosch and Denso.

RM is expected to contribute significantly to our annual sales over the next few years when we extend its operations nation-wide, through our existing 10 turbocharger branches. With our national network already in place, the additional revenue will be met with only marginal incremental overhead cost.

The new name has been well executed. Staff and customers, alike, have reacted positively to this change.

Our Melbourne branch is now housed

in a brand new building at Laverton North. This is part of a strategic move to upgrade the current operating premises with better-equipped facilities. To aid our turbocharger expansion plan in Asia, this Melbourne premise has been specially designed with full training facilities that will allow all operating personnel to be systematically trained.

Over in Sydney, our branch will be moving into a new building in November, and will house both our turbocharger and the newly acquired fuel injection business.

We can look forward to more exciting and profitable contributions from MTQ Engine Systems.