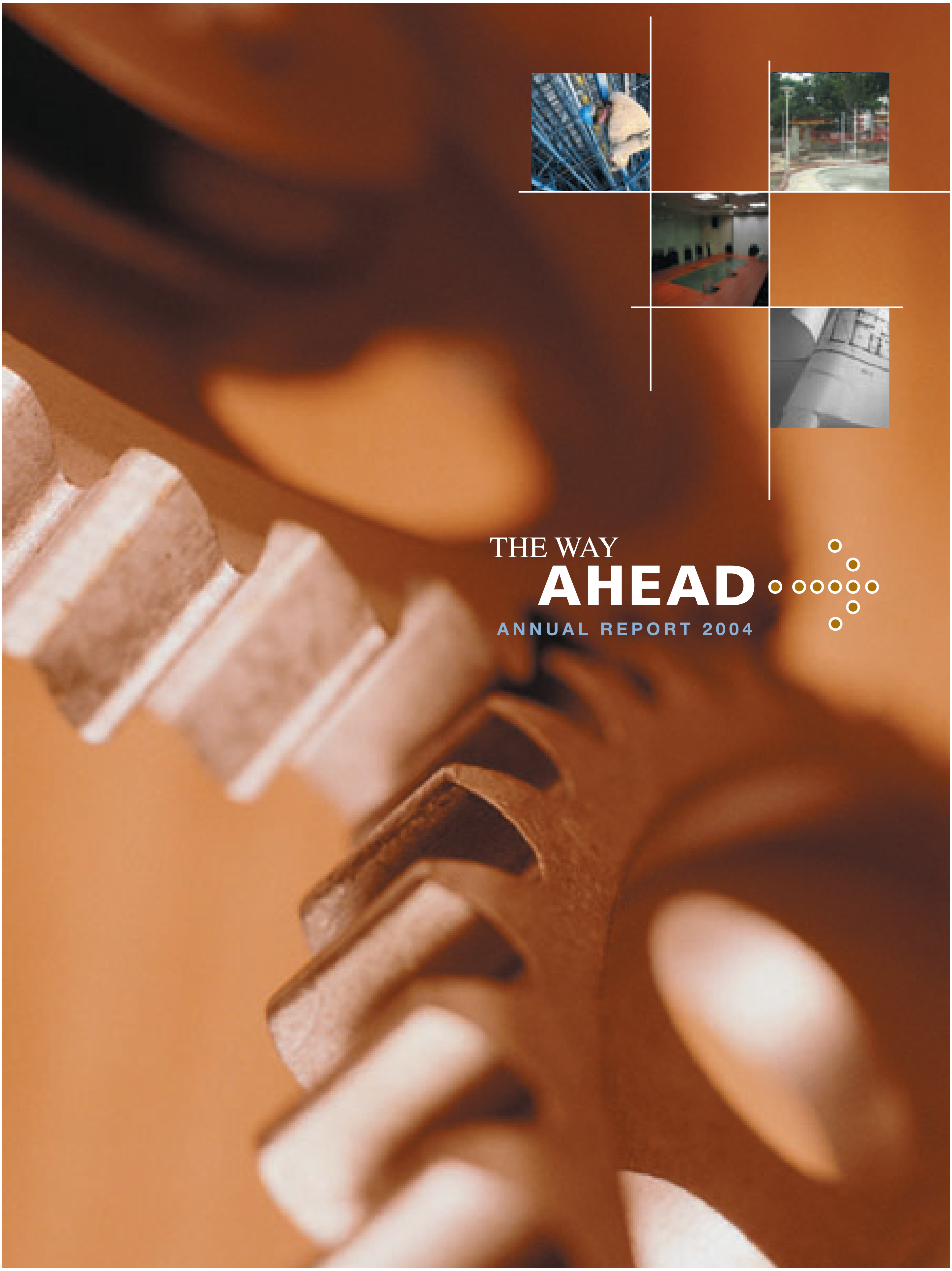


THE WAY AHEAD

ANNUAL REPORT 2004

進工程建設有限公司
STRIKE ENGINEERING LIMITED

Corporate Profile

Incorporated in 1983, Strike Engineering Limited ("Strike" or the "Company") began its humble roots as a sub-contractor undertaking electrical installations. In a span of 20 years, Strike has built an established track record as a provider of quality and reliable mechanical and electrical engineering ("M&E") services.

In 2004, Strike made a strategic decision to re-engineer its business activities. It moved away from its traditional engineering business and services and shifted its focus to the global oil and gas as well as alternative energies industries through various acquisitions and investments.

It has also exited ineffective businesses in its pursuit of broadening its earning base, improving performance and maximising shareholders' interest.

CONTENTS

Corporate Information

BOARD OF DIRECTORS
Mr Ravindran Govindan (Executive Chairman)
Mr Yeo Jiew Yew (Managing Director)
Mr Chan Sing En (Deputy Managing Director)
Mr Chua Koh Ming
Mr Umar Abdul Hamid
Mr Lum Chue Tat
Mr Meno Junichiro
Mr Lew Syn Pau (Independent Director)
Mr Goh Boon Kok (Independent Director)

AUDIT COMMITTEE
Mr Lew Syn Pau (Chairman)
Mr Meno Junichiro
Mr Goh Boon Kok

NOMINATING COMMITTEE
Mr Lew Syn Pau (Chairman)
Mr Ravindran Govindan
Mr Goh Boon Kok

REMUNERATION COMMITTEE
Mr Lew Syn Pau (Chairman)
Mr Chan Sing En
Mr Goh Boon Kok

AUDITORS
Ernst & Young
Certified Public Accountants
10 Collyer Quay
#21-01 Ocean Building
Singapore 049315
Partner-In-Charge:
Mr Max Loh Khum Whai
(Appointed since financial year ended 30 June 2002)

COMPANY SECRETARY
Wong Siew Chuan, CPA

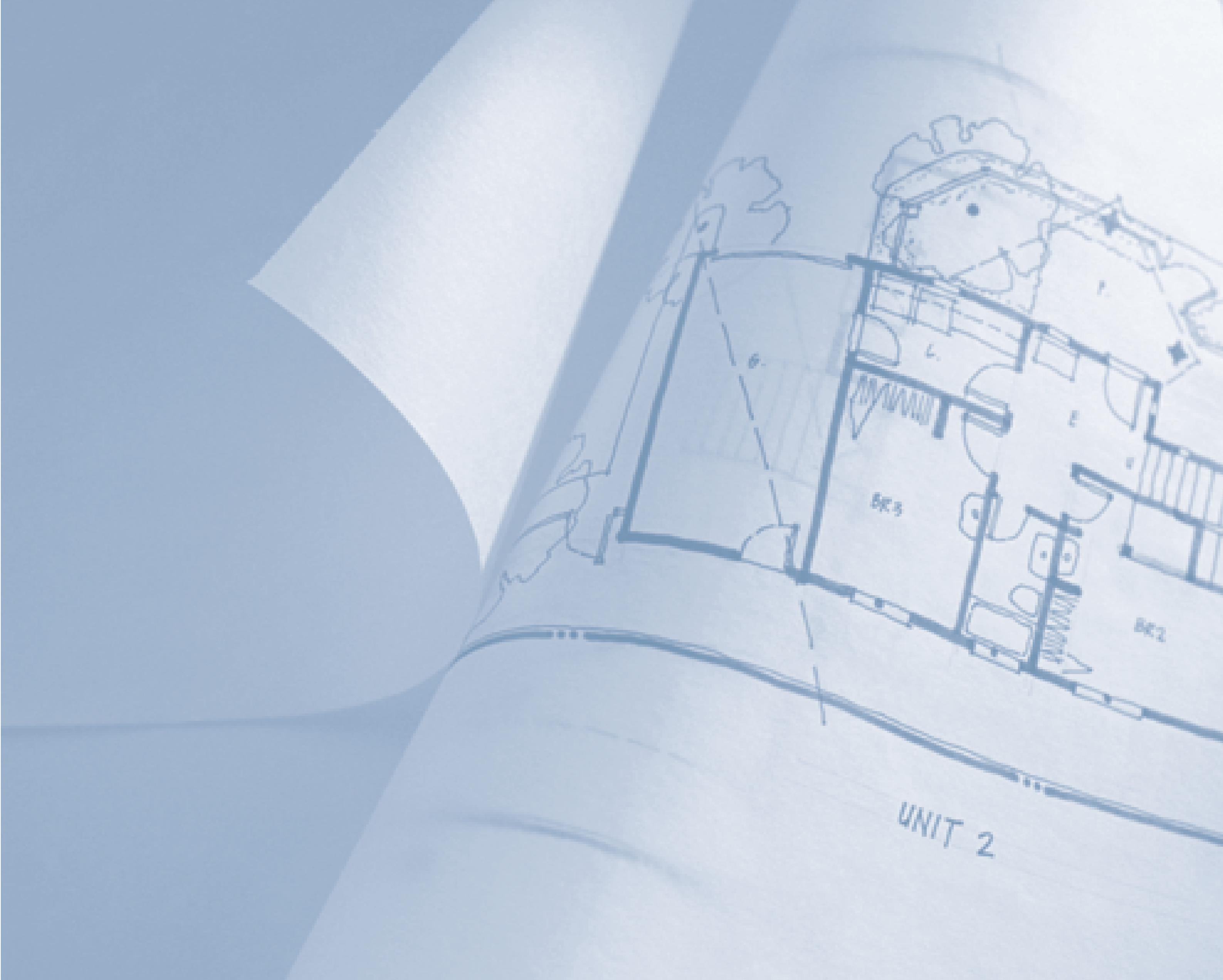
REGISTERED OFFICE
22 Tagore Lane
Singapore 787480
Tel: 6455 3922
Fax: 6455 7322

REGISTRAR & SHARE TRANSFER OFFICE
Lim Associates (Pte) Ltd
10 Collyer Quay #19-08
Ocean Building
Singapore 049315

PRINCIPAL BANKERS
United Overseas Bank Limited
80 Raffles Places, # 12-00
UOB Plaza 1
Singapore 048624

RHB Bank Berhad
90 Cecil Street #03-00
Singapore 069531

Malayan Banking Berhad
2 Battery Road
16-01 Maybank Tower
Singapore 049907



DEAR SHAREHOLDERS

As the new Executive Chairman of Strike, I would like to extend my warmest greetings to all staff, employees, shareholders, clients and business partners of Strike and its subsidiaries (the "Group").

BUSINESS REVIEW

Last year was an eventful year for the Group. During the course of the year, the Group's China operation continued to contribute positively to the Group's revenue. However, stiff operating conditions and the cyclical nature of the construction business in Singapore continued to affect the Group's revenue. Recognising this worrying trend, a strategic decision was made by Strike to re-engineer itself and shift its business focus. Through an intensive restructuring exercise, the Group has embarked on a mission to successfully remodel its business divisions by exiting ineffective activities.

With the acquisition of a 54.35% controlling stake in Mid-Continent Equipment Group Pte Ltd ("Mid-Con"), the Group has firmly set its sights on establishing new business opportunities in the oil and gas as well as alternative energies industries in new global markets. This will not only open more opportunities in these industries but also improve the Group's performance and maximise shareholders' interest.

PERFORMANCE REVIEW

For the financial year ended 30 June 2004, the Group's turnover jumped 82.6% from $44.5 million to $81.3 million. This was due mainly to increased revenue from the Group's Oil & Gas, Interior Architecture & Design and Property Development business segments.

In line with the increased turnover, the Group's gross profit improved significantly to $7.1 million. This was a vast increase over the previous year because of provisions made for project losses in respect of the Group's Building, Mechanical & Electrical Engineering Services for the last corresponding year.

CHAIRMAN'S STATEMENT

Despite an impressive recovery in performance, the Group registered losses after tax and minority interests of $1.7 million. This however was a significant improvement compared to the $26.6 million losses incurred in the previous corresponding year. This was due mainly to the following:

(i) In the last corresponding year,

- Gordon (HK) Designer and Engineer Limited ("Gordon"), a 51% subsidiary, wrote off doubtful debts of S$0.8 million and made a provision for doubtful debts of S$0.3 million for retention monies owing by a number of debtors from the People's Republic of China.

- there were provisions of S$18.3 million for impairment losses on the development properties made.

- there was a net loss of S$1.0 million from the sale of the Company's remaining investment in ei-nets Ltd.

(ii) In this current financial year,

- the Company made a provision for doubtful debts of S$1.6 million, being outstanding loans owed by 2 subsidiaries which were disposed of during the year.

- the Group made a provision for impairment losses on 2 freehold properties of S$0.9 million.

- there was a net gain of S$2.6 million from the partial divestment of Lantrovision (S) Ltd ("Lantrovision").

- there was a lower contribution from Lantrovision which is in line with the divestment of interest in the associated company.

Nevertheless, the Group's cash flow has improved substantially and borrowings have been reduced from $43.9 million to $9.8 million due mainly to:

- the disposal of a development property in Singapore, an investment property in Hong Kong and a leasehold building in Hong Kong with net proceeds of approximately $18.5 million;

- the divestment of the 22.528 million ordinary shares in the associated company with net proceeds of approximately $6.1 million; and

- the private placement of 100 million ordinary shares of $0.05 each in the Company ("Shares") at par.

FUTURE PROSPECTS

With a very competitive building construction business environment in the next financial year, the Group, as one of the main players in the local mechanical and electrical engineering industry, will continue to tender selectively for profitable projects.

The oil and gas industries in the Asia Pacific Region are expected to remain buoyant in view of the new successful discoveries of oil fields and reservoirs in Malaysia, Vietnam and Australia. These new discoveries will ensure that the demand for oil and gas equipment will continue to grow.

The Group's 54.35% stake in Mid-Con will firmly put the Group in a strong position of growth. Mid-Con's soil remediation business, which removes toxicity from petroleum laced soil, is another area with enormous commercial potential.

With rising oil prices and political uncertainty in the Middle East, alternative energy supplies could also play a vital role in shaping the future of global energy consumption.

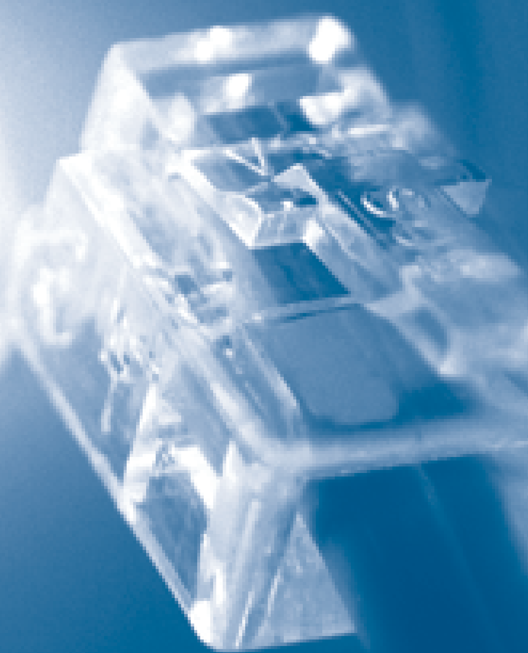
In the forthcoming year, the Group will continue to re-engineer itself and explore new opportunities globally. This will be an ongoing process for the Group as it looks to diversify its business activities and broaden its earnings base.

ACKNOWLEDGEMENT

On behalf of the Board and Management of Strike, I would also like to give special thanks to Mr Yeo Jiew Yew for his leadership and guidance to the Company. I am also pleased to welcome our new director, Mr Goh Boon Kok to the Company.

Last but not least, the Board and Management would like to express our appreciation to all shareholders, clients and business partners for their invaluable support and confidence in the Company.

