

ECS HOLDINGS LIMITED
Third Quarter Financial Statement And Dividend Announcement

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.

1(a)(i) Income Statement for the 9 months / third quarter ended 30 September 2004.

| | Nine months ended 2004 | 30 Sept 2003 | Group % | Three months ended 2004 | 30 Sept 2003 | % |
|--|------------------------|--------------|----------------------|-------------------------|--------------|----------------------|
| | \$'000 | \$'000 | Increase/ (Decrease) | \$'000 | \$'000 | Increase/ (Decrease) |
| Revenue | 1,304,190 | 1,011,476 | 28.9 | 467,877 | 376,590 | 24.2 |
| Cost of sales | (1,240,587) | (963,299) | 28.8 | (445,877) | (361,529) | 23.3 |
| Gross profit | 63,603 | 48,177 | 32.0 | 22,000 | 15,061 | 46.1 |
| Other income including interest income | 1,230 | 1,299 | (5.3) | 512 | 438 | 16.9 |
| Selling & distribution expenses | (26,340) | (21,162) | 24.5 | (8,362) | (7,730) | 8.2 |
| General & administrative expenses | (20,586) | (18,859) | 9.2 | (6,967) | (6,461) | 7.8 |
| Profit from operations | 17,907 | 9,455 | 89.4 | 7,183 | 1,308 | 449.2 |
| Finance costs | (4,806) | (5,236) | (8.2) | (1,951) | (1,501) | 30.0 |
| Profit / (Loss) before tax | 13,101 | 4,219 | 210.5 | 5,232 | (193) | Nm |
| Taxation | (2,989) | (1,658) | 80.3 | (1,070) | (578) | 85.1 |
| Profit / (Loss) after tax (note 1) | 10,112 | 2,561 | 294.8 | 4,162 | (771) | Nm |
| Minority interests (note 2) | (938) | (382) | 145.5 | (426) | (154) | 176.6 |
| Net profit / (loss) | 9,174 | 2,179 | 321.0 | 3,736 | (925) | Nm |

Breakdown and explanatory Notes to Income Statement

1. The following items have been included in arriving at net profit after taxation:-

| Group | Nine months ended 30 Sept | | | Three months ended 30 Sept | | |
|---|---------------------------|----------------|------------------------------|----------------------------|----------------|------------------------------|
| | 2004 \$'000 | 2003 \$'000 | % Increase/ (Decrease) | 2004 \$'000 | 2003 \$'000 | % Increase/ (Decrease) |
| Depreciation and amortisation | (4,508) | (4,249) | 6.1 | (1,514) | (1,436) | 5.4 |
| Allowance for doubtful debts and bad debts written off nett of bad debts recovered (see note a) | (2,016) | (1,666) | 21.0 | (224) | (809) | (72.3) |
| Allowance (made) / write-back for stock obsolescence and stocks written off (see note b) | (570) | (1,743) | (67.3) | (94) | (1,029) | (90.9) |
| Foreign exchange gain / (loss) | 432 | 310 | 39.4 | 237 | 41 | 478.0 |
| Profit / (Loss) on sale of property, plant and equipment | (35) | (101) | (65.3) | (3) | (85) | (96.5) |

- a) Allowance for doubtful debts was \$224k during the current quarter as compared to \$809k in Q3 2003. The higher provisions made in Q3 2003 was to provide for certain delinquent customers in the South-East Asian region.
- b) Allowance made for stock obsolescence and stocks written off were lower in Q3 2004 and for the 9 mths ended September 2004 than in the corresponding periods. In Q3 2003, the Group had provided for additional stock write down amounting to \$700,000 arising from the expiry of a distribution agreement in China.
2. On 15 January 2004, the Group set up ECS Indo Pte. Ltd. together with the founders of PT Harrisma, a leading IT distributor in Indonesia. The Group holds 60% of the equity interest in ECS Indo Pte. Ltd. Hence, Minority Interests for the current quarter and 9 months now includes its 40% share in the profits of ECS Indo Pte. Ltd.

