

CSE GLOBAL LTD

Second Quarter Financial Statement And Dividend Announcement for the Period Ended 30 June 2004

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	2004 S\$'000 2Q	2003 S\$'000 2Q	Group Change (%)	2004 S\$'000 1H	2003 S\$'000 1H	Group Change (%)
Revenue	39,975	37,961	5%	95,739	76,574	25%
Cost of sales	(26,288)	(24,724)	6%	(64,745)	(50,730)	28%
Gross profit	13,687	13,237	3%	30,994	25,844	20%
Other operating income	618	34	1718%	1,080	882	22%
Miscellaneous income (Note 1)	22	36	-39%	33	55	-40%
Finance income						
Other operating expenses						
Personnel and related costs	5,677	4,695	21%	13,032	9,402	39%
General and administrative costs	1,441	1,598	-10%	3,112	3,119	0%
Selling and distribution costs	672	375	79%	1,424	659	116%
Upkeep building and equipment costs	1,519	1,537	-1%	2,679	3,248	-18%
Other operating costs (Note 2)	280	392	-29%	604	1,377	-56%
Total expenses	9,589	8,597	12%	20,851	17,805	17%
Profit from operating activities	4,738	4,710	1%	11,256	8,976	25%
Finance costs	(320)	(283)	13%	(617)	(567)	9%
Share of profit of associated companies	310	344	-10%	428	690	-38%
Profit before taxation	4,728	4,771	-1%	11,067	9,099	22%
Taxation (Note 3)	(1,101)	(1,443)	-24%	(3,041)	(2,818)	8%
Minority interest, net of tax	(14)	(12)	17%	(23)	(19)	21%
Net profit for the period	3,613	3,316	9%	8,003	6,262	28%
Earnings per ordinary shares (in cents)						
- Basic	1.14	1.08		2.54	2.03	
- Diluted	1.11	1.06		2.45	2.01	

The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

	2004 S\$'000 2Q	2003 S\$'000 2Q	Change (%)	2004 S\$'000 1H	2003 S\$'000 1H	Change (%)
(A) Investment income	-	-	N.M.	-	-	N.M.
(B) Other income including interest income (Note 1)	640	70	814%	1,113	937	19%
(C) Interest on borrowings	272	265	3%	532	536	-1%
(D) Depreciation and amortisation	793	632	25%	1,606	1,296	24%
(E) (Writeback) / allowance of doubtful debts and bad debts written off	(131)	5	N.M.	(255)	(55)	N.M.
(F) Write-off for stock obsolescence	-	-	N.M.	58	-	N.M.
(G) Impairment in value of investments	-	-	N.M.	-	-	N.M.
(H) Foreign exchange (gain)/loss	(498)	152	N.M.	(746)	168	N.M.
(I) Adjustment for under or (over)-provision for tax in respect of prior years	(26)	-	N.M.	-	-	N.M.
(J) (Profit)/loss on sale of investment, properties, and/or plant and equipment	(11)	(6)	83%	(11)	(663)	-98%
(K) Exceptional items	-	-	N.M.	-	-	N.M.
(L) Extraordinary items	-	-	N.M.	-	-	N.M.

N.M. – Not meaningful

Note 1:

	2004 S\$'000 2Q	2003 S\$'000 2Q	Group Change (%)	2004 S\$'000 1H	2003 S\$'000 1H	Group Change (%)
Rental income	136	137	-1%	272	273	0%
Gain on disposal of a subsidiary company	-	-	N.M.	-	657	N.M.
Gain on partial disposal of an associated company	12	-	N.M.	12	-	N.M.
Miscellaneous income	(28)	49	N.M.	50	120	58%
Net exchange gain / (loss)	498	(152)	N.M.	746	(168)	N.M.
Miscellaneous income 1(a)(i)	618	34	1718%	1,080	882	22%
Finance income	22	36	-39%	33	55	-40%
Other income including interest income 1(a)(ii)(B)	640	70	814%	1,113	937	19%