Ravindran Govindan
Executive Chairman



Corporate Milestones

4 August 1999	The Company was admitted to the Official List of Stock Exchange of Singapore Dealing and Automated Quotation System ("SGX-Sesdaq").
24 September 1999	The Company acquired 51% equity interest in the issued share capital of Strike Development Pte Ltd. whose principal activity is in property development.
20 December 1999	The Company made a bonus issue of 1 new Share credited as fully paid for every 2 existing Shares held in the Company as at 5:00 pm on 16 December 1999 by capitalising a maximum of $5,200,000 and $112,500 from the share premium account and accumulated profits of the Company respectively.
22 December 1999	The new Shares issued pursuant to the bonus issue on 20 December 1999 were listed on SGX-Sesdaq.
20 January 2000	The Group purchased a plot of land at Ewe Boon Road with land area of approximately 10,400 sq.ft at a price of $9 million, meant for residential property development.
15 March 2000	The Company purchased 422 Tagore Industrial Avenue, Singapore 787806 for a consideration of $7.25 million.
27 April 2000	The Company acquired the entire share capital of Strike Construction Pte Ltd,. whose principal activities are in building construction and installation, provision of mechanical and electrical engineering services.
9 May 2000	The Company acquired 51% equity interest in the issued share capital of Lantrovision at a consideration of $15,625,000.
28 June 2000	The Company acquired an equity stake of 70% in Gredanian Pte Ltd. Gredanian Pte Ltd's principal activity is in property development.
1 September 2000	The Company subscribed 630,000 ordinary shares of $1.00 each in the capital of Gredanian Pte Ltd at par and for cash with no change in its equity interest of 70%.
13 December 2000	The Company made a Bonus Issue of 1 new Share credited as fully paid for every 1 existing Share held in the Company as at 5:00 pm on 8 December 2000 by capitalising a sum of $18,272,000 and $52,600 from the share premium account and accumulated profits of the Company respectively.
14 December 2000	The Shares issued pursuant to the Bonus Issue were listed on SGX-Sesdaq.
22 December 2000	The Company sold 415 Tagore Industrial Avenue, Singapore 787804 for a consideration of $2.66 million.
22 January 2001	The Group purchased a plot of land at 40 Stevens Road with land area of approximately 2,801 sq.m at a price of $27 million, meant for residential property development.

Corporate Milestones

31 January 2001	The Company acquired 51% equity interest in the issued share capital of Gordon for a consideration of HK$50.49 million. Gordon was incorporated in Hong Kong and is principally engaged in the business of providing interior architectures, designs and decorations services.
6 April 2001	The Company issued 183,246,000 warrants expiring in April 2006 ("Warrants 2006") and carrying the right to subscribe for new Shares of the Company at an issue price of $0.022 for each warrant on the basis of 1 Warrant 2006 for every 4 existing Shares held in the Company as at 5:00 pm on 13 March 2001, in conjunction with a transferable loan facility in the principal amount of $12 million.
11 April 2001	The issued Warrants 2006 were listed on SGX-Sesdaq.
2 November 2001	Lantrovision was admitted to the Official List of SGX-Sesdaq.
18 April 2002	The Company and its joint venture partner, the Economic Committee of Myitkyina, State of Kachin, Union of Myanmar set up a full licensed bank in Myitkyina, named Development Bank of Strike, with limited liability wherein the Company shall have a 75% stake and provide initial funding of US$600,000 for the infrastructure and working capital of the bank.
4 June 2002	The Company issued 10,024,985 new Warrants 2006 (the "Adjustment Warrants") and carrying the right to subscribe for new Shares of the Company as an adjustment based on 0.05472155 Adjustment Warrant for every outstanding Warrants 2006 held by Warrant holders 2006 of the Company as at 5:00 pm on 28 May 2002 in connection with a renounceable rights issue of between a minimum of 146,600,000 and a maximum of 183,246,000 new Shares (the "Rights Shares"), with between a minimum of 146,600,000 and a maximum of 183,246,000 free detachable warrants (the "Warrants"), each Warrant carrying a right to subscribe for 1 new Share at the subscription price of $0.05 for each Right Share payable in full on acceptance and/or application on the basis of 1 Right Share with 1 free detachable Warrant for every 5 existing Shares held by shareholders of the Company as at 5:00 pm on 28 May 2002, fractional entitlements being disregarded.
7 June 2002	The issued Adjustment Warrants were listed on SGX-Sesdaq.
26 September 2002	The Group acquired 100% equity interest in Progressive Builders Private Limited ("Progressive") for a cash consideration of $80,000. Progressive's principal activity are engaged in the provision of project management, building construction and installation services and related activities
21 April 2003	The Company subscribed for 439 new ordinary shares at $1.00 each in the capital of Strike Construction Pte Ltd and waived its pre-emption rights to subscribe for the balance of 68,825 new ordinary shares at $1.00 each in the capital of Strike Construction Pte Ltd pursuant to a subscription agreement dated 29 December 2000 entered with the other existing 3 shareholders of Strike Construction Pte Ltd. Following the partial subscription, the Company's equity interest in the capital of Strike Construction Pte Ltd has been diluted to 52%.
18 July 2003	The Company sold 0.36% equity interest in Lantrovision in the open market at a consideration of $217,375.
15 August 2003	Gredanian Pte Ltd completed the sale of the property on 40 Stevens Road at a consideration of $17.4 million.
14 November 2003	The Company divested 21.24% equity interest in Lantrovision to 5 individual placees at an aggregate consideration of $13,750,000, thereby reducing its equity interest held in Lantrovision to 21.24%.
26 December 2003	The Company allotted and issued 100,000,000 new Shares to 7 individual placees at par
26 April 2004	The Company acquired approximately 54.35% of the issued share capital of Mid-Con at a consideration of $13,957,305 satisfied in full by cash of $5,467,155 and the allotment and issue of 169,803,000 new Shares.
1 June 2004	The Company incorporated a wholly-owned subsidiary, Antig Investments Pte. Ltd. with an authorized capital of $5 million and a paid-up capital of $2. The principal activity of the new company is in the business of equity or other investments.
30 September 2004	The Company further divested 9.27% equity interest in Lantrovision to 2 individual placees at an aggregate consideration of $2,960,000, thereby further reducing its equity interest held in Lantrovision to 11.97%. Consequently, Lantrovision ceased to be the Company's associated company.

Board of Directors

Ravindran Govindan, Executive Chairman, joined Strike in May 2003. He is also a member of the Nominating Committee. He holds a Bachelor of Law (Honours) degree from the National University of Singapore. He currently sits on the board of several public and private companies in Singapore and overseas. He is also a director of Mid-Con and Antig Investments Pte. Ltd., subsidiaries of Strike.

Yeo Jiew Yew, Managing Director, founder of Strike since 1983. He is also a director of Victrad Enterprise (Pte) Ltd, a wholly-owned subsidiary of Strike. Mr Yeo has more than 35 years of extensive experience in the electrical installation industry and more than 20 years of experience in managing Strike. He is credited for expanding the Group's businesses to its current position. Currently, he is responsible for the overall management of the Group and the implementation of Board directions.

Chan Sing En, Deputy Managing Director, joined Strike in September 2002. He is also a member of the Remuneration Committee. He holds a Bachelor of Science, Business Administration majoring in Finance and Marketing from Pepperdine University, USA in 1987. He currently sits on the board of several public and private companies in Singapore and overseas. He is also a director of Antig Investments Pte. Ltd., a subsidiary of Strike. His current duties include assisting the Managing Director and overseeing the operations of Antig Investments Pte. Ltd.

Chua Koh Ming, Executive Director, joined Strike in March 1997. He is also a director of Gordon (HK) Designer & Engineer Limited, Strike Construction Pte Ltd, Progressive Builders Private Limited, subsidiaries of Strike. Mr Chua holds a Bachelor of Electrical Engineering degree from the National University of Singapore and is a registered Professional Engineer in practice. He has more than 9 years of experience as electrical engineer in several projects with Lands and Estate Organisation of the Ministry of Defence and had then underwent various engineering and management training programs. Currently, he is responsible for overseeing the operations of the aforesaid subsidiaries.

Umar Abdul Hamid, Executive Director, joined Strike in March 1997. He is also a director of Strike Development Pte Ltd and Mid-Continent Equipment Group Pte Ltd, subsidiaries of Strike. Mr Umar is a Harvard graduate and a Fulbright scholar with degrees in Master in Business Administration, Master of Education (Administration, Planning and Social Policy), Bachelor of Science in Electrical Engineering and a Diploma in Mechanical Engineering. He has more than 25 years of professional experience in both private and public sectors in areas of engineering project management, administrative services and business development. He was a member of Parliament from 1991 to 1996 and is currently the Vice-Chairman of Singapore Business Federation, the Honorary President of the Singapore Malay Chamber of Commerce and Industry and a member on the Board of Advisors to MINDEF Registration Committee. Currently, he is responsible for overseeing the operations of the aforesaid subsidiaries.

Lum Chue Tat, joined Strike in May 2000. He is also the Managing Director of Lantrovision, an associated company of Strike. Mr Lum holds a Diploma in Electronics and Communication from the Singapore Polytechnic. He has more than 10 years of experience in structured cabling design and marketing as well as business management.

Meno Junichiro, joined Strike in May 2003. He is also a member of the Audit Committee. Mr Meno holds a Bachelor of Arts majoring in Indo-Chinese Economy, Thai language and culture from the Tokyo University of Foreign Studies. He has more than 18 years of experience as a financial broker.

Lew Syn Pau, Independent Director, joined Strike in July 1999. He is also the Chairman of Audit Committee, Nominating Committee and Remuneration Committee. Mr Lew is a Singapore Government Scholar with Masters of Engineering Degree from Cambridge University, United Kingdom and a Masters in Business Administration degree from Stanford University, United States of America. He is currently Chairman of Ascendas Pte Ltd (a JTC subsidiary) and Managing Director of Stanbridge International Pte Ltd, an executive search firm. He is also currently the President of the Singapore Manufacturers' Federation and sits on the board of several public and private companies in Singapore and overseas. He began his career with the Singapore Administrative Service from where he was seconded to the National Trades Union Congress ("NTUC"). During his career in the NTUC, he was the Executive Secretary of the Metal Industries Workers' Union (6 years), General Manager and subsequently Managing Director of NTUC Comfort Holdings Ltd (6 years), General Manager of NTUC Pasir Ris Resort (2 years), Managing Director of General Automotive Services Pte Ltd (3 years), and Executive Director of NTUC Fairprice Co-operative Ltd (2 years). In addition, he was also an Assistant Secretary-General of the NTUC from 1990 to 1994. Mr. Lew left the NTUC Group in 1994 to join Banque Indosuez (subsequently renamed Credit Agricole Indosuez) as General Manager and Senior Country Officer from 1994 to 1997. He was also a member of Parliament from 1988 to 2001.

Goh Boon Kok, Independent Director, joined Strike in June 2004. He is also a member of the Audit Committee, Nominating Committee and Remuneration Committee. Mr Goh holds a Bachelor of Accountancy degree from the University of Singapore and is a member of Chartered Institute of Management Accountants (UK) and Chartered Institute of Secretaries & Administrators. He has more than 10 years of working experience with both public and private sectors. Mr Goh is a Certified Public Accountant and currently runs his own practice, Messrs Goh Boon Kok & Co. He is also an independent director of another public listed company in Singapore.

Key Management

Sim Yew Heng, General Manager, joined Strike in 1987 and has been with Strike for 17 years. He first started out as an electrical apprentice and has more than 25 years of experience in handling M&E projects. He has completed more than 100 M&E projects in the public and private sectors. With his experience and knowledge, he is capable of handling large-scale projects, including analyses in tenders for potential projects. His current duties include overseeing the tender, contract departments and projects management for M&E jobs.

Low Tian Siang, Senior Contract Manager, joined Strike in 1991 and has been with Strike for 14 years. Mr Low obtained the Technician Diploma from Singapore Polytechnic in 1979 and he has an Electrical Technician's Licence issued by Energy Market Authority (formerly known as Public Utilities Board, Singapore) since 1982. He has more than 30 years of experience in building services for commercial, industrial and residential projects. His current duties include planning and designing of electrical systems, testing, inspection and commissioning of M&E installations as well as projects management for M&E jobs.

Loh Voon Sheng, Contract Manager, joined Strike in 1992 and has been with Strike for 12 years. He is also a director of Victrad Enterprise (Pte) Ltd, a wholly-owned subsidiary of Strike. Mr Loh obtained a Bachelor of Arts in Business Administration from Ottawa University, USA and a Diploma in Electrical Engineering from Universiti Teknologi Malaysia. He also has a Cable Detection Work Licence issued by Energy Market Authority since 1995. He has experience in completing several high voltage installations in flatted factories for both the private and public sector. His current duties include managing a team of project managers and engineers in the preparation of quotations, tenders and negotiations with suppliers and subcontractors as well as the execution and completion of Building, M&E project.

Wong Siew Chuan, Finance Manager, joined Strike in 1999 and has been with Strike for 5 years. She has been appointed as the Company Secretary for Strike and its subsidiaries. Ms Wong graduated from the National University of Singapore with a Bachelor of Accountancy degree in 1988 and is a non-practising Fellow Certified Public Accountant Singapore. She has more than 15 years of experience in financial and management reporting and 9 years of experience in auditing a portfolio of trading, service, manufacturing companies and financial institutions. Her current duties include financial and management reporting and corporate secretarial duties for the Strike Group as well as liaising with the Singapore Exchange Securities Trading Limited as Strike's authorised representative.

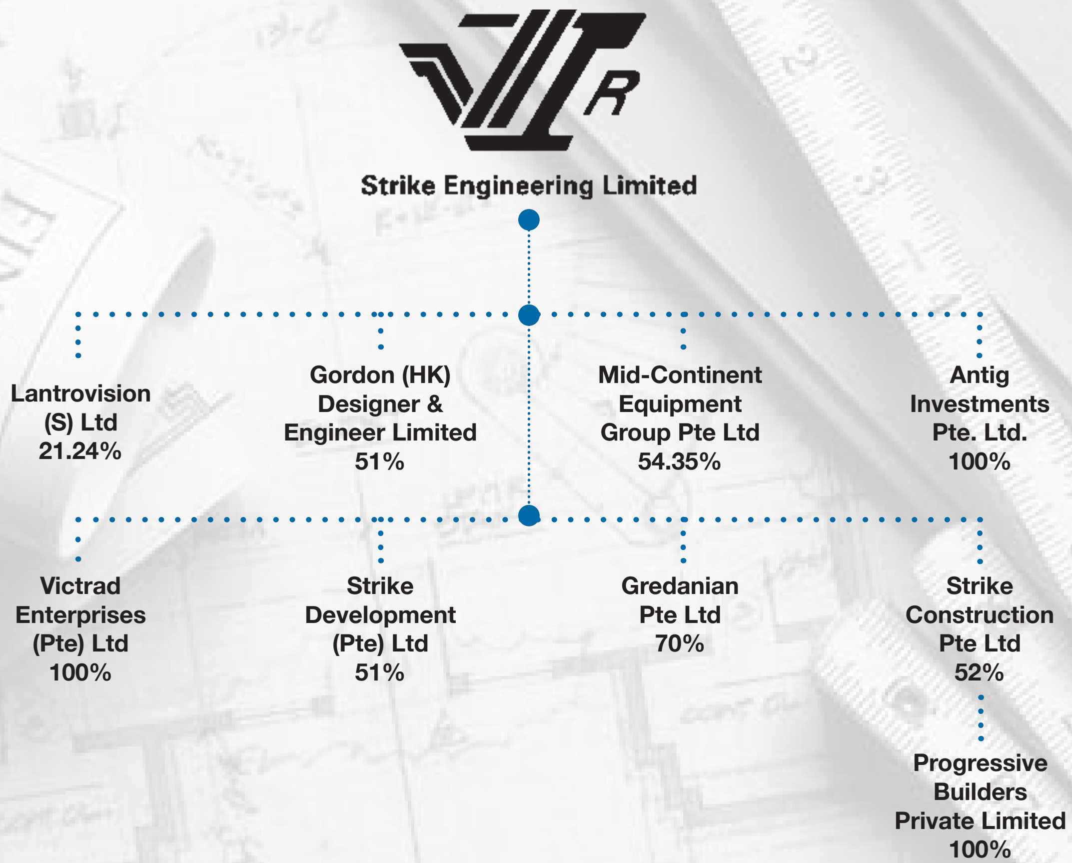
Chan Bee Fong, Personnel and Administration Manager, joined Strike in 1992 and has been with Strike for 12 years. She obtained the London Chamber of Commerce Group Diploma in Management Accounting in 1989. She has more than 15 years of experience in maintaining financial accounts and handling office administrative matters for small and medium enterprises. Her current duties include human resource management for Strike, monitor projects' costings and leading a team of office and project administrative staffs in providing support to the various departments of Strike.