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 September 2004 \$'000 | 31 December 2003 \$'000 | 30 September 2004 \$'000 | 31 December 2003 \$'000 |
| Non-Current Assets | | | | |
| Property, plant and equipment | 11,218 | 12,274 | 177 | 202 |
| Investment in subsidiaries | 0 | 0 | 87,008 | 86,408 |
| Other Assets | 634 | 643 | 140 | 140 |
| Goodwill on consolidation | 33,314 | 35,352 | 0 | 0 |
| Deferred tax assets | 840 | 835 | 0 | 0 |
| | 46,006 | 49,104 | 87,325 | 86,750 |
| Current Assets | | | | |
| Inventory | 235,097 | 199,775 | 0 | 0 |
| Trade and other receivables | 193,998 | 158,788 | 109,643 | 111,740 |
| Cash and bank balances | 25,608 | 56,181 | 742 | 474 |
| | 454,703 | 414,744 | 110,385 | 112,214 |
| Current Liabilities | | | | |
| Bank overdrafts (Unsecured) | 743 | 193 | 0 | 0 |
| Trade and other payables | 158,402 | 157,664 | 1,048 | 1,204 |
| Deferred Income | 977 | 940 | 0 | 0 |
| Bank borrowings | 171,423 | 142,268 | 84,500 | 85,000 |
| Finance Lease Liabilities | 22 | 0 | 0 | 0 |
| Loans due to shareholder | 0 | 6,800 | 0 | 0 |
| Preference Shares | 85 | 85 | 0 | 0 |
| Current Tax Payable | 1,493 | 1,601 | 0 | 0 |
| | 333,145 | 309,551 | 85,548 | 86,204 |
| Net Current Assets | 121,558 | 105,193 | 24,837 | 26,010 |
| Non-Current Liabilities | | | | |
| Bank borrowings | 108 | 146 | 0 | 0 |
| Deferred tax liabilities | 668 | 675 | 23 | 23 |
| Deferred income | 372 | 371 | 0 | 0 |
| Finance Lease Liabilities | 70 | 0 | 0 | 0 |
| | 1,218 | 1,192 | 23 | 23 |
| Minority interests | 5,889 | 4,678 | 0 | 0 |
| Amount due to Minority Shareholders of Subsidiary | 4,333 | 0 | 0 | 0 |
| | 10,222 | 4,678 | 0 | 0 |
| Net Assets | 156,124 | 148,427 | 112,139 | 112,737 |
| <i>Represented by :</i> | | | | |
| Capital and Reserves | | | | |
| Share capital | 35,525 | 34,634 | 35,525 | 34,634 |
| Reserves | 120,599 | 113,793 | 76,614 | 78,103 |
| | 156,124 | 148,427 | 112,139 | 112,737 |

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

| As at 30/09/2004 | | As at 31/12/2003 | |
|------------------|-----------|------------------|-----------|
| \$'000 | \$'000 | \$'000 | \$'000 |
| Secured | Unsecured | Secured | Unsecured |
| 58 | 172,109 | 59 | 142,402 |
| | | | |

Amount repayable after one year

| As at 30/09/2004 | | As at 31/12/2003 | |
|------------------|-----------|------------------|-----------|
| \$'000 | \$'000 | \$'000 | \$'000 |
| Secured | Unsecured | Secured | Unsecured |
| 108 | 0 | 146 | 0 |
| | | | |

Details of any collateral

A fixed charge over the freehold office blocks of a subsidiary.