N.M. – Not meaningful

Note 2:

	2004 S\$'000 2Q	2003 S\$'000 2Q	Group Change (%)	2004 S\$'000 1H	2003 S\$'000 1H	Group Change (%)
Writeback of provision for doubtful debts	(109)	5	N.M.	(233)	(55)	324%
Intangible assets written off	-	-	N.M.	-	657	N.M.
Amortisation of intangible assets	388	387	0%	778	775	0%
Stock written off	-	-	N.M.	58	-	N.M.
Other expenses	1	-	N.M.	1	-	N.M.
Other operating costs	280	392	-29%	604	1,377	-56%

N.M. – Not meaningful

Note 3:

The effective tax rate of the Group was lower in 2Q 2004 compared with 2Q 2003 due to the different tax jurisdictions in which the Group operates.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30-Jun-04	31-Dec-03	30-Jun-04	31-Dec-03
	S\$'000	S\$'000	S\$'000	S\$'000
Fixed assets	14,693	14,255	7,896	8,044
Subsidiary companies	-	-	122,119	120,619
Associated companies	3,832	3,404	-	-
Intangible assets	19,715	20,328	-	-
Long term loan to a subsidiary company	-	-	-	1,574
Deferred tax assets	648	513	-	-
Current Assets				
Projects in progress	23,346	25,622	1,615	3,619
Stocks	702	545	-	-
Trade debtors (Note 1)	44,623	38,094	4,885	5,223
Other debtors, deposits & prepayments (Note 2)	7,652	2,796	664	125
Amount due from subsidiary companies	-	-	1,630	2,308
Amount due from an associated company	10	9	-	-
Fixed deposits	721	741	-	-
Cash & bank balances	12,258	16,376	1,251	1,792
	89,312	84,183	10,045	13,067
Current Liabilities				
Projects in progress	3,950	3,863	-	544
Trade creditors & accruals	20,586	20,640	2,534	4,987
Amount due to bankers	31,694	32,250	31,694	32,250
Amount due to subsidiary companies	-	-	12,182	7,059
Amount due to an associated company	-	11	-	11
Provision for warranties (Note 3)	2,514	730	-	110
Provision for taxation	2,831	2,547	296	452
	61,575	60,041	46,706	45,413
Net current assets/(liabilities)	27,737	24,142	(36,661)	(32,346)
Long term liabilities				
Amounts due to bankers	(6,431)	(7,845)	(6,431)	(7,845)
Deferred tax liabilities	(259)	(203)	(248)	(181)
	59,935	54,594	86,675	89,865
Capital and reserves				
Share capital	15,890	15,625	15,890	15,625
Share premium	64,706	62,827	64,706	62,827
(Accumulated loss)/revenue reserve	(20,441)	(23,372)	7,603	12,556
Foreign currency translation reserve	(653)	(888)	(1,524)	(1,143)
Total Shareholders' Fund	59,502	54,192	86,675	89,865
Minority interest	433	402	-	-
	59,935	54,594	86,675	89,865

Note 1:

The increase in trade debtors was due mainly to the increase in the level of business activities in 1H 2004.

Note 2:

The increase in other debtors, deposits & prepayments was due mainly to deposits for acquisitions of subsidiary and associated company of \$2.2 million.

Note 3:

The increase in warranties was due mainly to projects with longer warranty periods which were completed in 1Q 2004.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30/06/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
NIL	\$31,694,000	NIL	\$32,250,000

Amount repayable after one year

As at 30/06/2004		As at 31/12/003	
Secured	Unsecured	Secured	Unsecured
NIL	\$6,431,000	NIL	\$7,845,000