Financial Highlights

Financial Highlights

	2004	2003	2002
Turnover ($'000)	81,329	44,536	57,474
Net Asset Value Per Share (Cents)	3.02	2.63	5.70
Profits/(Losses) Before Taxation ($'000)	430	(28,188)	304
(Loss) Per Share (Cents)	(0.18)	(3.03)	(0.12)
Turnover by Business Activities			
Electrical Engineering Services	14,120	10,471	14,438
Building and Mechanical Engineering Services	15,312	21,924	16,427
Information Technology Cabling	-	-	17,892
Architecture and Design	27,931	4,354	5,284
Networking	2,099	2,856	2,802
Property Development	9,449	2,185	221
Oilfield equipment supply and services	12,292	-	-
Others	126	2,746	410

Group Structure



Strike Engineering Limited is committed to ensuring the standard of corporate governance within the Group to protect the interests of shareholders and to promote investors' confidence within constraints of the Group's operations and size, and supports full compliance of Code of Corporate Governance ("Code") as required by the Singapore Exchange Securities Trading Limited ("SGX-ST").

1. Board of Directors (The "Board")

Board's Conduct of its Affairs

The Board assumes responsibility for the overall corporate governance of the Group. Their principal functions include :

(a) Approving broad policies, strategies and financial objectives for the Group;
(b) Approving the nominations of board members and key managerial personnel;
(c) Approving budgets, major funding proposals, investment and divestment proposals;
(d) Reviewing the Group's financial performance; and
(e) Monitoring the performance of management

The day-to-day management of the Group's businesses and affairs, the development of various business activities and the formulation of corporate strategies have been entrusted to the executive directors. This is to facilitate effective management.

Certain functions have been delegated to various board committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC").

The Board meets at least two times a year, with additional meetings convened when circumstances require. The Company does not have a formal training programme for new directors. However, to assist the directors in discharging their duties, a new director will be given briefing on the business of the Group and regulatory issues. Directors of the Company will also be updated from time to time of any new or changes to companies and securities legislations, rules and regulations.

The number of Board, AC, NC and RC meetings held for the financial year ended 30 June 2004 and the attendance of every board member at those meetings is given on page 14.

Board Composition and Balance

The Board currently comprises 9 members, 5 executive directors including the Chairman and 4 non-executive directors, of whom two are independent directors. Together, the Directors bring with them a wide range of business and financial experience, skills and expertise to meet the Company's targets.

New appointments to the Board, its composition and effectiveness, and independence of directors, are reviewed annually by the NC. Mr Ravindran Govindan is currently the Executive Chairman of the Board while Mr Yeo Jiew Yew is the Managing Director of the Company. NC recognises the Company's financial constraints. As no individual or small group of individuals dominates the Board, NC views the current Board composition and size appropriate for the Group's present scope of operations.

The Chairman schedules the meeting and prepares the meeting agenda of the Board, and reviews the Board papers prepared by management staff to ensure complete and timely information are provided to the Board members. In addition, the Chairman also assists to ensure the company's compliance with the Code.

Access to Information

All Directors have access to information from the Company's senior management and to the advice and services of the Company Secretary as and when required to effectively fulfill their responsibilities.

The Company Secretary attends all Board meetings and records all decisions and conclusions of the Board meeting in the Minutes' book. The Company Secretary assists the Board in ensuring that the procedures are duly complied with.

2. Nominating Committee ("NC")

Lew Syn Pau (Chairman)
Ravindran Govindan
Goh Boon Kok

Board Membership and Board Performance

NC comprises three members, 2 members including the Chairman are Independent Non-Executive Directors and 1 member is an Executive Director.

NC has adopted specific terms of reference and its principal functions are as follows:

(a) Identify candidates, review all nominations on appointments and re-appointment of directors for recommendations to the Board.
(b) Review the Board structure, size and composition regularly.
(c) Determine the independence of directors annually.
(d) To assess the effectiveness of the Board as a whole and the contribution of each individual director to an effective Board.

The Board, through the NC, reviews annually the effectiveness of the Board as a whole and its required mix of skills and experience and other qualities, including core competencies, which directors should bring to the Board.

Pursuant to Article 78 of the Company's Articles of Association, new directors would be required to submit themselves for re-election at the forthcoming Annual General Meeting (“AGM”). Article 96(2) of the Company's Articles of Association requires that one-third of the Directors retire by rotation at every AGM. However, the Managing Director is not subject to retirement by rotation. In accordance with the Company's Articles of Association, Messrs Chan Sing En, Lew Syn Pau and Lum Chue Tat will retire pursuant to Article 96(2) and Mr Goh Boon Kok will retire pursuant to Article 78 at the forthcoming AGM.

NC meets at least once a year. Additional meetings can be scheduled if considered necessary by the Chairman of NC. NC has held 3 meetings during the financial year ended 30 June 2004.

3. Audit Committee ("AC")

To ensure that corporate governance is effectively practiced, the Directors have established self regulatory and monitoring mechanisms, including the establishment of the AC.

The members of the AC at the date of this report are:

Lew Syn Pau (Chairman)	Independent Non-Executive Director
Goh Boon Kok	Independent Non-Executive Director
Meno Junichiro	Non-Executive Director

2 members of AC have in-depth years of professional experiences in the field of financial management and/or accounting. The Board is of the view that AC members have sufficient financial management expertise and experience to discharge their responsibilities.

The AC held two meetings during the financial year ended 30 June 2004. The AC carried out its functions in accordance with the Companies Act Cap. 50 and SGX-ST Listing Manual. In performing those functions, the Audit Committee inter alia reviewed:

3. Audit Committee ("AC") (cont'd)

(a) the overall scope of external audits and the assistance provided by the Group's officers to the auditors;
(b) the auditors' evaluation of the system of internal accounting controls arising from their audit;
(c) interested person transactions in accordance with the SGX-ST Listing Manual to satisfy themselves that the transactions are on normal commercial terms; and
(d) the financial statements of the Company and the consolidated financial statements of the Group and the auditors' report on those financial statements before their submission to the Board of Directors.

Apart from the duties listed above, the AC has the power to conduct or authorise investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

The AC has full access to and co-operation of the management and the external auditors have unrestricted access to the AC. The AC meets with the external auditors, without the presence of the management, at least once a year. The AC also conducts an annual review of the independence and objectivity of external auditors annually.

The AC has recommended the re-appointment of Messrs Ernst & Young as external auditors of the Company for the ensuing financial year.

Interested Person Transactions ("IPTs")

The Company has in place proper policies and procedures for the identification, approval and monitoring of transactions with interested persons. All interested person transactions are subject to review by the AC. Currently, the Company is not required to have a general mandate from its shareholders in relation to IPTs as there are no IPT transactions for the financial year ended 30 June 2004.

Material Contracts

No material contracts were entered between the Company or any of its subsidiaries with any director or controlling shareholder during the financial year ended 30 June 2004.

Internal Controls and Internal Audit

The Board acknowledges its overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investments, the Company's assets, and the need to review the adequacy and integrity of those systems regularly. It also recognises that the system of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

The Executive Directors have ensured that an adequate system of internal controls is in place and is effective by the active involvement in the day-to-day operations and management of the Group. In addition, internal controls systems are reviewed from time to time to ensure its effectiveness in the current changing business environment.

In accordance with the scope laid out in the audit plan, the External Auditors carry out a review of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management in the course of their annual statutory audit. There are no material non-compliances and internal control weaknesses noted during their audit for the financial year ended 30 June 2004.

An Internal Audit Team ("IAT") of 3 members, headed by Ms Chan Bee Fong was formed on 20 September 2002. The IAT reports directly to the AC Chairman. It also reports functionally and administratively to the Managing Director. AC reviews and approves the annual IAT's plan and resources.

The Board, based on the findings by external auditors, internal auditors and management controls in place, is satisfied that there are adequate internal controls in the Company.

4. Remuneration Committee ("RC")

Lew Syn Pau (Chairman)
Chan Sing En
Goh Boon Kok

Procedures for Developing Remuneration Policies
Level and Mix of Remuneration
Disclosure on Remuneration

RC comprises 3 members, 2 members including the Chairman are Independent Non-Executive Directors and 1 member is an executive director.

RC has adopted specific terms of reference and its principal functions are as follows:

(a) To review and recommend to the Board a framework of remuneration for directors and key executives to ensure the package is sufficient to attract and retain people of required quality to run the Company successfully.
(b) To determine the specific remuneration packages for executive directors and key executives based on performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry.
(c) Review directors' remuneration packages annually to recommend appropriate adjustments.

Fees are payable only to non-executive directors and the level of fees shall commensurate with the level of responsibilities undertaken by them. Such fees are recommended and endorsed by the Board for approval by the shareholders of the Company at its AGM. RC recommended that fees of S$68,450 be payable to Independent Non-executive Directors for the financial year ended 30 June 2004, for their participation in the various subcommittees. The Board duly accepted RC's recommendation and proposed the same for approval by the shareholders at the forthcoming AGM.

RC meets at least once a year. Additional meetings can be scheduled if considered necessary by the Chairman of RC. RC has held 3 meetings during the financial year ended 30 June 2004.

Remuneration of Directors and Key Executives

Details of remuneration to the directors of the Company for the financial year ended 30 June 2004 ("FY2004") and 2003 ("FY2003"):are set out below:

	Number of directors	
Remuneration band	**FY2004**	**FY2003**
$500,000 and above	-	-
$250,000 to below $500,000	-	-
Below $250,000	10	14

4. Remuneration Committee ("RC") (cont'd)

Summary compensation table for FY2004:

Name	Salaries %	Bonus %	Director fees %	Other benefits %	Total %
Below $250,000					
Directors					
Ravindran Govindan	18.8	-	78.7	2.5	100.0
Yeo Jiew Yew	82.5	11.3	-	6.2	100.0
Chan Sing En	87.8	-	-	12.2	100.0
Chua Koh Ming	84.7	10.0	-	5.3	100.0
Umar Abdul Hamid	93.7	-	-	6.3	100.0
Meno Junichiro	-	-	100.0	-	100.0
Lew Syn Pau	-	-	100.0	-	100.0
Goh Boon Kok	-	-	100.0	-	100.0
Lim Chiao Hak Clement *	86.2	-	-	13.8	100.0
Key Executives					
Sim Yew Heng	77.5	11.1	-	11.4	100.0
Low Tian Seng	-	88.5	-	11.5	100.0
Loh Voon Sheng	64.2	14.1	-	21.7	100.0
Wong Siew Chuan	73.0	11.9	-	15.1	100.0
Chan Bee Fong	65.9	9.8	-	24.3	100.0

* Resigned during the financial year ended 30 June 2004

RC and the Board are of the opinion that the remuneration of the Directors and Key Executives for the financial year ended 30 June 2004 are adequate but not excessive in order to attract, retain and motivate them to run the Group successfully.

5. Communication with Shareholders

Accountability and Audit
Communication with Shareholders

The Board acknowledges the importance of regular communication with shareholders and investors through which shareholders can have an overview of the Group's performance and operation. This is made via the Company's annual report, circulars to shareholders and half-yearly financial reports and the various announcements made during the year.

At each AGM, shareholders are given opportunity to meet and communicate with the Board and to vote on all resolutions.

6. Securities Transactions

The Company has adopted an Internal Code of Conduct to provide guidance to its directors and employees on their dealings in its securities. This was modelled along the Best Practices Guide in the SGX-ST Listing Manual.

7. Corporate Disclosure

The Company believes that a high level of disclosure is essential to enhance the standard of corporate governance. Hence, the Company is committed to provide a high level of disclosure in all public announcements, press releases and annual reports.

8. Meetings Compliance

Each director attended the following meetings during the financial year ended 30 June 2004 while a member of the Board:

Name of Director	Board Membership	Attendance: Board		Audit Committee		Nominating Committee		Remuneration Committee	
		No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Ravindran Govindan [1]	Executive Chairman	4	2	2	2	3	3	3	3
Yeo Jiew Yew [2]	Managing Director	4	4	-	-	3	3	3	3
Chan Sing En [3]	Deputy Managing Director	4	4	-	-	-	-	-	-
Chua Koh Ming	Executive Director	4	3	-	-	-	-	-	-
Umar Abdul Hamid Executive Director	4	3	-	-	-	-	-	-	
Lum Chue Tat	Non-Executive Director	4	1	-	-	-	-	-	-
Meno Junichiro	Non-Executive Director	4	3	2	2	-	-	-	-
Lew Syn Pau	Independent Director	4	4	2	2	3	3	3	3
Goh Boon Kok [4] [Appointed on 01.06.04]	Independent Director	-	-	-	-	-	-	-	-
Lim Chiao Hak Clement [Resigned on 26.11.03]	Executive Director	2	2	-	-	-	-	-	-

Notes

(1) Appointed as Chairman of the Board on 1 June 2004. Undertook executive duties on 15 June 2004. Stepped down as a member of AC and RC on 1 June 2004.

(2) Stepped down as a member of both NC and RC on 1 June 2004.

(3) Became an executive director on 4 August 2003. Stepped down as a member of AC on 8 August 2003 and as a member of both NC and RC on 16 September 2003. Reappointed as a member of RC on 1 June 2004.

(4) Appointed as a member of AC, NC and RC on 1 June 2004.

FINANCIAL CONTENTS

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Strike Engineering Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 30 June 2004 and balance sheet of the Company as at 30 June 2004.

Directors

The directors of the Company in office at the date of this report are:

Ravindran Govindan
Yeo Jiew Yew
Chan Sing En
Chua Koh Ming
Umar Abdul Hamid
Lum Chue Tat
Meno Junichiro
Lew Syn Pau
Goh Boon Kok

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options or warrants

During the financial year ended 30 June 2001, the Company issued 183,246,000 warrants ("Warrants 2006") in conjunction with the transferable loan facility granted to the Company. Each Warrant 2006 entitles the holder to subscribe for one new ordinary share at the exercise price of $0.11 during the Exercise Period. The Exercise Period of Warrants 2006 refers to the period during which the Warrants 2006 may be exercised, commencing after its listing and quotation on the SGX-Sesdaq from 6 April 2001, the date of issue up to 5 April 2006. During the financial year ended 30 June 2002, 10,024,985 new Warrants 2006 were issued as an adjustment in connection with the rights issue based on 0.05472155 new Warrant 2006 for every outstanding Warrant 2006 pursuant to the Deed Poll dated 9 March 2001. During the financial year no Warrants 2006 were exercised and converted to ordinary shares. The number of Warrants 2006 outstanding at the end of the financial year 30 June 2004 was 193,239,985 (2003: 193,239,985).