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

| | Three months ended 30 Sept | | Nine months ended 30 Sept | |
|---|----------------------------|----------------|---------------------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash Flows from Operating Activities | | | | |
| Profit from ordinary activities before taxation | 5,232 | (193) | 13,101 | 4,219 |
| Adjustments for : | | | | |
| Amortisation of goodwill | 679 | 656 | 2,038 | 1,945 |
| Depreciation of property, plant and equipment | 835 | 781 | 2,470 | 2,305 |
| Loss on disposal of property, plant and equipment | 3 | 85 | 35 | 101 |
| Interest expense | 1,951 | 1,501 | 4,805 | 5,236 |
| Interest income | (272) | (279) | (770) | (437) |
| Operating profit before working capital changes | 8,428 | 2,551 | 21,679 | 13,369 |
| Changes in working capital : | | | | |
| Inventories | 9,092 | 1,436 | (36,879) | (2,559) |
| Trade and other receivables | 2,711 | 11,188 | (37,450) | (1,163) |
| Trade and other payables | (5,756) | (12,722) | 1,376 | 198 |
| Cash generated from / (utilised in) operations | 14,475 | 2,453 | (51,273) | 9,845 |
| Income taxes paid | (1,810) | (1,203) | (3,102) | (2,596) |
| Net cash flow from operating activities | 12,665 | 1,250 | (54,375) | 7,249 |
| Cash Flows from Investing Activities | | | | |
| Interest received | 272 | 279 | 770 | 437 |
| Investment in subsidiary | 0 | 0 | 400 | 0 |
| Purchase of property, plant and equipment | (604) | (419) | (1,358) | (1,058) |
| Proceeds from disposal of property, plant and equipment | 0 | 3 | 35 | 34 |
| Purchase of other assets | 0 | 0 | 0 | (314) |
| Net cash flow from investing activities | (332) | (137) | (153) | (901) |
| Cash Flows from Financing Activities | | | | |
| Interest paid | (1,603) | (1,501) | (4,458) | (5,236) |
| Dividends paid | 0 | 0 | (1,137) | (1,621) |
| Proceeds from issue of shares | 0 | 0 | 891 | 0 |
| Proceeds from bank loans | 1,401 | 1,265 | 34,097 | 96,667 |
| Repayment of bank loans | (13,934) | (893) | (3,344) | (92,399) |
| Increase in finance lease liabilities | 0 | 0 | 108 | 0 |
| Payment of finance lease instalments | (5) | (224) | (16) | (680) |
| Proceeds from minority shareholders of subsidiaries | 0 | 0 | 4,333 | 0 |
| Repayment of shareholder's loan | 0 | 0 | (6,760) | 0 |
| Net cash flow from financing activities | (14,141) | (1,353) | 23,714 | (3,269) |
| Net decrease in cash and cash equivalents | (1,808) | (240) | (30,814) | 3,079 |
| Cash and cash equivalents at beginning of the period | 26,966 | 38,661 | 55,988 | 35,270 |
| Effects of exchange rate changes on balances held in foreign currencies | (293) | (97) | (309) | (25) |
| Cash and cash equivalents at end of period | 24,865 | 38,324 | 24,865 | 38,324 |

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.

Statement of Changes in Equity

(i) Consolidated statement of changes in equity for the nine months ended 30 September 2004

| | Share Capital \$'000 | Dividend Reserve \$'000 | Share Premium \$'000 | Accumulated Profits / (Losses) \$'000 | Currency Translation Reserve \$'000 | Total \$'000 |
|--|----------------------------|-------------------------------|----------------------------|--|--|-----------------|
| Bal as at 1 Jan 2004 | 34,634 | 1,167 | 75,656 | 39,851 | (2,881) | 148,427 |
| Net profit for the period | 0 | 0 | 0 | 2,116 | 0 | 2,116 |
| Exchange loss on translation of net assets of foreign subsidiaries | 0 | 0 | 0 | 0 | (196) | (196) |
| Bal as at 31 Mar 2004 | <u>34,634</u> | <u>1,167</u> | <u>75,656</u> | <u>41,967</u> | <u>(3,077)</u> | <u>150,347</u> |
| Issue of shares | 891 | 0 | 0 | 0 | 0 | 891 |
| Net profit for the period | 0 | 0 | 0 | 3,322 | 0 | 3,322 |
| Exchange gain on translation of net assets of foreign subsidiaries | 0 | 0 | 0 | 0 | 843 | 843 |
| Final dividends paid of 0.40 cents per share less tax at 20% | 0 | (1,138) | 0 | 0 | 0 | (1,138) |
| Bal as at 30 Jun 2004 | <u>35,525</u> | <u>29</u> | <u>75,656</u> | <u>45,289</u> | <u>(2,234)</u> | <u>154,265</u> |
| Net profit for the period | 0 | 0 | 0 | 3,736 | 0 | 3,736 |
| Exchange loss on translation of net assets of foreign subsidiaries | 0 | 0 | 0 | 0 | (1,877) | (1,877) |
| Bal as at 30 Sep 2004 | <u>35,525</u> | <u>29</u> | <u>75,656</u> | <u>49,025</u> | <u>(4,111)</u> | <u>156,124</u> |