Details of any collateral

Not Applicable.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	1.4.2004 to 30.6.2004 S\$'000	1.4.2003 to 30.6.2003 S\$'000	1.1.2004 to 30.6.2004 S\$'000	1.1.2003 to 30.6.2003 S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Operating profit before taxation	4,728	4,771	11,067	9,099
Adjustments for:-				
Depreciation for fixed assets	405	245	828	521
Amortisation of intangible assets	388	387	778	775
Share of results of associated companies	(310)	(344)	(428)	(690)
Loss/(gain) on disposal of fixed assets	1	(6)	1	(6)
Gain on disposal of a subsidiary company	-	-	-	(657)
Gain on partial disposal of an associate company	(12)	-	(12)	-
Impairment of intangible assets	-	-	-	657
Interest expense	272	265	532	536
Interest income	(22)	(36)	(33)	(55)
Currency realignment	221	(198)	40	(36)
Operating profit before reinvestment in working capital	5,671	5,084	12,773	10,144
(Increase)/decrease in debtors	(2,404)	595	(9,148)	(2,953)
Decrease/(increase) in projects-in-progress, net	4,522	(2,483)	2,206	2,213
(Decrease)/increase in creditors	(3,409)	1,117	1,407	(2,290)
Cash generated from operations	4,380	4,313	7,238	7,114
Interest expense paid	(272)	(265)	(532)	(536)
Interest income received	22	36	33	55
Income tax paid	(1,243)	(392)	(2,593)	(651)
Net cash generated from operating activities.	2,887	3,692	4,146	5,982
CASH FLOWS FROM INVESTING ACTIVITIES				
(Advance to)/repayment from associated companies	(4)	(6)	(12)	6
Incorporation of a subsidiary company	(7)	-	(7)	-
Disposal of a subsidiary company, net of cash disposed	-	1,627	-	(293)
Proceeds from partial disposal of an associated company	12	-	12	-
Deposits for acquisitions of subsidiary and associated company, net	(2,159)	-	(2,159)	-
Purchase of fixed assets	(637)	(529)	(1,221)	(677)
Proceeds from disposal of fixed assets	-	174	1	174
Net cash (used in)/generated from investing activities	(2,795)	1,266	(3,386)	(790)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares	299	-	2,144	-
Dividends paid to shareholders	(5,072)	(2,401)	(5,072)	(2,401)
Proceeds from/(repayment of) short term loans from bankers	3,246	317	(1,970)	(2,224)
Net cash used in financing activities	(1,527)	(2,084)	(4,898)	(4,625)
Net (decrease)/increase in cash and cash equivalents	(1,435)	2,874	(4,138)	567
Cash and cash equivalents at beginning of the period/year	14,414	9,237	17,117	11,544
Cash and cash equivalents at end of period/year	12,979	12,111	12,979	12,111

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 1.1.2004 to 30.6.2004 S\$'000	Group 1.1.2003 to 30.6.2003 S\$'000	Company 1.1.2004 to 30.6.2004 S\$'000	Company 1.1.2003 to 30.6.2003 S\$'000
Issued Capital				
Balance at 1 January	15,625	15,393	15,625	15,393
Share options exercised during the period	218	-	218	-
Balance at 31 March	15,843	15,393	15,843	15,393
Share options exercised during the period	47	-	47	-
Balance at 30 June	15,890	15,393	15,890	15,393
Share Premium				
Balance at 1 January	62,827	61,420	62,827	61,420
Share options exercised during the period	1,627	-	1,627	-
Balance at 31 March	64,454	61,420	64,454	61,420
Expenses on issue of placement shares	252	-	252	-
Balance at 30 June	64,706	61,420	64,706	61,420
(Accumulated Loss)/Revenue Reserve				
Balance at 1 January	(23,372)	(38,312)	12,556	13,161
Net profit during the period	4,390	2,946	268	392
Balance at 31 March	(18,982)	(35,366)	12,824	13,553
Dividends for 2002 declared and paid	-	(2,401)	-	(2,401)
Dividends for 2003 declared and paid	(5,072)	-	(5,072)	-
Net profit during the period	3,613	3,316	(149)	577
Balance at 30 June	(20,441)	(34,451)	7,603	11,729
Translation Reserve				
Balance at 1 January	(888)	(353)	(1,143)	(466)
Exchange difference during the period	(327)	570	(239)	54
Balance at 31 March	(1,215)	217	(1,382)	(412)
Exchange difference during the period	562	(746)	(142)	(408)
Balance at 30 June	(653)	(529)	(1,524)	(820)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During 2Q 2004, there was an issue of 939,000 of ordinary shares of \$0.05 each in the capital of the Company arising from the exercise of options to subscribe for 894,000 and 45,000 of ordinary shares of \$0.05 each in the capital of the Company under the CSE