During the financial year ended 30 June 2002, 146,603,000 warrants ("Warrants 2003") were issued in conjunction with the rights issue, with one Warrant 2003 being issued for every one Rights Share subscribed for, fractional entitlements being disregarded. Each Warrant 2003 entitles the holder to subscribe for one new ordinary share at the exercise price of $0.07 during the Exercise Period. The Exercise Period of Warrants 2003 refers to the period during which the Warrants 2003 may be exercised, commencing on and including 21 June 2002, the date of issue up to 20 December 2003. During the financial year 63,200 Warrants 2003 were exercised and converted to ordinary shares. The balance 146,539,800 Warrants 2003 expired on 20 December 2003 and ceased to be valid for any purpose.

Except for the above, no other options or warrants to take up unissued shares of the Company or its subsidiaries were granted and no other shares were issued by virtue of the exercise of options or warrants to take up unissued shares of the Company or any subsidiary. Save as disclosed, there were no unissued shares of the Company or any subsidiary under option at the end of the financial year.

Director's interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, an interest in shares of the Company and related corporations, as stated below:

	Direct interest			Deemed interest		
	1 July 2003	**30 June 2004**	**21 July 2004**	**1 July 2003**	**30 June 2004**	**21 July 2004**
The Company						
Ordinary shares of $0.05 each						
Yeo Jiew Yew	94,640,000	**49,640,000**	**49,640,000**	–	**–**	**–**
Chua Koh Ming	77,923,200	**51,643,200**	**51,643,200**	–	**–**	**–**
Umar Abdul Hamid	91,108	**91,108**	**91,108**	10,491,631	**10,192,631**	**10,192,631**
Lew Syn Pau	–	**–**	**–**	5,813,999	**5,813,999**	**5,813,999**
Lum Chue Tat	15,254,400	**4,400**	**4,400**	16,675,200	**16,675,200**	**16,675,200**
Warrants 2003 to subscribe for ordinary shares of $0.05 each						
Yeo Jiew Yew	22,440,000	**–**	**–**	–	**–**	**–**
Chua Koh Ming	12,987,200	**–**	**–**	–	**–**	**–**
Umar Abdul Hamid	–	**–**	**–**	311,938	**–**	**–**
Lew Syn Pau	–	**–**	**–**	968,999	**–**	**–**
Lum Chue Tat	2,542,400	**–**	**–**	2,779,200	**–**	**–**
Warrants 2006 to subscribe for ordinary shares of $0.05 each						
Umar Abdul Hamid	819	**819**	**819**	973	**973**	**973**
Lew Syn Pau	–	**–**	**–**	1,277,531	**1,277,531**	**1,277,531**
Lum Chue Tat	715,101	**715,101**	**715,101**	6,300,905	**6,300,905**	**6,300,905**

No other directors of the Company had an interest in any shares or debentures of the Company or related corporations either at the beginning or end of the financial year and on 21 July 2004.

Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than a benefit or any fixed salary of a full-time employee of the Company included in the aggregate amount of emoluments shown in the financial statements, or any emoluments received from related corporations) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Corporate governance

The Board of Directors is responsible for the corporate governance and strategy of the Group. The Board comprises an executive chairman, four executive directors and four non-executive directors, of whom two are independent directors. The board meets regularly during the year and at other times as appropriate.

The Board supports the developments to improve corporate governance and confirms compliance with the Singapore Exchange's Best Practices Guide relating to Audit Committees.

The Audit Committee comprises three non-executive directors of whom two are independent directors. The members of the Committee are:

Lew Syn Pau (Chairman)
Goh Boon Kok
Meno Junichiro

The Audit Committee carried out its functions in accordance with the Companies Act, Cap. 50 and the Singapore Exchange Securities Trading Limited Listing Manual. In performing those functions, the Audit Committee *inter alia* reviewed:

(a) The audit plan of the company's auditors and their evaluation of the system of internal accounting controls;

(b) the overall scope of external audits and the assistance provided by the Group's officers to the auditors;

(c) the auditors' evaluation of the system of internal accounting controls arising from their audit;

(d) interested party transactions for the financial year ended 30 June 2004 in accordance with Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual to satisfy themselves that the transactions are on normal commercial terms; and

(e) the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 30 June 2004 before their submission to the board of directors and the auditors' report on those financial statements.

The Audit Committee held 2 meetings during the financial year.

The Audit Committee recommends to the board of directors the nomination of Ernst & Young for re-appointment as auditors at the forthcoming annual general meeting of the Company.

Other information required by the Singapore Exchange Securities Trading Limited

No material contracts to which the Company or any subsidiary is a party and which involve directors' interests subsisted at, or have been entered into since the end of the previous financial year.

Auditors

Ernst and Young have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the board of directors,

Yeo Jiew Yew
Director

Chua Koh Ming
Director

Singapore
27 August 2004

Statement by Directors
Pursuant to Section 201(15)

We, Yeo Jiew Yew and Chua Koh Ming, being two of the directors of Strike Engineering Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated statement of profit and loss accounts, consolidated statements of changes in equity and consolidated cash flow statement together with notes thereto, set out on pages 22 to 62 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2004 and of the results of the business, changes in equity and cash flows of the Group for the year then ended, and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors,

Yeo Jiew Yew
Director

Chua Koh Ming
Director

Singapore
27 August 2004

We have audited the accompanying financial statements of Strike Engineering Limited (the "Company") and its subsidiaries (the "Group") set out on pages 22 to 62 for the year ended 30 June 2004. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2004 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
27 August 2004

Balance Sheets
As at 30 June 2004

	Note	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Equity					
Share capital	3	**57,474,210**	43,980,900	**57,474,210**	43,980,900
Reserves	4	**(22,768,483)**	(20,839,088)	**(26,476,132)**	(23,249,878)
		34,705,727	23,141,812	**30,998,078**	20,731,022
Minority interests		**13,946,245**	1,655,608	**–**	–
		48,651,972	24,797,420	**30,998,078**	20,731,022
Property, plant and equipment	5	**13,113,209**	10,699,790	**6,223,922**	6,531,482
Investment properties		**–**	1,039,638	–	–
Investment in subsidiaries	6	–	**–**	**14,768,256**	3,006,370
Associated companies	7	**7,152,463**	14,650,343	**7,747,352**	16,860,667
Joint venture companies	8	–	–	**–**	–
Goodwill on consolidation	9	**4,749,972**	5,687,343	**–**	–
Unquoted investments, non-current		**476,477**	–	**–**	–
Deferred tax assets		**46,000**	–	**–**	–
Other investments		**–**	82,929	**–**	–
Current assets					
Development properties	10	**1,765,000**	29,394,324	**–**	–
Inventories	11	**14,038,524**	317,297	**31,344**	25,038
Projects-in-progress	12	**7,116,398**	7,516,199	**2,596,806**	2,665,355
Trade debtors	13	**14,937,973**	3,971,144	**114,792**	95,629
Loan to subsidiaries	14	**–**	–	**3,552,119**	5,487,942
Other debtors, deposits and prepayments	15	**2,118,234**	6,885,909	**287,395**	536,323
Due from subsidiaries (trade)		**–**	**–**	**162,869**	1,729,246
Due from subsidiaries (non-trade)	16	**–**	–	**764,548**	1,138,191
Due from an associated company (trade)		**2,676,217**	49,326	**1,296,217**	49,326
Fixed deposits	17	**6,262,827**	66,936	**–**	–
Cash and bank balances		**7,612,353**	4,284,832	**59,631**	529,314
		56,527,526	52,485,967	**8,865,721**	12,256,364

	Note	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Current liabilities					
Trade creditors		**8,156,239**	4,326,240	**1,012,015**	1,261,624
Progress billings in excess of costs	18	**1,287,580**	7,474,734	**482,340**	301,979
Other creditors and accruals	19	**6,175,199**	1,896,326	**390,377**	262,714
Due to minority shareholders of subsidiaries	16	**1,092,032**	1,787,522	**–**	–
Due to an associated company (trade)		**–**	85,115	**–**	–
Due to an affiliated company (non-trade)	16	**3,635,524**	–	**–**	–
Due to joint venture companies (trade)		**685,880**	–	**–**	–
Provision for tax		**2,081,923**	351,454	**–**	15,243
Short term bank loans (unsecured)	20	**–**	1,500,000	**–**	1,500,000
Short term bank loans (secured)	21	**4,117,650**	8,750,000	**–**	–
Lease obligations, current portion	22	**86,530**	58,412	**5,324**	7,956
Bank term loans, current portion (secured)	23	**57,694**	21,917,350	**–**	3,737,493
Bills payable to banks (unsecured)	24	**2,537,735**	2,717,034	**2,185,735**	2,717,034
Bank overdrafts (unsecured)	25	**2,639,582**	5,599,271	**2,498,582**	5,154,819
		32,553,568	56,463,458	**6,574,373**	14,958,862
Net current assets/(liabilities)		**23,973,958**	(3,977,491)	**2,291,348**	(2,702,498)
Non-current liabilities					
Lease obligations, non-current portion	22	**154,557**	126,514	**–**	5,324
Bank term loans, non-current portion (secured)	23	**185,783**	3,191,202	**–**	2,926,875
Deferred tax liabilities		**519,767**	67,416	**32,800**	32,800
		860,107	3,385,132	**32,800**	2,964,999
		48,651,972	24,797,420	**30,998,078**	20,731,022

The accounting policies and explanatory notes on pages 30 to 62 form an integral part of the financial statements.

Consolidated Statement of Profit and Loss
For the year ended 30 June 2004

	Note	2004	2003
		$	$
Turnover	26	**81,328,769**	44,536,319
Cost of sales		**(74,266,542)**	(45,329,166)
Gross profit/(loss)		**7,062,227**	(792,847)
Other operating income	27	**3,109,797**	937,193
Distribution & selling expenses		**(1,895,401)**	(1,912,178)
Administrative expenses		**(5,400,719)**	(7,495,028)
Other operating expenses		**(2,778,815)**	(20,526,956)
Profit/(loss) from operations	28	**97,089**	(29,789,816)
Financial income	31	**31,818**	12,522
Financial expenses	31	**(599,702)**	(507,369)
		(470,795)	(30,284,663)
Share of results of associated companies		**900,462**	2,096,739
Profit/(loss) before tax		**429,667**	(28,187,924)
Tax	32	**(1,424,723)**	(872,128)
Loss after tax		**(995,056)**	(29,060,052)
Minority interests		**(720,275)**	2,422,477
Loss attributable to shareholders		**(1,715,331)**	(26,637,575)
Loss per share (cents)			
-Basic and diluted	33	**(0.18)**	(3.03)

The accounting policies and explanatory notes on pages 30 to 62 form an integral part of the financial statements.

Group	2004	2003
	$	$
Share capital		
Balance at beginning of year	**43,980,900**	43,980,900
- issuance of 100,000,000 ordinary shares of $0.05 each via private placement	**5,000,000**	–
- issuance of 63,200 ordinary shares of $0.05 each upon exercise of Warrants 2003	**3,160**	–
- issuance of 169,803,000 ordinary shares of $0.05 each as partial satisfaction for the acquisition of shares in Mid-Continent Equipment Group Pte Ltd	**8,490,150**	–
Balance at end of year	**57,474,210**	43,980,900
Share Premium		
Balance at beginning of year	**2,578**	2,542
Issue of 63,200 ordinary shares of $0.05 each upon exercise of Warrants 2003 at $0.07 per share	**1,264**	–
Proceeds from sale of rights shares	**–**	36
Balance at end of year	**3,842**	2,578
Capital reserve		
Balance at beginning of year	**3,919,525**	3,921,325
Expenses in connection with the Warrants 2006 issue	**–**	(1,800)
Balance at end of year	**3,919,525**	3,919,525
Asset revaluation reserve		
Balance at beginning of year	**70,298**	520,114
Impairment of property, plant and equipment	**(70,298)**	(449,816)
Balance at end of year	**–**	70,298
Translation reserve		
Balance at beginning of year	**(23,446)**	(74,133)
Foreign currency translation differences	**(145,030)**	50,687
Balance at end of year	**(168,476)**	(23,446)
Accumulated losses		
Balance at beginning of year	**(24,808,043)**	1,829,532
Loss attributable to shareholders	**(1,715,331)**	(26,637,575)
Balance at end of year	**(26,523,374)**	(24,808,043)
Total equity	**34,705,727**	23,141,812

The accounting policies and explanatory notes on pages 30 to 62 form an integral part of the financial statements.

Consolidated Statement of Cash Flows
For the year ended 30 June 2004

	2004	2003
	$	$
Cash flows from operating activities		
Profit (loss) before tax	**429,667**	(28,187,924)
Adjustments:		
Amortisation of goodwill on consolidation	**761,043**	1,024,351
Bad non-trade debts written off	**1,071,072**	–
Bad trade debts written off	**98,294**	874,693
Depreciation of property, plant and equipment	**521,300**	456,313
Forgiveness of loan from minority shareholders of a subsidiary	**(512,873)**	–
Gain on disposal of quoted shares	**(2,562,192)**	(721,219)
Goodwill written off	**–**	950,212
Interest expense	**547,852**	494,467
Interest income	**(31,818)**	(12,522)
Loss on disposal of development property	**221,632**	–
Loss on disposal of investment properties	**290,092**	–
Loss on disposal of investment in subsidiaries	**48,687**	–
Loss on disposal of property, plant and equipment	**12,520**	10,441
Preliminary expenses written off	**1,605**	–
Provision for doubtful trade debts	**164,399**	424,635
Provision for doubtful non-trade debts	**576,513**	–
Provision for forseeable project losses	**–**	47,940
Provision for impairment in value of investment properties	**–**	422,678
Provision for impairment in value of property, plant and equipment	**950,222**	1,468,458
Provision for impairment loss on development property	**–**	14,101,583
Provision for project losses on development project	**–**	4,257,422
Property, plant and equipment written off	**–**	3,616
Share of results of associated companies	**(900,462)**	(2,096,739)
Operating profit/(loss) before working capital changes	**1,687,553**	(6,481,595)
(Increase) decrease in:		
Development properties	**27,629,324**	(7,811,692)
Stocks	**(2,312,246)**	297,542
Projects-in-progress, net of progress billings	**(8,969,718)**	16,974,594
Trade debtors	**(2,065,191)**	738,678
Other debtors, deposits and prepayments	**4,710,704**	(6,134,916)
Increase (decrease) in:		
Trade creditors	**(798,900)**	(14,254)
Other creditors and accruals	**5,411,960**	806,325
Intercompany balances, net	**(184,700)**	(731,448)
Due to minority shareholders of subsidiaries	**(555,681)**	299,396
Bills payable to banks	**(179,299)**	1,671,311
Cash flows generated from /(used in) operations	**24,373,806**	(386,059)
Interest income received	**31,818**	12,522
Interest paid	**(547,852)**	(494,467)
Income taxes paid	**(617,246)**	(482,663)
Net cash flows generated from/(used in) operating activities	**23,240,526**	(1,350,667)

	Note	2004	2003
		$	$
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**866,919**	86,672
Purchase of property, plant and equipment	B	**(701,667)**	(971,845)
Purchase of interest in joint venture		**(346,364)**	263,875
Proceeds from sale of investment properties		**712,106**	–
Purchase of transferable licenses		**–**	–
Net proceeds from sale of quoted investments		**–**	731,422
Net proceeds from disposal of shares in associated company		**5,619,540**	8,424,250
Acquisition of associated company		**–**	(5,940,000)
Net cash flow from disposal of subsidiaries	C	**15,264**	–
Net cash flow generated from/(used in) acquisition of subsidiaries	D	**10,561,168**	(80,000)
Net cash flow generated from investing activities		**16,726,966**	2,514,374
Cash flows from financing activities			
Proceeds from term loans		**243,478**	1,233,932
Net proceeds from issue of shares, net of expenses		**5,004,424**	–
Expenses on issue of warrants		**–**	(1,800)
Contributions from minority shareholders of subsidiaries		**–**	113,757
Net payment to hire purchase creditors		**(10,264)**	(60,661)
Repayment of term loans		**(32,722,028)**	(6,171,971)
Net cash flows used in financing activities		**(27,484,390)**	(4,886,743)
Net increase/(decrease) in cash and cash equivalents		**12,483,102**	(3,723,036)
Cash and cash equivalents at beginning of year		**(1,247,504)**	2,475,532
Cash and cash equivalents at end of year	A	**11,235,598**	(1,247,504)

A. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	2004	2003
	$	$
Cash and bank balances	**7,612,353**	4,284,832
Fixed deposits	**6,262,827**	66,936
Bank overdrafts, unsecured	**(2,639,582)**	(5,599,272)
Cash and cash equivalents	**11,235,598**	(1,247,504)

B. Property, plant and equipment

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of $776,667 (2003: $1,006,260) of which $75,000 (2003: $34,415) was acquired by means of finance leases. Cash payments of $701,667 (2003: $971,845) were made to purchase property, plant and equipment.