(ii) Consolidated statement of changes in equity for the nine months ended 30 September 2003

| | Share Capital \$'000 | Share Premium \$'000 | Accumulated Profits / (Losses) \$'000 | Currency Translation Reserve \$'000 | Total \$'000 |
|--|----------------------------|----------------------------|--|--|-----------------|
| Bal as at 1 Jan 2003 | 34,634 | 75,656 | 36,344 | (2,451) | 144,183 |
| Net profit for the period | 0 | 0 | 925 | 0 | 925 |
| Exchange gain on translation of net assets of foreign subsidiaries | 0 | 0 | 0 | 772 | 772 |
| Bal as at 31 Mar 2003 | 34,634 | 75,656 | 37,269 | (1,679) | 145,880 |
| Net profit for the period | 0 | 0 | 2,179 | 0 | 2,179 |
| Exchange loss on translation of net assets of foreign subsidiaries | 0 | 0 | 0 | (583) | (583) |
| Final dividends paid of 0.60 cents per share less tax at 22% | 0 | 0 | (1,621) | 0 | (1,621) |
| Bal as at 30 Jun 2003 | <u>34,634</u> | <u>75,656</u> | <u>37,827</u> | <u>(2,262)</u> | <u>145,855</u> |
| Net loss for the period | 0 | 0 | (925) | 0 | (925) |
| Exchange loss on translation of net assets of foreign subsidiaries | 0 | 0 | 0 | (248) | (248) |
| Bal as at 30 Sep 2003 | <u>34,634</u> | <u>75,656</u> | <u>36,902</u> | <u>(2,510)</u> | <u>144,682</u> |

(iii) Statement of changes in equity of the company for the nine months ended 30 September 2004

| | Share Capital \$'000 | Dividend Reserve \$'000 | Share Premium \$'000 | Accumulated Profits / (Losses) \$'000 | Total \$'000 |
|--|----------------------------|-------------------------------|----------------------------|--|-----------------|
| Bal as at 1 Jan 2004 | 34,634 | 1,167 | 75,656 | 1,280 | 112,737 |
| Net loss for the period | 0 | 0 | 0 | (105) | (105) |
| Bal as at 31 Mar 2004 | 34,634 | 1,167 | 75,656 | 1,175 | 112,632 |
| Issue of shares | 891 | 0 | 0 | 0 | 891 |
| Net loss for the period | 0 | 0 | 0 | (160) | (160) |
| Final dividend paid of 0.40 cents per share less tax at 20% | 0 | (1,138) | 0 | 0 | (1,138) |
| Bal as at 30 Jun 2004 | <u>35,525</u> | <u>29</u> | <u>75,656</u> | <u>1,015</u> | <u>112,225</u> |
| Net loss for the period | 0 | 0 | 0 | (86) | (86) |
| Bal as at 30 Sep 2004 | <u>35,525</u> | <u>29</u> | <u>75,656</u> | <u>929</u> | <u>112,139</u> |

(iv) **Statement of changes in equity of the company for the nine months ended 30 September 2003**

| | Share Capital \$'000 | Share Premium \$'000 | Accumulated Profits / (Losses) \$'000 | Total \$'000 |
|--|-------------------------------------|-------------------------------------|--|-------------------------|
| Bal as at 1 Jan 2003 | 34,634 | 75,656 | 2,198 | 112,488 |
| Net loss for the period | 0 | 0 | (100) | (100) |
| Bal as at 31 Mar 2003 | 34,634 | 75,656 | 2,098 | 112,388 |
| Net loss for the period | 0 | 0 | (49) | (49) |
| Final dividend paid of 0.60 cents per share less tax at 22% | 0 | 0 | (1,621) | (1,621) |
| Bal as at 30 Jun 2003 | <u>34,634</u> | <u>75,656</u> | <u>428</u> | <u>110,718</u> |
| Net loss for the period | 0 | 0 | (117) | (117) |
| Bal as at 30 Sep 2003 | <u>34,634</u> | <u>75,656</u> | <u>311</u> | <u>110,601</u> |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or 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.

As at 31 December 2003, the issued and paid up share capital of the Company was \$34,634,217. In April 2004, the Company issued 8,906,000 ordinary shares of \$0.10 each upon the exercise of the options granted under the ECS Share Option Scheme I. During the quarter ended 30 September 2004, the Company did not issue any shares.

As at 30 September 2004, the Company has outstanding share options of 35,498,000 unissued ordinary shares. The outstanding share options as at 30 September 2003 amounted to 45,996,000 unissued ordinary shares.

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

The figures have not been audited or reviewed.

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

N.A.

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 reporting period compared with the audited financial statements as at 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.

N.A.