Systems & Engineering Executives' Share Option Scheme and the CSE (U.S. Subsidiaries) Incentive Stock Option Plan respectively.

Other than the above mentioned, there were no other changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

Share Options

As at 30 June 2004, there were unexercised options for 21,382,000 of unissued ordinary shares of \$0.05 each in the capital of the Company under the CSE Systems & Engineering Executives' Share Option Scheme and 3,998,000 of unissued ordinary shares of \$0.05 each in the capital of the Company under the CSE (U.S. Subsidiaries) Incentive Stock Option Plan.

As at 31 December 2003, there were unexercised options for 26,577,000 of unissued ordinary shares of \$0.05 each in the capital of the Company under the CSE Systems & Engineering Executives' Share Option Scheme and 4,299,000 of unissued ordinary shares of \$0.05 each in the capital of the Company under the CSE (U.S. Subsidiaries) Incentive Stock Option Plan.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not Applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the Group's most recently audited financial statements for the financial year ended 31 December 2003.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has not changed any of its accounting policies and methods of computation, including any required by an accounting standard, in the financial statements for the current financial period as those of the Group's most recently audited financial statements for the financial year ended 31 December 2003.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Current period 2Q 2004	Previous period 2Q 2003	Current period 1H 2004	Previous period 1H 2003
Earning per ordinary share of the group after deducting any provision for preference dividends:-				
(a) Based on weighted average number of ordinary shares in issue; and	1.14	1.08	2.54	2.03
(b) On a fully diluted basis (detailing any adjustments made to the earnings).	1.11	1.06	2.45	2.01

For the computation of basic earnings per share, the basis of arriving at the weighted average number of shares is determined as follows:-

Weighted average number of shares outstanding during the period	316,862,407	307,860,407	312,507,407	307,860,407
Weighted average number of shares issued during the period	527,648	-	3,182,791	-
Weighted average number of shares	317,390,055	307,860,407	315,690,198	307,860,407

For the computation of diluted earnings per share, the weighted average number of shares adjusted for the effect of all dilutive potential ordinary shares is determined as follows:-

Weighted average number of shares outstanding during the period, used in computation of basic earnings per share	317,390,055	307,860,407	315,690,198	307,860,407
Weighted average number of unissued shares under share options	23,172,352	19,098,000	26,507,709	19,689,215
Number of shares that would have been issued at fair value under share options	(15,478,516)	(14,755,488)	(15,813,526)	(15,312,600)
Adjusted weighted average number of shares	325,083,891	312,202,919	326,384,381	312,237,022

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

- (a) current period reported on; and**

	Group	Company
Net asset value per ordinary share based on existing issued share capital as at 30 June 2004 (in cents)	18.72	27.27

(b) immediately preceding financial year.

	Group	Company
Net asset value per ordinary share based on existing issued share capital as at 31 December 2003 (in cents)	17.34	28.76

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Performance

For the second quarter of 2004, CSE recorded an increase in revenue of \$2.0 million (5.3%) to \$40.0 million in 2Q 2004 from \$38.0 million in 2Q 2003. For the same period, CSE recorded an increase in profit after tax by \$0.3 million (9.0%) to \$3.6 million in 2Q 2004 from \$3.3 million in 2Q 2003.