C. Disposal of subsidiaries

The attributable net assets of subsidiaries disposed of during the year are as follows:

	2004	2003
	$	$
Property, plant and equipment	130,860	–
Investment property	37,440	–
Other investment	74,636	–
Goodwill on consolidation	4,535	–
Cash and bank balances	198,736	–
Fixed deposits	36,000	–
Trade debtors	788,434	–
Stocks	464,554	–
Projects-in-progress, net of progress billings	3,182,365	–
Other debtors, deposits and prepayments	107,238	–
Trade creditors	(2,346,415)	–
Other creditors and accruals	(2,139,137)	–
Provision for taxation	(3,427)	–
Due to minority shareholders of subsidiaries	(139,809)	–
Lease obligations	(30,760)	–
Deferred taxation	(13,080)	–
Minority interests	(53,483)	–
Net assets disposed of	298,687	–
Loss on disposal	(48,687)	–
Proceeds from disposal of subsidiaries	250,000	–
Less: Cash and bank balances of subsidiaries disposed of	(234,736)	–
Net cash flow from disposal of subsidiaries	15,264	–

D. Acquisition of subsidiaries

The attributable net assets of subsidiaries acquired during the year are as follows:

	2004	2003
	$	$
Property, plant and equipment	4,268,414	–
Other investments	163,410	–
Goodwill on consolidation	10,755	–
Cash and bank balances	3,890,773	–
Fixed deposit	6,197,550	–
Trade debtors	9,690,072	–
Intercompany balances, net	(1,794,098)	–
Stocks	11,873,535	–
Other debtors, deposits and prepayments	466,680	–
Trade creditors	(6,975,314)	–
Other creditors and accruals	(1,006,050)	–
Provision for taxation	(844,666)	–
Lease obligations	(97,586)	–
Bank borrowings	(1,508,400)	–
Deferred taxation	(501,184)	–
Net assets acquired	23,833,891	–
Add: Goodwill on consolidation	1,988,559	80,000
Minority interests	(11,865,145)	–
Total purchase consideration	13,957,305	80,000
Less: Purchase consideration satisfied via share issue	(8,490,150)	–
Total purchase consideration satisfied via cash	5,467,155	80,000
Less: Purchase consideration paid in prior year	(5,940,000)	–
Less: Cash and bank balances of subsidiaries	(10,088,323)	–
Net cash flow (generated from)/used in acquisition of subsidiaries	(10,561,168)	80,000

The accounting policies and explanatory notes on pages 30 to 62 form an integral part of the financial statements.

1. Corporate information

Strike Engineering Limited is a limited liability company incorporated in Singapore.

The registered office and principal place of business of Strike Engineering Limited is located at 22 Tagore Lane, Singapore 787480.

The principal activities of the Company are those of provision of mechanical and electrical engineering services and dealing in electrical products. The principal activities of the subsidiaries are as shown in Note 6 to the financial statements. The Group and Company employed 435 and 105 employees as of 30 June 2004 (2003: 395 and 105 respectively).

2. Significant accounting policies

(a) Basis of preparation

The financial statements which are expressed in Singapore dollars, are prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Singapore Companies Act, Cap. 50. In previous years, the financial statements were prepared in accordance with Singapore Statements of Accounting Standard (SAS). The transition from SAS to FRS did not result in any significant change in accounting policies.

The financial statements have been prepared on a historical cost basis modified by the revaluation of building and freehold properties.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous financial year.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The results of subsidiaries acquired or sold during the year are consolidated for the periods from or to the date of acquisition or disposal. All intercompany balances and any unrealised profit or loss on intercompany transactions are eliminated on consolidation.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method. The financial statements of foreign associated companies are translated into Singapore dollars at rates of exchange ruling at the balance sheet date. Any unrealised profit or loss arising from transactions with associated companies is eliminated to the extent of the portion attributable to the Group.

When subsidiaries or associated companies are acquired, any difference between the consideration paid and the fair values of the net assets acquired is amortised to the consolidated profit and loss account in equal instalments over a period of 5 to 10 years.

Assets and liabilities of the foreign subsidiaries are translated into Singapore dollars at the exchange rates ruling at balance sheet date. The results of foreign subsidiaries are translated into Singapore dollars at the average exchange rates applicable for the financial year. Foreign currency translation adjustments arising on consolidation are accumulated as a separate component of equity.

The financial statements of jointly controlled entities and joint ventures are proportionately consolidated in the Group financial statements on the basis outlined in paragraph (e).

2. Significant accounting policies (cont'd)

(c) Subsidiaries and associated companies

A subsidiary is defined as a company, in which the Group has a long-term interest of more than 50% of the equity or in whose financial and operating policy decisions the Group controls.

An associated company is a company, not being a subsidiary, in which the Group has an interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence.

Investments in subsidiaries and associated companies are stated in the Company's balance sheet at cost and provision is made for impairment in values that is other than temporary.

(d) Affiliated company

An affiliated company is a company, not being a subsidiary or an associated company, in which one or more of the directors or shareholders of the Company have a significant equity interest or exercise significant influence.

(e) Joint venture companies

A joint venture company is an entity in which the Group and other third parties have an interest and which by contractual arrangement they jointly control the economic activity of the entity. The financial statements of joint venture companies are consolidated in the Group financial statements on a line-by-line basis in accordance with the proportion of the Group's equity interest in the entity.

(f) Foreign currencies

Foreign currency transactions are converted into Singapore dollars at exchange rates closely approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities outstanding at the balance sheet date are converted into Singapore dollars at the rates of exchange approximating those ruling at that date. All exchange differences arising on conversion are included in the profit and loss account.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

2. Significant accounting policies (cont'd)

(h) Depreciation

Depreciation is calculated on the straight line method to write off the cost or valuation of property, plant and equipment except for freehold land over their estimated useful lives. The estimated useful lives of property, plant and equipment are as follows:

Leasehold properties	32.5 years
Freehold building	40 - 50 years
Machinery, tools and equipment	3 - 10 years
Motor vehicles	5 - 10 years
Computers	3 - 5 years
Office equipment	5 - 8 years
Furniture and fittings	5 - 10 years
Renovation	6 years
Leasehold buildings and improvements	5 - 40 years

No depreciation is charged for freehold land.

There is no fixed policy with respect to the frequency of valuation of property, plant and equipment. Property, plant and equipment are revalued as and when deemed appropriate by the directors.

Where property, plant and equipment are revalued, any surplus on revaluation is credited to asset revaluation reserve. A decrease in the net carrying amount of the asset revaluation reserve arising on revaluation of property, plant and equipment is charged to the profit and loss account to the extent that it exceeds any surplus held in reserve relating to a previous revaluation of the same assets.

Fully depreciated assets are retained in the accounts until they are no longer in use.

(i) Preliminary expenses

Preliminary expenses are written off directly to the profit and loss account.

(j) Development properties

Development properties refer to those properties that are intended for sale in the ordinary course of business. They include completed properties and properties in the course of development and are stated at the lower of cost and net realisable value less progress payments received. Development properties consist of land stated at cost and development expenditure incurred to date. Development expenditure includes finance charges and all expenditure incurred in connection with the development of the properties. Finance charges are not capitalised once the development is completed. A development is considered complete on the date of issue of the temporary occupation permit. All known or anticipated losses on the development projects are provided for in the year in which such losses are determined.

(k) Investment property

Investment property is that which is held for its investment potential and income. Rental income is recognised on an accrual basis.

Investment property is stated at cost. Cost comprises the purchase price of the investment property. Repairs and maintenance costs are charged to the profit and loss account in the period in which they are incurred.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

2. Significant accounting policies (cont'd)

(l) Quoted investments

Quoted investments are stated at the lower of cost and market value determined on an aggregate portfolio basis. Dividend income is recorded on a receipt basis.

(m) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs in bringing the stocks to their present location and condition. It is determined on the following basis:

Tubular products	-	specific identification
Equipment and spares	-	weighted averaged
Actuators, valves, control systems and electrical products	-	first-in, first-out

Net realisable value is the estimated normal selling price, less estimated costs necessary to make the sale.

Provision is made for deteriorated, damaged, obsolete and slow-moving stocks.

(n) Projects-in-progress

Projects-in-progress are valued at cost plus attributable profits net of progress billings and provision for foreseeable losses. Cost includes cost of materials, direct labour and indirect overheads incurred in connection with the contracts.

Provision for foreseeable losses on uncompleted contracts are made in the period in which such losses are determined.

(o) Cash and cash equivalents

Cash consists of cash on hand and cash with banks, including bank overdrafts.

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(p) Trade and other receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised and carried at original invoice amounts less an allowance for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Receivables from subsidiaries are recognised and carried at cost less an allowance for any uncollectible amount.

(q) Trade and other payables

Liabilities for trade and other amounts payable which are normally settled on 30 – 90 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

2. Significant accounting policies (cont'd)

(r) Impairment of assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment losses are treated as a revaluation decrease for property, plant and equipment carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for that same asset. The remaining impairment losses are recognised in the profit and loss account.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. All reversals of impairment are recognised in the profit and loss account.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(t) Leases

Property, plant and equipment acquired under finance leases are capitalised and depreciated over their estimated useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to income over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account.

(u) Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are being incurred. Borrowing costs are captialised until the assets are ready for intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

(v) Employee benefits

Defined contribution plan

As required by law, the Group makes contributions to the state pension scheme. These contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

2. **Significant accounting policies (cont'd)**

(w) Revenue recognition

Revenue from projects is recognised as work progresses, using the percentage-of-completion method. The percentage of completion for a given project is determined after considering the relationship of value of work done to-date to total contract revenue for the project.

Costs of projects include raw materials, direct labour and other project related expenses incurred during the project period. The project is considered complete when all significant identifiable costs attributable to the project have been incurred. Provision is made for any foreseeable losses as soon as they are known.

Revenue from sale of goods is recognised upon delivery of goods and acceptance by customers.

Maintenance revenue is recognised on a pro-rated basis over the period of the maintenance contract.

Interest income is recognised on an accrual basis. Dividend income is recognised gross on a receipt basis.

Dividend income is recognised when the right to receive payment is established.

Group turnover excludes intercompany transactions.

(x) Loans and borrowings

Loans and borrowings are recognised initially at cost net of transaction costs.

(y) Income tax

Income tax expense is determined on the basis of tax effect accounting, using the liability method, and is applied to all temporary differences at the balance sheet date between the carrying amounts of assets and liabilities and the amounts used for tax purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax liabilities are not provided on undistributed earnings of foreign subsidiaries to the extent the earnings are intended to remain indefinitely invested in those entities. Deferred tax liabilities are recognised for all taxable temporary differences unless the deferred tax liability arises from goodwill for which amortisation is not deductible for tax purposes.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity, including a change in carrying amount arising from the revaluation of buildings and investment properties, an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of a fundamental error and exchange differences arising on the translation of the financial statements of foreign subsidiaries.

2. Significant accounting policies (cont'd)

(z) Segments

For management purposes, the Group is organised on a world-wide basis into seven major operating businesses. The divisions are the bases on which the Group reports its primary segment information.

Segment revenue, expenses and results include transfers between business segments and between geographical segments. Such transfers are accounted for on an arm's length basis.

3. Share capital

	Group and Company	
	2004	**2003**
	$	**$**
Authorised:		
2,000,000,000 (2003: 2,000,000,000) ordinary shares of $0.05 each	**100,000,000**	100,000,000
Issued and fully paid:		
At beginning of year		
879,618,000 (2003: 879,618,000) ordinary shares of $0.05 each	**43,980,900**	43,980,900
Issued during the year		
- issuance of 100,000,000 ordinary shares of $0.05 each via private placement	**5,000,000**	-
- issuance of 63,200 ordinary shares of $0.05 each upon exercise of Warrants 2003	**3,160**	-
- issuance of 169,803,000 ordinary shares of $0.05 each as partial satisfaction for the acquisition of shares in Mid-Continent Equipment Group Pte Ltd	**8,490,150**	-
At end of year		
1,149,484,200 (2003: 879,618,000) ordinary shares of $0.05 each	**57,474,210**	43,980,900

4. Reserves

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$	**$**	**$**	**$**
Share premium	**3,842**	2,578	**3,842**	2,578
Capital reserve	**3,919,525**	3,919,525	**3,789,964**	3,789,964
Asset revaluation reserve	**–**	70,298	**–**	–
Translation reserve	**(168,476)**	(23,446)	**–**	–
Accumulated losses	**(26,523,374)**	(24,808,043)	**(30,269,938)**	(27,042,420)
	(22,768,483)	(20,839,088)	**(26,476,132)**	(23,249,878)

The share premium account may be applied only for the purposes specified in the Companies Act. The balance is not available for distribution of dividends except in the form of shares.

The capital reserve arose from the renounceable rights issue of Warrants 2006 carrying the right to subscribe for new ordinary shares of $0.05 each in the capital of the Company at an issue price of $0.022 for each Warrant 2006 on the basis of one Warrant 2006 for every four ordinary shares held by the shareholders.

Asset revaluation reserve in 2003 comprises the surplus arising from revaluation of freehold land and building of a subsidiary.

In accordance with Singapore Financial Reporting Standard No.1, movements in reserves of the Group are set out in the Statement of Changes in Equity of the Group.