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

| | 9 months ended 30 Sept 2004 | 9 months ended 30 Sept 2003 | 3 months ended 30 Sept 2004 | 3 months ended 30 Sept 2003 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Earnings / (Loss) per ordinary share for the year based on net profit attributable to shareholders:- | | | | |
| (i) Based on weighted average number of ordinary shares in issue | 2.60 cents | 0.63 cents | 1.05 cents | (0.27) cents |
| Weighted average number of shares ('000) | 352,280 | 346,342 | 355,248 | 346,342 |
| (ii) On a fully diluted basis | 2.55 cents | 0.61 cents | 1.04 cents | (0.26) cents |
| Weighted average number of shares ('000) | 360,467 | 359,561 | 360,918 | 359,693 |

In arriving at the fully diluted earnings per share, only those potential ordinary shares arising from the exercise of options which would dilute the basic earnings per share of the Group are included in the computation.

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 period reported on and (b) immediately preceding financial year.

| | GROUP | |
|---|--------------|------------------|
| | 30 Sept 2004 | 31 December 2003 |
| Net tangible asset backing per ordinary share based on issued share capital as at the end of the financial period | 34.57 cents | 32.65 cents |

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 period reported on.

Review of Group Performance

Business Segment Information

| | Revenue | | | Profit after Taxation | | |
|---------------------------|--|--|-------------|--|--|--------------|
| | 9 months ended 30.09.2004 \$'000 | 9 months ended 30.09.2003 \$'000 | % Change | 9 months ended 30.09.2004 \$'000 | 9 months ended 30.09.2003 \$'000 | % Change |
| Enterprise Systems | 428,904 | 407,240 | 5.3 | 4,886 | 938 | 420.9 |
| IT Services | 17,778 | 14,334 | 24.0 | 1,064 | 762 | 39.6 |
| Distribution | 857,508 | 589,902 | 45.4 | 6,200 | 2,806 | 121.0 |
| Sub-Total | 1,304,190 | 1,011,476 | 28.9 | 12,150 | 4,506 | 169.6 |
| Goodwill on Consolidation | 0 | 0 | Nm | (2,038) | (1,945) | 4.8 |
| Minority Interests | 0 | 0 | Nm | (938) | (382) | 145.5 |
| Total | 1,304,190 | 1,011,476 | 28.9 | 9,174 | 2,179 | 321.0 |

| | Revenue | | | Profit after Taxation | | |
|---------------------------|--|--|-------------|--|--|-------------|
| | 3 months ended 30.09.2004 \$'000 | 3 months ended 30.09.2003 \$'000 | % Change | 3 months ended 30.09.2004 \$'000 | 3 months ended 30.09.2003 \$'000 | % Change |
| Enterprise Systems | 137,394 | 133,491 | 2.9 | 1,853 | (1,509) | Nm |
| IT Services | 6,493 | 4,533 | 43.2 | 407 | 362 | 12.4 |
| Distribution | 323,990 | 238,566 | 35.8 | 2,581 | 1,032 | 150.0 |
| Sub-Total | 467,877 | 376,590 | 24.2 | 4,841 | (115) | Nm |
| Goodwill on Consolidation | 0 | 0 | Nm | (679) | (656) | 3.5 |
| Minority Interests | 0 | 0 | Nm | (426) | (154) | 176.6 |
| Total | 467,877 | 376,590 | 24.2 | 3,736 | (925) | Nm |

Geographical Segment Information

| | Revenue | | | Profit after Taxation | | |
|---------------------------|--|--|-------------|--|--|--------------|
| | 9 months ended 30.09.2004 \$'000 | 9 months ended 30.09.2003 \$'000 | % Change | 9 months ended 30.09.2004 \$'000 | 9 months ended 30.09.2003 \$'000 | % Change |
| North Asia | 695,944 | 572,014 | 21.7 | 4,975 | 210 | 2,269.0 |
| South East Asia | 608,246 | 439,462 | 38.4 | 7,175 | 4,296 | 67.0 |
| Sub-Total | 1,304,190 | 1,011,476 | 28.9 | 12,150 | 4,506 | 169.6 |
| Goodwill on Consolidation | 0 | 0 | Nm | (2,038) | (1,945) | 4.8 |
| Minority Interests | 0 | 0 | Nm | (938) | (382) | 145.5 |
| Total | 1,304,190 | 1,011,476 | 28.9 | 9,174 | 2,179 | 321.0 |

