



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

**PRESS RELEASE**

**MTQ POSTS INTERIM PROFIT OF S\$670,000**  
*RESULTS UNDERPINNED BY EXCEPTIONAL GAIN OF S\$448,000*

**SINGAPORE – 27 October 2005** – Mainboard-listed engineering group MTQ Corporation Limited today reported a net profit of S\$670,000 for the half-year ended 30 September 2005, a significant increase from that achieved in the prior comparative period. The performance was achieved on the back of a S\$448,000 gain on disposition of its ROV assets, outstanding contributions from its Oilfield Engineering division as well as the Group's share of a strong set of associate results.

The Group's Subsea Robotics division successfully completed the sale of its ROV fleet during 2QFY2006 as planned. Apart from netting an exceptional gain, the divestment also relieved the division of further losses from its fleet-based operations arising from the heavy operating expenses and low fleet utilisation which has plagued the division since its inception. The division will progressively wind down its operations and realise any surplus ROV assets in the second half-year.

Riding on the strong energy sector and buoyant exploration activities, the Group's Oilfield Engineering division delivered creditable earnings at half time with sustained repair work volumes. While the expiry of a key rental contract in August 2005 dampened returns on its equipment rental operations for 2QFY2006, the division is intensifying marketing efforts to secure new rental contracts and broaden its clientele base to minimize customer concentration.

Commenting on the prospects of the division, Mr K. K. Kuah, Chairman & CEO of MTQ Group said, “The robust repair demand certainly provided a positive growth climate for our oilfield equipment repair operations. Notwithstanding this, the division is adopting a disciplined approach in its growth strategy to focus on widening its earnings base and seeking to achieve more broad-based and stable contributions.”

Leveraging on its well-established track record with the original oilfield equipment manufacturers (“OEM”s), the division has also embarked on a capital investment programme to expand its workshop capabilities. These new machining facilities, to be commissioned within the next 12 months due to delivery lead times, will be dedicated to support the OEMs in component manufacturing for oil and gas pressure control equipment. This new initiative is expected to provide a significant upthrust to the performance of the Oilfield Engineering division.

Operating performance of the Group during the first half-year was, however, adversely impacted by lower sales activities in the Engine Systems division, compounded by hefty depreciation charges from its investment into the new IT infrastructure.

“The short-term performance of the Engine Systems division has inevitably been affected as it assimilates the impact of its heavy investment of both capital and human resources into the business integration programme over the last 2 years. The migration of its two key fuel injection operations onto the new system in 2QFY2006, marked the successful completion of the programme and we expect performance of the division to recover gradually. The new system will provide an effective platform for the division to realise the untapped synergies between its turbocharger and fuel injection activities and to maximize the full potential of its nationwide network.”, said Mr Kuah.

2QFY2006 has seen the Engine Systems division reaping initial positive payoffs from the introduction of new product lines of automotive performance parts into its key Australian market. Building on the integrated system, the division will now accelerate efforts to expand its product and service range across all branches.

The Directors have declared an interim dividend of 4% 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 as 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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