	Group	
	2004	**2003**
	$	**$**
Accumulated losses are retained in:		
- the Company	**(30,269,938)**	(27,042,420)
- subsidiaries	**(2,431,345)**	(4,521,205)
- associated companies	**6,177,909**	6,755,582
	(26,523,374)	(24,808,043)

5. Property, plant and equipment

Group	At cost								At valuation		
	Leasehold properties	Leasehold buildings and improvements	Machinery, tools and equipment	Motor vehicles	Computers	Office equipment	Furniture and fittings	Renovation	Building	Freehold properties	Total
	$	$	$	$	$	$	$	$	$	$	$
Cost or Valuation											
As at 1.7.2003	861,803	995,026	295,837	1,426,721	267,957	757,135	180,146	100,568	437,784	7,971,712	13,294,689
Additions	–	–	314,894	304,422	71,527	22,002	18,689	45,133	–	–	776,667
Attributable to acquisition of subsidiaries	–	345,263	5,645,969	982,547	749,265	93,668	447,049	519,631	–	1,026,707	9,810,099
Disposals/write off	–	(964,207)	(2,910)	(325,641)	(41,547)	(1,600)	–	–	–	–	(1,335,905)
Attributable to disposal of subsidiaries	–	–	(111,254)	(311,928)	(110,725)	(29,929)	(62,282)	(24,651)	–	–	(650,769)
Provision for impairment loss	–	–	–	–	–	–	–	–	–	(950,222)	(950,222)
Impairment loss charged against asset revaluation reserve	–	–	–	–	–	–	–	–	(75,000)	(1,898)	(76,898)
Currency realignment	(29,393)	(30,643)	1,981	(25,079)	(2,841)	(20,409)	(2,519)	–	–	(13,707)	(122,610)
Reclassification	–	–	–	–	–	(2,225)	4,334	–	(107,784)	–	(105,675)
As at 30.6.2004	832,410	345,439	6,144,517	2,051,042	933,636	818,642	585,417	640,681	255,000	8,032,592	20,639,376

5. Property, plant and equipment (Cont)

Group	At cost								At valuation		
	Leasehold properties	Leasehold buildings and improvements	Machinery, tools and equipment	Motor vehicles	Computers	Office equipment	Furniture and fittings	Renovation	Building	Freehold properties	Total
	$	$	$	$	$	$	$	$	$	$	$
Accumulated depreciation											
As at 1.7.2003	82,971	163,872	156,498	990,527	220,624	655,985	117,048	91,690	107,784	7,900	2,594,899
Charge for the year	41,673	18,952	171,273	160,943	38,623	33,742	20,875	26,637	6,600	1,982	521,300
Attributable to acquisition of subsidiaries	–	297,844	3,308,569	559,965	594,606	72,909	406,086	251,298	–	50,408	5,541,685
Disposals/write off	–	(183,564)	(2,667)	(228,061)	(41,491)	(683)	–	–	–	–	(456,466)
Attributable to disposal of subsidiaries	–	–	(96,521)	(241,605)	(98,306)	(19,257)	(47,131)	(17,089)	–	–	(519,909)
Impairment loss charged against asset revaluation reserve	–	–	–	–	–	–	–	–	(6,600)	–	(6,600)
Currency realignment	(1,668)	(5,192)	(239)	(12,569)	(1,755)	(18,432)	(755)	(438)	–	(2,019)	(43,067)
Reclassification	–	7,245	(1,056)	–	–	(6,410)	8,518	–	(107,784)	(6,188)	(105,675)
As at 30.6.2004	122,976	299,157	3,535,857	1,229,200	712,301	717,854	504,641	352,098	–	52,083	7,526,167
Charge for 2003	20,436	52,320	73,619	180,400	49,540	37,305	16,053	8,705	11,152	6,783	456,313
Net book value											
As at 30.6.2004	709,434	46,282	2,608,660	821,842	221,335	100,788	80,776	288,583	255,000	7,980,509	13,113,209
As at 30.6.2003	778,832	831,154	139,339	436,194	47,333	101,150	63,098	8,878	330,000	7,963,812	10,699,790

5. **Property, plant and equipment (cont'd)**

Company	At cost							At valuation	
	Leasehold properties	Machinery, tools and equipment	Motor vehicles	Computers	Office equipment	Furniture and fittings	Renovation	Freehold land	Total
	$	$	$	$	$	$	$	$	$
Cost									
As at 1.7.2003	249,762	49,025	463,758	69,296	16,299	69,108	11,115	6,301,712	7,230,075
Additions	–	–	108,057	18,182	3,172	–	41,133	–	170,544
Write off	–	–	(190,573)	–	(1,600)	–	–	–	(192,173)
Provision for Impairment loss	–	–	–	–	–	–	–	(427,120)	(427,120)
Reclassification	–	–	–	–	2,109	–	–	–	2,109
As at 30.6.2004	249,762	49,025	381,242	87,478	19,980	69,108	52,248	5,874,592	6,783,435
Accumulated depreciation									
As at 1.7.2003	69,213	42,487	431,822	66,984	12,234	63,075	11,115	1,663	698,593
Charge for the year	7,685	3,366	25,931	4,684	946	1,763	5,096	596	50,067
Write off	–	–	(190,573)	–	(683)	–	–	–	(191,256)
Reclassification	(49)	–	–	–	2,109	–	–	49	2,109
As at 30.6.2004	76,849	45,853	267,180	71,668	14,606	64,838	16,211	2,308	559,513
Charge for 2003	7,734	5,175	48,318	11,092	2,174	3,091	423	546	78,553
Net book value									
As at 30.6.2004	172,913	3,172	114,062	15,810	5,374	4,270	36,037	5,872,284	6,223,922
As at 30.6.2003	180,549	6,538	31,936	2,312	4,065	6,033	–	6,300,049	6,531,482

5. Property, plant and equipment (cont'd)

Group

The Group's freehold land and building stated at valuation were valued by the directors on the basis of open market value for existing use. Had the freehold land and building been stated at cost less accumulated depreciation, the net book value of the freehold land and building as at 30 June 2004 would have been approximately $8,934,000 (2003: $8,942,000). As at 30 June 2004, the Group had motor vehicles under hire purchase with a net book value of approximately $482,000 (2003: $258,000).

Company

As at 30 June 2004, the Company had motor vehicles under hire purchase with a net book value of approximately $15,000 (2003: $25,000).

6. Investment in subsidiaries

(a) Investment in subsidiaries comprises:

	Company 2004	Company 2003
	$	**$**
Unquoted equity shares at cost	**9,760,997**	9,760,558
Additional investment in subsidiaries	**13,957,309**	439
Disposal of subsidiaries	**(2,195,423)**	–
	21,522,883	9,760,997
Less: Provision for diminution in value of investment	**(6,754,627)**	(6,754,627)
Carrying amount after impairment loss	**14,768,256**	3,006,370

(b) The Company and the Group had the following subsidiaries as at 30 June 2004:

Name of Company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2004 %	Percentage of equity held by the Group 2003 %	Cost of investment held by the Company 2004 $	Cost of investment held by the Company 2003 $
Held by the Company						
Ligent Engineering Pte Ltd	Electrical contractors, suppliers of electrical hardware and fittings and the provision of electrical engineering services	Singapore	–	100	–	2,144,423
Victrad Enterprise (Pte) Ltd	Electrical contracting and the provision of project management services	Singapore	100	100	464,303	464,303

6. Investment in subsidiaries (cont'd)

(b) The Company and the Group had the following subsidiaries as at 30 June 2004:

Name of Company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group 2004 %	2003 %	Cost of investment held by the Company 2004 $	2003 $
Held by the Company (cont'd)						
Strike Construction Pte Ltd	Building construction and installation, provision of electrical and mechanical engineering services	Singapore	**52**	52	**260,439**	260,439
Strike Development Pte Ltd	Property development	Singapore	**51**	51	**510,000**	510,000
Gredanian Pte Ltd (under liquidation) ##	Property development	Singapore	**70**	70	**700,000**	700,000
Nete2 Asia Pte Ltd	Supply, installation and provision of consultancy services for tele-conferencing facilities and development of software and multimedia works.	Singapore	**–**	51	**–**	51,000
Gordon (H.K.) Designer and Engineer Limited *	Interior architecture, design and decoration services	Hong Kong	**51**	51	**5,630,832**	5,630,832
Mid-Continent Equipment Group Pte. Ltd.	Investment holding and supply of equipment, tools and accessories used in the oil drilling business, distribution of tabular products, equipment and spares, provision of environmental and waste management services, fabrication and installation of control systems and testing of valve actuation	Singapore	**54.35**	–	**13,957,305**	–
Antiq Investments Pte. Ltd.###	Investment holdings	Singapore	**100%**	–	**2**	–
Held by subsidiaries						
Development Bank of Strike #	Financial Services	Myanmar	**75**	75	**–**	–
Progressive Builders Private Limited	Provision of project management, building construction and installation services and related activities	Singapore	**100**	100	**–**	–
Mid-Continent Petro-Chemical Pte Ltd	Market chemicals, equipment and other petro-chemical related products to refineries	Singapore	**54.35**	–	**–**	–
Mid-Continent Services Pte. Ltd.	Provide administrative support services	Singapore	**54.35**	–	**–**	–

6. Investment in subsidiaries (cont'd)

(b) The Company and the Group had the following subsidiaries as at 30 June 2004:

Name of Company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Group		Cost of investment held by the Company	
			2004	2003	2004	2003
			%	%	$	$
Held by subsidiaries (cont'd)						
Mid-Continent Equipment (Australia) Pty Ltd **	Supply of oilfield and mining equipment	Australia	**54.35**	–	–	–
Mid-Continent Enterprises LLC #	Holding of warehouse property	USA	**54.35**	-	-	-
Mid-Continent Equipment Inc ***	Oilfield equipment supply.	USA	**54.35**	-	-	-
Mid-Continent Environmental Project Pte Ltd	Sale and rental of decanters and provision of environmental and waste management services.	Singapore	**54.35**	-	-	-
Wilmax Control Systems Pte Ltd	Fabrication of control systems, installation and testing of valve actuation	Singapore	**27.72**	-	-	-
					21,522,881	9,760,997

* Audited by Ho Tak Sang & Co, Hong Kong.
** Audited by Ernst & Young, Australia.
*** Audited by Certified Public Accounting Firm, BKD LLP USA.
\# Not required to be audited under the laws of its country of incorporation.
\## The subsidiary company was placed under members' voluntary liquidation during the financial year.
\### Not required to be audited as this is the first year of incorporation.

During the financial year, the Company disposed of its entire equity interest in Ligent Engineering Pte Ltd for a cash consideration of $200,000. The Company recorded a loss of $1,944,423 from the disposal of Ligent Engineering Pte Ltd.

During the financial year, the Company disposed of its entire equity interest in Nete2 Asia Pte Ltd for a cash consideration of $50,000. The Company recorded a loss of $1,000 from the disposal of Nete2 Asia Pte Ltd.

On 12 April 2003, the Company entered into an agreement with IPCO International Limited ("Vendor") to acquire 54.35% of the issued share capital of Mid-Continent Equipment Group Pte Ltd, in two tranches under the First Tranche and the Second Tranche. The first tranche of the agreement was completed on 14 April 2003 whereby the Company acquired 22.37% of the issued share capital of Mid-Continent Equipment Group Pte Ltd. The second tranche of the agreement was completed on 26 April 2004 and the Company owns 54.35% of Mid-Continent Equipment Group Pte Ltd as at 30 June 2004.

7. Associated companies

(a) Investment in associated companies comprises:

	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Unquoted equity shares at cost	**22,000**	5,940,000	**–**	5,940,000
Quoted equity shares at cost	**7,747,352**	10,920,667	**7,747,352**	10,920,667
Goodwill on acquisition	**(6,794,798)**	(8,965,906)	**–**	–
	974,554	7,894,761	**7,747,352**	16,860,667
Share of post-acquisition profits	**6,177,909**	6,755,582	**–**	–
	7,152,463	14,650,343	**7,747,352**	16,860,667

The market value of the quoted equity shares in an associated company as at the end of the financial year is $8,250,000 (2003: $18,219,080).

(b) Details of the associated companies are as follows:

Name of Company	Principal activities	Country of incorporation and place of business	Effective equity interests held by the Group 2004 %	Effective equity interests held by the Group 2003 %	Cost of investment 2004 $	Cost of investment 2003 $
Held by the Company						
Lantrovision (S) Ltd	Supply, design, installation and provision of consultancy services on network integration and structured cabling and those of electrical contractors and suppliers of electrical hardware and fittings	Singapore	**21.24**	29.93	**7,747,352**	10,920,667
Mid-Continent equipment Group Pte Ltd	Investment holding and supply of equipment, tools and accessories used in the oil drilling business, distribution of tabular products, equipment and spares, provision of environmental and waste management services, fabrication and installation of control systems and testing of valve actuation	Singapore	**–**	22.37	**–**	5,940,000
Held by Mid-Continent Equipment Group Pte Ltd						
Mohebi-Midcontinent Oildfield Supply Limited Liability Company *	Trading in oilfield equipment and spare parts	United Arab Emirates	**26.63**	–	**–**	–

7. Associated companies (cont'd)

Name of Company	Principal activities	Country of incorporation and place of business	Effective equity interests held by the Group		Cost of investment	
			2004	2003	2004	2003
			%	%	$	$
Held by Mid-Continent Environment Project Pte Ltd						
MEP Environmental Services Sdn Bhd **	Provision of environmental and waste management services	Malaysia	**27.18**	–	**22,000**	–
					7,769,352	16,860,667

* Audited by Ernst & Young, United Arab Emirates.
** Audited by Certified Public Accounting firm, Yap & Associate, Malaysia.

8. Joint venture companies

The joint venture companies are held by a subsidiary. The subsidiary's share of the joint venture companies' assets and liabilities which have been consolidated on a line-by-line basis are as follows:

	Group	
	2004	2003
	$	$
Fixed assets	**87,000**	–
Long-term quoted investments	**471,000**	–
Current assets	**12,699,000**	–
Current liabilities	**(9,749,000)**	–
Deferred taxation	**(8,000)**	–
	3,500,000	**–**

The subsidiary's share of the profit and loss accounts of the joint venture companies are as follows:

Turnover	**30,023,000**	–
Profit before taxation	**1,855,000**	–
Taxation	**(341,000)**	–
Profit for the financial year	**1,514,000**	–

Details of the joint venture companies at end of financial year are as follows:

Name of company	Principal Activities	Country of incorporation and place of business	Percentage of equity held by the Group	
			2004	2003
			%	%
Mid-Continent Tubular Pte Ltd	Trading of oilwell tubular products and the provision of related services	Singapore	**27.18**	–
Mid-Continent Tubular Limited (under voluntary liquidation)	Trading of oilwell tubular products and the provision of related services.	Hong Kong	**27.18**	-

9. Goodwill on consolidation

	Group	
	2004 $	2003 $
Goodwill on consolidation arising from acquisition of subsidiaries and associated companies	**13,078,642**	12,223,355
Less: Attributable to disposal of subsidiaries	**(6,047)**	–
Less: Attributable to disposal of shares in an associated company	**(3,256,288)**	(1,931,996)
Less: Accumulated amortisation	**(5,066,335)**	(3,653,804)
Less: Goodwill written off	**–**	(950,212)
	4,749,972	5,687,343

Movements in accumulated amortisation during the year are as follows:

At beginning of year	**3,653,804**	2,629,453
Amortisation for the year	**761,043**	1,024,351
Attributable to acquisition of a subsidiary	**653,000**	–
Less: Attributable to disposal of subsidiaries	**(1,512)**	–
At end of year	**5,066,335**	3,653,804

10. Development properties

Cost of land	**9,388,558**	37,540,727
Interest capitalised	**1,832,253**	4,724,155
Development and related costs	**7,934,512**	6,822,999
	19,155,323	49,087,881
Less: Progress billings	**(11,843,800)**	(202,980)
Less: Attributable loss	**(4,860,916)**	(1,131,572)
Less: Provision for project losses	**(685,607)**	(4,257,422)
Less: Provision for impairment loss	**–**	(14,101,583)
	1,765,000	29,394,324
Interest capitalised during the year	**106,827**	1,398,515

Movements in provision for project losses during the year are as follows:

At beginning of year	**4,257,422**	-
(Write-back of)/provision for the year	**(23,964)**	4,257,422
Provision utilised	**(3,547,851)**	-
At end of year	**685,607**	4,257,422

Movements in provision for impairment loss during the year are as follows:

At beginning of year	**14,101,583**	-
Provision for the year	-	14,101,583
Provision utilised	**(14,101,583)**	-
At end of year	**-**	14,101,583

11. Inventories

	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Finished goods (at cost)	**13,432,524**	317,297	**31,344**	25,038
Work-in-progress (at cost)	**606,000**	–	**–**	–
	14,038,524	317,297	**31,344**	25,038
Finished goods are stated after deducting provision for stock obsolescence	**95,000**	–	**–**	–
Analysis of provision for stock obsolescence:				
Attributable to acquisition of a subsidiary and balance at end of year	**95,000**	–	**–**	–

12. Projects-in-progress

	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Project costs	**91,116,041**	56,699,145	**38,150,210**	20,327,508
Attributable profits	**10,572,778**	6,309,803	**4,135,025**	2,662,273
Less: Provision for foreseeable project losses	**–**	(47,940)	**–**	–
	101,688,819	62,961,008	**42,285,235**	22,989,781
Less: Progress billings received and receivable	**(94,572,421)**	(55,444,809)	**(39,688,429)**	(20,324,426)
	7,116,398	7,516,199	**2,596,806**	2,665,355
Analysis of provision for foreseeable losses:				
Balance at beginning of year	**47,940**	509,184	–	509,184
Charge during the year	**–**	2,294,951	–	2,247,011
Provision utilised	**–**	(2,756,195)	–	(2,756,195)
Attributable to disposal of subsidiaries	**(47,940)**	–	–	–
	–	47,940	–	–

Included in projects-in-progress during the year are personnel expenses of the Group and the Company amounting to $2,161,856 (2003: $4,257,430) respectively as disclosed in Note 29.