For the first half of 2004, CSE recorded an increase in revenue of \$19.2 million (25.0%) to \$95.7 million in 1H 2004 from \$76.5 million in 1H 2003. For the same period, CSE recorded an increase in profit after tax by \$1.7 million (27.8%) to \$8.0 million in 1H 2004 from \$6.3 million in 1H 2003.

Performance of Geographical Segments

	2Q 2004	2Q 2003	Variance	1H 2004	1H 2003	Variance
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Asia-Pacific	5,213	5,900	-11.6%	23,315	13,231	76.2%
The Americas	25,628	26,190	-2.1%	50,871	51,169	-0.6%
Europe/Middle East/Africa	9,134	5,871	55.6%	21,553	12,174	77.0%
Group	39,975	37,961	5.3%	95,739	76,574	25.0%
Profit before tax, goodwill amortisation and minority interest						
Asia-Pacific	1,627	1,144	42.2%	4,659	2,132	118.5%
The Americas	2,191	3,496	-37.3%	4,534	6,457	-29.8%
Europe/Middle East/Africa	1,298	518	150.6%	2,651	1,285	106.3%
Group	5,116	5,158	-0.8%	11,844	9,874	20.0%

For the second quarter of 2004, the contributions from the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa are 13.0%, 64.1% and 22.9% for revenue and 31.8%, 42.8% and 25.4% for profit before tax, goodwill amortization and minority interest respectively.

For the first six months of 2004, the contributions from the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa are 24.4%, 53.1% and 22.5% for revenue and 39.3%, 38.3% and 22.4% for profit before tax, goodwill amortization and minority interest respectively.

Performance of Business Segments

	2Q 2004	2Q 2003	Variance	1H 2004	1H 2003	Variance
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue						
Industrial	38,097	35,641	6.9%	90,857	70,300	29.2%
IT Consulting	1,878	2,320	-19.1%	4,882	6,274	-22.2%
Group	39,975	37,961	5.3%	95,739	76,574	25.0%
Profit before tax, goodwill amortisation and minority interest						
Industrial	4,388	4,573	-4.0%	10,754	8,914	20.6%
IT Consulting	728	585	24.4%	1,090	960	13.5%
Group	5,116	5,158	-0.8%	11,844	9,874	20.0%

N.B. : For details on business under Industrial business unit ("IBU") and IT Consulting business unit ("ITCBU"), please refer to Part II Item 13.

For the second quarter, CSE's two divisions, IBU and ITCBU, contributed \$38.1 million (95.3%) and \$1.9 million (4.7%) to revenue and \$4.4 million (85.8%) and \$0.7 million (14.2%) to profit before tax, goodwill amortization and minority interest respectively.

For the first six months, CSE's two divisions, IBU and ITCBU, contributed \$90.9 million (94.9%) and \$4.9 million (5.1%) to revenue and \$10.8 million (90.8%) and \$1.1 million (9.2%) to profit before tax, goodwill amortization and minority interest respectively.

Liquidity and Capital Resources

For the second quarter of 2004, CSE generated cash inflow from operations of \$2.9 million. For first six months of 2004, CSE generated an operational cash inflow of \$4.1 million. At the end of the period, CSE's net gearing was 0.42 times.

Orders

S\$'000	Industrial Business	IT-Consulting Business	Group	eBworx Berhad
Outstanding orders b/f from 1Q 2004	64,352	9,358	73,710	8,526
2Q order book in	47,252	949	48,201	10,498
2Q sales	38,097	1,878	39,975	4,092
Outstanding orders c/f to 3Q FY2004	73,507	8,429	81,936	14,932

For second quarter, CSE received new orders totaling \$48.2 million for 2Q 2004 and the outstanding orders as at 2Q 2004 is \$81.9 million. CSE received new orders totaling \$84.5 million for first six months of 2004. The outstanding orders increased by 19.8% for the core Industrial business unit to \$73.7 million (1H 2004) from \$61.5 million (1H 2003).