| | Revenue | | | Profit after Taxation | | |
|---------------------------|--|--|-------------|--|--|-------------|
| | 3 months ended 30.09.2004 \$'000 | 3 months ended 30.09.2003 \$'000 | % Change | 3 months ended 30.09.2004 \$'000 | 3 months ended 30.09.2003 \$'000 | % Change |
| North Asia | 240,711 | 212,423 | 13.3 | 2,044 | (1,862) | Nm |
| South East Asia | 227,166 | 164,167 | 38.4 | 2,797 | 1,747 | 60.1 |
| Sub-Total | 467,877 | 376,590 | 24.2 | 4,841 | (115) | Nm |
| Goodwill on Consolidation | 0 | 0 | Nm | (679) | (656) | 3.5 |
| Minority Interests | 0 | 0 | Nm | (426) | (154) | 176.6 |
| Total | 467,877 | 376,590 | 24.2 | 3,736 | (925) | Nm |

Nm denotes as "not meaningful"

Profitability

The Group's net profit after tax and minority interest for the 9 mths ended 30 Sept 2004 increased by 321% to \$9.2m as compared to \$2.2m for the corresponding 9 mths ended 30 Sept 2003. Revenue increased by 28.9% to \$1,304.2m from \$1,011.5m for the same period.

The Group's net profit after tax and minority interests for the 3rd quarter ended 30 Sept 2004 was \$3.7m, reversing from a loss of \$0.9m in the corresponding quarter. Revenue increased by 24.2% to \$467.9m for the quarter ended 30 Sept 2004 from \$376.6m during the same period last year.

The Distribution segment continued to grow strongly. Revenue from the Distribution segment grew by 35.8% from \$238.6m in Q3 2003 to \$324m in Q3 2004 due to increased demand for Desktop PCs, Notebooks and consumer electronics products, e.g the Ipod. Revenue from the Enterprise Systems segment grew marginally by 2.9% from \$133.5m in Q3 2003 to \$137.4m in Q3 2004. The servers and software products registered increased revenue, however this was offsetted by a decline in revenue contribution from the networking hardware products. The IT Service revenue grew from \$4.5m in Q3 2003 to \$6.5m during the current quarter as demand for its technical services increased.

Gross margins for the current quarter increased to 4.7% as compared to 4% in the corresponding quarter. The improvement was due to better margins from the Distribution and Enterprise Systems business segments although margins from the IT Service segment has declined.

Total operating expenses for the quarter ended 30 Sept 2004 increased by 8.0% over the corresponding period to \$15.3m. Selling & distribution expenses increased 8.2% from \$7.7m incurred in Q3 2003 to \$8.4m during the current quarter due to increased headcount and warehousing facilities to support new product lines, revenue growth and new operations in Indonesia and XiAn, China. General & administration expenses for the current quarter was \$7.0m and \$6.5m in the corresponding quarter.

Balance Sheet

The Group's total current assets was \$454.7m as at 30 Sept 2004, an increase of \$40.0m as compared to 31 December 2003. Higher revenue has resulted in higher inventory and accounts receivables. Inventory balances as at 30 Sept 2004, rose by \$35.3m to \$235.1m as compared to \$199.8m as at 31 December 2003 while trade and other receivables rose by \$35.2m to \$194.0m from \$158.8m for the same periods.

Cash balances as at 30 Sept 2004 was \$25.6m as compared to \$56.2m at 31 December 2003. Net borrowings increased from \$142.6m as at 31 December 2003 to \$172.3m at the end of Sept 2004. This is mainly due to additional working capital required to support the increase in revenue, new agencies and the Indonesian business.

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

N.A.

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.

The Directors expect the Group to continue to perform well in Q4 2004 and FY2004 earnings performance will be significantly better than FY2003.

11. Dividend

(a) Present Period

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

(b) Previous Corresponding Period

Any dividend declared for the corresponding period of the immediately preceding financial year ? None

(c) Date payable

N.A.

(d) Books closure date

N.A.

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

N.A.

**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.

N.A.

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.

N.A.

15. A breakdown of sales as follows:-

N.A.

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

N.A.

17. Interested Person Transactions Under General Mandate.

| | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) |
|--|---|---|
| Name of Interested Person | 3 months ended 30 September 2004 | 3 months ended 30 September 2004 |
| Transaction for sale of goods and services | | |
| Netband Consulting Co., Ltd | 0 | 462,239 |
| Total | 0 | 462,239 |
| | | |

BY ORDER OF THE BOARD

Yeo Siew Kwan

Company Secretary

2nd November 2004