13. Trade debtors

	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Trade debtors	**15,659,093**	4,395,779	**114,792**	95,629
Less: Provision for doubtful trade debts	**(721,120)**	(424,635)	**–**	–
	14,937,973	3,971,144	**114,792**	95,629
Analysis of provision for doubtful trade debts:				
Balance at beginning of year	**424,635**	1,051,774	–	–
Charge during the year	**164,399**	424,635	–	–
Attributable to acquisition of a subsidiary	**191,744**	–	–	–
Attributable to disposal of subsidiaries	**(48,815)**	–	–	–
Written off against provision	**–**	(1,051,774)	–	–
Currency realignment	**(10,843)**	–	–	–
Balance at end of year	**721,120**	424,635	–	–

14. Loan to subsidiaries

These amounts are unsecured, bears interest at 5.7% (2003: 4.1% to 5.7%) per annum and are repayable on demand.

15. Other debtors, deposits and prepayments

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$	**$**	**$**	**$**
Other debtors	**1,305,828**	972,034	**–**	256,393
Advance payment to subcontractors	**–**	5,593,170	**–**	–
Deposits	**480,323**	308,028	**29,360**	30,431
Prepayments	**104,252**	7,153	**–**	–
Advances to staff	**66,084**	5,524	**14,000**	5,464
Tax recoverable	**161,747**	–	**244,035**	244,035
	2,118,234	6,885,909	**287,395**	536,323

Advances to staff are unsecured, interest free and repayable monthly via salary deduction.

16. Due from subsidiaries (non-trade)/due to minority shareholders of subsidiaries (non-trade)/due to an affiliated company (non-trade)

These amounts are unsecured, interest-free and repayable on demand.

17. Fixed deposits

Fixed deposits bear interest ranging from 0.3% to 3.0% (2003: 12.5%) per annum.

A subsidiary's fixed deposits of $5,845,330 (2003: $Nil) are pledged as security to certain banks for credit facilities of $5,845,330 (2003: $Nil).

The remaining fixed deposits of $417,497 (2003: $66,936) are free from encumbrances.

18. Progress billings in excess of costs

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$	**$**	**$**	**$**
Progress billings received and receivable	**32,878,745**	46,574,017	**12,977,151**	16,582,470
Less: Project costs	**(30,036,254)**	(36,149,354)	**(11,498,943)**	(15,508,604)
Less: Attributable profits	**(1,554,911)**	(2,949,929)	**(995,868)**	(771,887)
	1,287,580	7,474,734	**482,340**	301,979

19. Other creditors and accruals

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$	**$**	**$**	**$**
Other creditors	**2,342,752**	312,031	**236,122**	34,753
Accrued operating expenses	**3,170,564**	1,310,748	**154,255**	227,961
Rental deposits received	**–**	16,604	**–**	–
Advance from customers	**661,883**	43,750	**–**	–
Deferred revenue	**–**	213,193	**–**	–
	6,175,199	1,896,326	**390,377**	262,714

20. Short term bank loans (unsecured)

The short term bank loans are unsecured and bear interest at approximately 3.00% to 3.364% (2003: 3.00% to 3.38%) per annum. The loans have been repaid during the current financial year.

21. Short term bank loans (secured)

(a) Short term bank loans of a joint venture company of a subsidiary bears interest ranging from 0.25% to 0.27% per annum over the Singapore Interbank Offer Rate. The loans are secured by :

(i) a letter of guarantee from the subsidiary;

(ii) a first fixed charge on the subsidiary's receivables; and

(iii) a first floating charge on all of the subsidiary's undertaking, property, assets and rights of the joint venture company.

(b) The short term bank loans of a subsidiary amounting to $8,750,000 bear interest at 1.5% per annum above the bank's cost of funds ranging from 2.16% to 2.40% (2003: 2.2% to 4.32%) per annum and was fully repaid in 2004. The loans were previously secured by:

(i) a first legal mortgage over the subsidiary's development property;

(ii) a legal assignment of the last 15% of the sale proceeds of the development property; and

(iii) a corporate guarantee from the Company.

22. Lease obligations

Group

	Minimum Payments $	Interest $	Present value of payments $
2004			
1 year to 5 years	**163,264**	**(10,487)**	**152,777**
Later than 5 years	**2,054**	**(274)**	**1,780**
	165,318	**(10,761)**	**154,557**
Not later than 1 year	**92,035**	**(5,505)**	**86,530**
	257,353	**(16,266)**	**241,087**
2003			
1 year to 5 years	138,276	(15,082)	123,194
Later than 5 years	4,170	(850)	3,320
	142,446	(15,932)	126,514
Not later than 1 year	67,244	(8,832)	58,412
	209,690	(24,764)	184,926

Company

	Minimum Payments $	Interest $	Present value of payments $
2004			
Not later than 1 year	**6,094**	**(770)**	**5,324**
2003			
1 year to 5 years	6,094	(770)	5,324
Not later than 1 year	9,156	(1,200)	7,956
	15,250	(1,970)	13,280

Lease terms range from 1 year to 7 years. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. The effective interest rate of these leases range from 2.20% to 4.83% (2003: 2.50% to 4.68%) per annum.

23. Bank term loans (secured)

	Group		Company	
	2004 $	**2003 $**	**2004 $**	**2003 $**
Bank loans	**243,477**	18,444,184	–	–
Transferable loan facility	**–**	6,664,368	–	6,664,368
	243,477	25,108,552	–	6,664,368
Due within one year	**57,694**	21,917,350	–	3,737,493
Due after one year or more	**185,783**	3,191,202	–	2,926,875

23. Bank term loans (secured) (cont'd)

Bank loans

(a) A bank loan of a subsidiary of HK$3,200,000 (2003: HK$Nil) bears interest at 2% per annum below the HK$ prime rate and is repayable over 85 monthly instalments. The final instalment is repayable on maturity in August 2010. The loan is secured on the personal property of a subsidiary's director.

(b) A bank loan of a subsidiary of HK$3,846,540 in 2003 bears interest at 1% per annum below the bank's prevailing prime rate and is repayable over 120 monthly instalments. The final instalment is repayable on maturity in 2010. The loan is secured by way of a fixed charge over a subsidiary's investment property and leasehold land and buildings. In 2004, the loan was repaid upon the disposal of the said properties.

(c) A bank loan of $17,000,000 in 2003 bears interest at the bank's prevailing prime lending rate of 5% per annum and was fully repaid on 15 August 2003. The loan was previously secured by:

(i) a first legal mortgage over a subsidiary's development property;
(ii) legal assignment of all rights, title interest and benefits of the subsidiary in the development property; and
(iii) a corporate guarantee from the Company.

(d) A bank loan of $574,867 in 2003 bears interest at 1% per annum above the bank's prime lending rate of 5.5% per annum and was fully repaid on 2 September 2003. The loan was previously secured by:

(i) a first legal mortgage over a subsidiary's development property;
(ii) a legal assignment of the last 15% of the sale proceeds of the development property; and
(iii) a corporate guarantee from the Company.

Transferable loan facility

The transferable loan facility of $12,000,000 was granted to the Company at a discount of 12% amounting to approximately $1,440,000. The discount, being the difference between the principal amount of the transferable loan facility and its present value on recognition, is expensed over 4 years (the duration of the transferable loan facility) using the effective interest rate method through the profit and loss account.

The interest charged on the transferable loan facility was as follows:

Year	**Rate of interest**
1	Swap Offered Rate minus 1% p.a.
2	Swap Offered Rate minus 0.75% p.a.
3 & 4	Swap Offered Rate minus 0.5% p.a.

The loan was repayable in 12 equal quarterly instalments of $1,000,000 commencing 9 May 2003. The transferable loan facility was repaid on 2 January 2004.

The loan was secured by way of a legal mortgage on the Group's freehold land and building.

	Group	
	2004	**2003**
	$	**$**
Present value of the transferable loan facility	–	6,664,368
Value of interest discount	–	335,632
	–	7,000,000

24. Bills payable to banks (unsecured)

The effective interest rates of the bill payable range from 2.06% to 7.75% (2003: 2.0% to 5.75%) per annum.

25. Bank overdrafts (unsecured)

The effective interest rates of the bank overdrafts range from 5.25% to 6.0% (2003: 5.25% to 6.125%) per annum.

26. Turnover

Turnover comprises the following:

	Group	
	2004	**2003**
	$	**$**
Revenue from projects	**64,336,627**	36,757,098
Sale of goods and services	**16,992,142**	7,779,221
	81,328,769	44,536,319

27. Other operating income

Loss on disposal of subsidiaries	**(48,687)**	–
Gain on disposal of quoted investments	**2,562,193**	721,219
Management fees	**4,859**	63,447
Rental Income	**25,210**	62,224
Services income	**500,655**	–
Others	**65,567**	90,303
	3,109,797	937,193

28. Profit/(loss) from operations

This is determined after charging/(crediting) the following:

	Group	
	2004	**2003**
	$	**$**
Amortisation of goodwill on consolidation	**761,043**	1,024,351
Auditors' remuneration		
- auditors of the Company	**88,379**	74,700
- other auditors	**16,819**	8,580
Bad non-trade debts written off	**1,071,072**	–
Bad trade debts written off	**98,294**	874,693
Depreciation of property, plant and equipment	**521,300**	456,313
Directors' remuneration		
- directors of the Company	**733,602**	565,700
- directors of subsidiaries	**585,920**	646,218
Directors' fees		
- directors of the Company	**68,450**	50,000
Foreign exchange (gain) loss - net	**(70,705)**	16,607
Forgiveness of loan from minority shareholders of a subsidiary	**(512,873)**	–
Gain on disposal of quoted shares	**(2,562,192)**	(721,219)
Goodwill written off	**–**	950,212
Loss on disposal of development property	**221,632**	–
Loss on disposal of investment properties	**290,092**	–
Loss on disposal of investment in subsidiaries	**48,687**	–
Loss on disposal of property, plant and equipment	**12,520**	10,441
Operating lease expenses	**375,787**	360,326
Preliminary expenses directly charged to the profit and loss account	**–**	79,063
Preliminary expenses written off	**1,605**	–
Provision for doubtful trade debts	**164,399**	424,635
Provision for doubtful non-trade debts	**576,513**	–
Provision for foreseeable project losses	**–**	47,940
Provision for impairment in value of investment properties	**–**	422,678
Provision for impairment in value of property, plant and equipment	**950,222**	1,468,458
Provision for impairment loss on development property	**–**	14,101,583
Provision for project losses on development project	**–**	4,257,422
Property, plant and equipment written off	**–**	3,616

29. Personnel expenses

	Group 2004 $	Group 2003 $
Wages, salaries and bonuses	**4,368,180**	6,255,008
Pension fund contributions	**388,736**	413,524
Other personnel expenses	**112,808**	204,660
Directors' remuneration	**1,387,972**	1,261,918
	6,257,696	8,135,110

Included in personnel expenses are the following amounts included as part of projects-in-progress and progress billings in excess of costs as disclosed in Notes 12 and 18 respectively.

	2004 $	2003 $
Wages, salaries and bonuses	**1,942,851**	3,866,899
Pension fund contributions	**194,349**	253,637
Other project staff costs	**24,656**	136,894
	2,161,856	4,257,430

30. Directors' remuneration

The remuneration of directors of the Company in the various remuneration bands is as follows:

	2004 Executive Directors	2004 Non-Executive Directors	2004 Total	2003 Executive Directors	2003 Non-Executive Directors	2003 Total
$500,000 and above	**–**	**–**	**–**	–	–	–
$250,000 to $499,999	**–**	**–**	**–**	–	–	–
$0 to $249,999	**6**	**4**	**10**	6	8	14
	6	**4**	**10**	6	8	14

31. Financial income/Financial expenses

	Group	
	2004	**2003**
	$	**$**
Financial income		
Interest income		
- bank balances	**31,818**	6,751
- fixed deposits	**–**	5,771
	31,818	12,522
Financial expense		
Interest expense		
- hire purchase	**(9,900)**	(11,016)
- term loans	**(335,673)**	(424,942)
- bank overdrafts	**(177,343)**	(36,667)
- bills payable to banks	**(24,936)**	(21,842)
	(547,852)	(494,467)
Bank charges	**(51,850)**	(12,902)
	(599,702)	(507,369)

32. Tax

Current tax		
- current year	**1,122,359**	239,373
- (over) under provision in respect of prior year	**(23,454)**	45,317
Deferred tax		
- current year	**13,479**	6,214
- overprovision in respect of prior year	**(12,263)**	–
- Associated companies	**324,602**	581,224
	1,424,723	872,128

A reconciliation of the statutory tax rate to the Group's effective tax rate applicable to income from continuing operations for the year ended 30 June is as follows:

Loss before taxation and share of results of associated companies	**(470,795)**	(30,284,663)
Tax at the applicable tax rate of 20% (2003: 22%)	**(94,159)**	(6,662,625)
- tax effect of expenses that are not deductible in determining taxable profit	**1,089,622**	2,326,937
- tax effect of income that are not taxable in determining taxable profit	**(955,932)**	(583,707)
- (over) under provision in respect of prior year	**(35,717)**	45,317
- deferred tax asset not recognised	**957,261**	4,130,781
- effect of different tax rates in other countries	**139,046**	250,004
- tax losses from subsidiaries not available for offset	**–**	784,197
- associated companies	**324,602**	581,224
	1,424,723	872,128

32. Tax (cont'd)

The Group

The Group has unutilised tax losses and unabsorbed capital allowances of approximately $9,243,961 and $Nil respectively as at 30 June 2004 (2003: $18,990,000 and $423,000) available for offset against future taxable profits, subject to compliance with the relevant provisions of the tax legislation of the respective countries in which the subsidiaries operate and agreement with the tax authorities. The potential deferred tax assets arising from these unutilised tax losses and unabsorbed capital allowances have not been recognised in the financial statements in accordance with the accounting policy as stated in Note 2 to the financial statements.