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There is no variance between the previous prospect statement and the actual results.

In May 2004, CSE completed its divestment of its wholly owned subsidiary company, I-Magination Solution Pte Ltd and its subsidiary company. The completion of the transaction was delayed to July 2004.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In July, CSE has acquired:

- a. 30% in PI-CSE Systems & Engineering (Malaysia) Sdn Bhd, making it a wholly owned subsidiary;
- b. 100% of Uniserve Corporation Pty Ltd ("Uniserve"), an electrical engineering solutions company based in Sydney, Australia;
- c. 100% of RTUnet (Australia) Pty Ltd ("RTUnet"), a remote terminal unit manufacturer based in Melbourne Australia; and
- d. Intellectual Properties relating to remote terminal unit.

Uniserve and RTUnet will start to contribute to the Group in the third quarter.

Based on the current outlook and the existing outstanding orders, CSE remains optimistic that its performance will be better for FY2004 compared to FY2003.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not Applicable.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business Segments

The Industrial Business unit ("IBU") delivers a wide and diverse range of solutions involving the implementation of Control and Safety Systems, Information Systems, Terminal Automation Systems, Pneumatic and Hydraulic Control Systems, Programmable and SCADA Systems, Instrumentation and Electrical Field Construction Services, SCOPE Telemetry, Programmable Control Systems (Simplex and Duplex), Triplicate Modular Redundant Systems and Solid State Relay and Instrumentation for applications to the Energy and Petrochemical / Chemical, Oil and Gas and Power and Process Utility industries on a turnkey basis.

In addition, IBU also offers complete turnkey SCADA / Telemetry Systems to the water, drainage, sewerage and environmental (pollution and hydrology) industries through the implementation of the client-server distributed database SCADA package, SCOPE-X (Servelec Configurable Online Process Executive) and Seprol Ranges of RTUs. Moreover, the Group also offers the implementation of RIO, a fully integrated Clinical Information System, to automate and facilitate the recording and reporting of patents related information to the Healthcare industry in relation to Mental Health, Maternity and Children Cares and the implementation of Panoptes, an integrated security control room system which incorporates surveillance, communications and status information for security management through a single multi-faceted environment and is supplemented with decision support and full audit capabilities.

Furthermore, the Group provides turnkey telecommunication network solutions for infrastructure projects in the Oil and Gas and Energy industry, both onshore and offshore. This includes Offshore Platforms, Onshore Processing Facilities (Refineries, LNG plants, Gas Plants and Petrochemical Plants) and Power Generation Plants. Moreover, the Group develops and markets a pipeline simulation, monitoring, management and leak detection system for oil and gas pipelines.

IT Consulting Business Unit ("ITCBU") offers solutions involving the implementation of Systems Integration Services Systems, Electronic Document Workflow and Management Systems, Data Conversion Services Systems, Electronic Registry and eFiling Solutions, Enterprise Network and Management Solutions to the Government sector. In addition, the Group also delivers solutions involving Online Internet Banking Services Solutions, Mobile/Wireless Banking Solutions, Provision of Digital Sales Force Automation Solutions with built-in Customer Relationship Management Systems and the Provision of Online-Stock Trading Systems to the banking and finance industry.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Part I, Item 8.

15. A breakdown of sales.

	2004 \$'000	2003 \$'000	Variance \$'000	Group Variance %
Turnover report for first half of the year	95,739	76,574	19,165	25.0%
Profit/(Loss) before tax reported for the first half of the year	11,067	9,099	1,968	21.6%
Turnover report for second half of the year	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Profit/(Loss) before tax reported for the second half of the year	Not applicable.	Not applicable.	Not applicable.	Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	0	5,072
Preference	0	0
Total:	0	5,072

17. Interested person transactions

Not applicable.

BY ORDER OF THE BOARD

Tan San-Ju
Company Secretary
11/08/2004