Deferred taxes at 30 June relate to the following:

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$	**$**	**$**	**$**
Deferred tax assets				
Provisions	**46,000**	–	**–**	–
Deferred tax liabilities				
Tax over book depreciation	**439,967**	–	**–**	–
Other timing differences	**79,800**	67,416	**32,800**	32,800
	519,767	67,416	**32,800**	32,800

33. Loss per share

Basic earnings per share is calculated by dividing the Group's loss attributable to shareholders of $1,715,331 (2003: $26,637,575) by the weighted average number of shares in issue during the year of 962,566,781 shares (2003: weighted average of 879,618,000 shares).

Diluted earnings per share is the same as basic earnings per share as the effects of anti-dilutive potential ordinary shares are ignored in calculating diluted earnings per share.

34. Operating lease commitments

The Group leases certain properties under lease agreements that are non-cancellable within a year. The leases contains renewable options and does not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing. Future minimum lease payments with initial or remaining lease terms of one year or more are as follows:

	Group	
	2004	**2003**
	$	**$**
Within 1 year	**373,000**	247,000
After 1 year but not more than 5 years	**94,000**	52,000
	467,000	299,000

35. Contingent liabilities (unsecured)

Contingent liabilities not provided for in the financial statements:

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$	**$**	**$**	**$**
Products warranty	**180,000**	–	**32,000**	–
Performance bonds indemnity	**3,425,087**	2,340,348	**135,718**	583,429
Corporate guarantee	**–**	16,200,000	**–**	16,200,000
	3,605,087	18,540,348	**167,718**	16,783,429

(i) A subsidiary has issued a guarantee for credit facilities to the extent of $5.8 million to a bank in respect of certain contracts entered into by its subsidiary companies.

The directors of the subsidiary are of the opinion that no loss is expected to arise from this guarantee.

(ii) A subsidiary is providing financial support to certain of its subsidiaries to enable them to operate as going concerns.

(iii) During the financial year, a subsidiary (the "Plaintiff") served a writ of summons on Oversea-Chinese Banking Corporation Limited (the "Defendant') alleging that the Defendant breached its contract as an Initial Public Offering ("IPO") manager and/or was negligent in providing advice resulting in the subsidiary's shares being cornered and subsequently delisted. The Plaintiff is claiming $667,396 being the costs of continuing with the public offering and damages.

On 26 May 2003, the Defendant submitted its defence denying liability and counterclaimed damages and costs against the Plaintiff for being reprimanded by Singapore Stock Exchange and that the Defendant's reputation has suffered as a result.

The trial was originally fixed from 22 March 2004 to 2 April 2004, but was later postponed to the period from 1 November 2004 to 23 November 2004. The litigation is still pending and the related claims and damages could not be determined at the date of this report.

36. Capital Commitment

	Group	
	2004	**2003**
	$	**$**
Capital expenditure not provided for in the financial statements		
- commitments in respect of capital contribution in a subsidiary	**145,000**	203,000
- commitments in respect of contracts placed	**2,028,000**	–
	2,173,000	203,000

37. Subsequent events

Subsequent to the end of the financial year,

(a) On 22 July 2004, the Company increased its investment in a subsidiary, Victrad Enterprise (Pte) Ltd by an allotment of 300,000 ordinary shares of $1 each in the capital of Victrad Enterprise for cash.

(b) In accordance with a special resolution and ordinary resolution passed during an Extraordinary General Meeting on 21 March 2004, a joint venture company, Mid-Continent Tubular Limited ("MTL") will be under members' voluntary liquidation and Ms Susan Lo and Mrs Natalia Seng have been appointed as liquidators of MTL.

(c) Subsequent to the financial year end, the directors of Mid-Continent Services Pte Ltd have plans to liquidate the Company.

(d) On 9 July 2004, an interim dividend of approximately 1.059 cents per share less tax at 20% amounting to $1,000,000 was declared and approved by the board of directors of Mid-Continent Equipment Group Pte Ltd. The interim dividend was paid on 19 July 2004 following that approval.

38. Significant related party transactions

In addition to related party information disclosed elsewhere in the financial statements, significant transactions with related parties, on terms agreed between the parties, were as follows:

	Group	
	2004	**2003**
	$	**$**
Associated company		
Sales	**1,267,032**	–
Purchases	**165,669**	182,575

Executive officers' remuneration totalled $432,941 (2003: $402,462).

39. Segment information

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market price.

(a) Business segments

The Group is organised on a worldwide basis into seven main operating segments, namely:

- Electrical engineering
- Building and Mechanical engineering
- Information technology cabling
- Networking
- Architecture and design
- Property development
- Oilfield equipment supply and services and
- Others

39. Segment information (cont'd)

2004	Electrical engineering $'000	Building and mechanical engineering $'000	Information technology cabling $'000	Net-working $'000	Architecture and design $'000	Property development $'000	Oilfield equipment supply and services $'000	Others $'000	Eliminations $'000	Group $'000
External turnover	14,120	15,312	-	2,099	27,931	9,449	12,292	126	-	81,329
Inter-segment turnover	2,059	4,317	-	146	-	676	-	-	(7,198)	-
(Loss) profit from operations	(1,064)	(426)	(554)	(111)	1,790	94	511	(143)	-	97
Financial expenses - net										(568)
Share of results of associated companies										901
Tax										
										(1,425)
Minority interests										(720)
Loss after tax										(1,715)
Assets	8,769	9,575	10,026	-	6,517	324	45,881	973	-	82,065
Liabilities	(4,232)	(4,589)	-	-	(3,011)	(146)	(18,397)	(436)	-	(30,811)
Unallocated liabilities										(2,602)
										(33,413)
Capital expenditure	181	196	-	22	3	-	366	9	-	777
Depreciation and amortisation	94	102	554	31	58	-	376	68	-	1,283
Other non-cash items	1,444	1,565	(2,562)	68	506	(244)	97	2	-	876

39. Segment information (cont'd)

2003	Electrical engineering $'000	Building and mechanical engineering $'000	Information technology cabling $'000	Net-working $'000	Architecture and design $'000	Property development $'000	Oilfield equipment supply and services $'000	Others $'000	Eliminations $'000	Group $'000
External turnover	10,471	21,924	-	2,856	4,354	2,185	-	2,746	-	44,536
Inter-segment turnover	1,066	499	-	560	-	-	-	-	(2,125)	-
Loss from operations	(4,161)	(25)	(894)	(102)	(4,914)	(19,435)	-	(259)	-	(29,790)
Financial expenses - net										(495)
Share of results of associated companies										2,097
Tax										(872)
Minority interests										2,422
Loss after tax										(26,638)
Assets	6,874	14,394	14,190	1,200	11,805	29,475	5,222	1,369	-	84,529
Other investments	-	-	-	-	-	-	-	68	-	68
										84,597
Liabilities	(6,969)	(14,592)	-	(461)	(9,978)	(26,948)	-	(432)	-	(59,380)
Unallocated liabilities										(419)
										(59,799)
Capital expenditure	35	73	-	53	118	-	-	727	-	1,006
Depreciation and amortisation	73	152	894	85	228	-	-	49	-	1,481
Other non-cash items	637	1,335	(721)	77	2,641	18,359	-	(6)	-	22,322

39. Segment information (cont'd)

(b) Geographical segments

Turnover is based on the location of customers regardless of where the goods are produced. Assets and additions to property, plant and equipment are based on the location of those assets.

	Turnover		Assets		Capital expenditure	
	2004 $'000	**2003** $'000	**2004** $'000	**2003** $'000	**2004** $'000	**2003** $'000
Singapore	**43,259**	37,436	**66,591**	72,247	**680**	162
Australia	**5,150**	–	**6,064**	–	**43**	-
China	**28,315**	4,359	**7,490**	11,775	**11**	810
Others	**4,605**	2,741	**1,920**	575	**43**	34
	81,329	44,536	**82,065**	84,597	**777**	1,006

40. Financial instruments

Financial risk management and policies

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's debts includes bank borrowings and leasing arrangements. The Group seeks to minimise its interest expense through interest rate swaps, where appropriate, over the duration of its borrowings.

Surplus funds are placed with reputable banks which generate interest income for the Group. The Group manages its interest rate risks by placing such balances on varying maturities and interest rate terms.

Information relating to the Group's interest rate exposure is also disclosed in the notes on the Group's borrowings including leasing obligations.

Liquidity risk

In the management of liquidity risks, the Group monitors and maintains a level of cash and bank balance deemed sufficient to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Credit risk

The carrying amount of cash and cash equivalents, trade debtors and other debtors represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk.

Foreign currency risk

The foreign currency risk of the Group arises mainly from subsidiaries operating in foreign countries, which generate revenue and incur costs denominated in foreign currencies. In addition to transactional exposures, the Group is also exposed to foreign exchange movement on its net investment in the foreign subsidiaries. It is not the Group's policy to enter into derivative forward foreign exchange contracts for hedging and speculative purposes.

As at balance sheet date, the management did not consider the foreign currency exposure significant. Therefore, the Group did not enter into any foreign exchange contracts.

40. Financial instruments (cont'd)

Fair value of financial instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair values of each class of financial instruments.

Cash and cash equivalents, trade and other current receivables and trade and other current payables

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

Unquoted investments

It is not practicable to determine the fair values of unquoted investments because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably determined.

Lease obligations

The fair values of lease obligations are determined by discounting the relevant cash flow using the current interest rates for similar instruments at balance sheet date. There are no material differences between the fair values and carrying values.

Long term borrowings

The fair values of long-term loans are determined by discounting the relevant cash flows using current interest rates for similar instruments at balance sheet date. All the long-term loans approximate fair values as these financial instruments bear interest at variable rates.

41. Authorisation of financial statements

The financial statements for the year ended 30 June 2004 were authorised for issue in accordance with a resolution of the directors on 27 August 2004.

Fixed Assets

Location	Description	Title	Land Area sq m	Usage	Net Book Value S$
Australia					
130 Mills Street Welshpool Western Australia	A single storey office & warehouse	Freehold	2,521.0	Office/ Warehouse	248,526
9 Barfield Crescent Elizabeth West, Adelaide South Australia	A single storey industrial building	Freehold	2,043.0	Office/ Warehouse	202,678
China					
Unit No 101 Building No.B1Jin Mao District Funan, Hainan	Apartments	Leasehold	132.7	Staff Apartment	86,456
Unit No 102 Building No.B1Jin Mao District Funan, Hainan	Apartments	Leasehold	132.7	Staff Apartment	86,457
Myanmar					
Myanmar Kachin special economic zone	Three-storey detached building and four shophouses at each corner of the building	Leasehold	1,225.0	Office	536,521
Singapore					
No 422 Tagore Industrial Avenue Singapore 787806	A single-storey detached factory building with mezzanine level	Freehold	2,100.6	Office/ Warehouse	5,872,284 (At valuation)
No 22 Tagore Lane Singapore 787480	A single-storey intermediate terrace factory building with mezzanine level	Freehold	499.2	Office/ Warehouse	1,400,000 (At valuation)
Loyang Offshore Supply Base PO Box 5070, Loyang Crescent Singaore 508988	Two-storey office building/warehouse	Leasehold	7,320.0	Office/ Warehouse	41,906
United States of America					
5234 Brittmoore-North Road Harris County Texas 77041 (KM 449C) USA	Office / Warehouse	Freehold	6,493.6	Office/ Warehouse	516,397
					8,991,225

Development Properties

Description	Address	Title	Site Area sq m	Gross Floor Area sq m	Interest Held in property %	Percentage Completion %	Completion Date
Singapore							
Chiverton (Development of a block of 16-storey comprising 15 units of residential apartments)	50 Ewe Boon Road (Lots 600C and 601M TS 26 Ewe Boon Road)	Freehold	967.4	2,012.9	51	100	16 Apr 2004

STATISTICS OF SHAREHOLDERS

As At 14 September 2004

Authorised share capital	:	$100,000,000
Issued and fully paid-up capital	:	$ 57,474,210
Class of shares	:	Ordinary share of $0.05 each
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 999	9	0.18	4,229	0.00
1,000 - 10,000	2,162	43.35	12,462,852	1.08
10,001 - 1,000,000	2,752	55.17	204,484,270	17.79
1,000,001 and above	65	1.30	932,532,849	81.13
TOTAL	**4,988**	**100.00**	**1,149,484,200**	**100.00**

SUBSTANTIAL SHAREHOLDERS

As at 14 September 2004 as recorded in the Register of Substantial Shareholders:-

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
IPCO International Limited	-	-	166,403,000 (1)	14.48

Notes:

(1) 46,403,000	held in the name of Friendship Bridge Holding Company Private Limited, a wholly-owned subsidiary of IPCO International Limited
120,000,000	held in the name of UOB Kay Hian Pte Ltd for Friendship Bridge Holding Company Private Limited
166,403,000	

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	UOB Kay Hian Pte Ltd	125,313,000	10.90
2	United Overseas Bank Nominees Pte Ltd	71,357,600	6.21
3	Kim Eng Securities Pte. Ltd.	56,992,000	4.96
4	G1 Investments Pte Ltd	52,900,000	4.60
5	Chua Koh Ming	51,643,200	4.49
6	Merrill Lynch (Singapore) Pte Ltd	49,760,000	4.33
7	Friendship Bridge Holding Company Pte Ltd	46,403,000	4.04
8	Sim Yew Heng	45,504,000	3.96
9	Lim & Tan Securities Pte Ltd	44,130,000	3.84
10	Raffles Nominees Pte Ltd	35,040,000	3.05
11	OCBC Securities Private Ltd	29,095,000	2.53
12	Ng Gek Noi	29,006,400	2.52
13	DBS Vickers Securities (S) Pte Ltd	22,082,000	1.92
14	Mayban Nominees (S) Pte Ltd	18,371,600	1.60
15	Citibank Consumer Nominees Pte Ltd	17,726,200	1.54
16	Phillip Securities Pte Ltd	16,148,301	1.40
17	Ong King Kok	14,000,000	1.22
18	Chan Thye Yuan	13,334,400	1.16
19	G K Goh Stockbrokers Pte Ltd	11,850,000	1.03
20	Yap Sooi Kuan	11,500,000	1.00
	TOTAL	**762,156,701**	**66.3**

Public Float

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed is at all times held by the public. The Company confirmed that it has complied with this requirement.

STATISTICS OF WARRANTHOLDERS 2006

As At 14 September 2004

Warrants 2006 issued	:	183,246,000
Warrants 2006 exercised	:	(31,000)
Outstanding issued Warrants 2006	:	183,215,000
Adjustments pursuant to Deed Poll dated 9 March 2001	:	10,024,985
		193,239,985
Issue price	:	$0.022
Exercise price	:	$0.11
Subscription rights	:	One ordinary share per Warrant 2006

DISTRIBUTION OF WARRANTHOLDINGS

Size of Holdings	No. of Warrantholders	%	No. of Warrants	%
1 - 999	187	10.12	94,078	0.05
1,000 - 10,000	512	27.71	1,774,896	0.92
10,001 - 1,000,000	1,121	60.66	100,375,371	51.94
1,000,001 and above	28	1.51	90,995,640	47.09
TOTAL	1,848	100.00	193,239,985	100.00

SUBSTANTIAL WARRANTHOLDERS 2006

As at 14 September 2004, there is no substantial warrantholders 2006 as recorded in the Register of Substantial Warrantholders 2006.

TWENTY LARGEST WARRANTHOLDERS

No.	Name	No. of Warrants	%
1	United Overseas Bank Nominees Pte Ltd	17,414,505	9.01
2	Kim Eng Securities Pte. Ltd.	6,669,999	3.45
3	Ng Gek Noi	6,373,682	3.30
4	Chan Thye Yuan	6,357,861	3.29
5	Phillip Securities Pte Ltd	5,603,098	2.90
6	Tan Seng Hock	4,818,486	2.49
7	G K Goh Stockbrokers Pte Ltd	4,653,030	2.41
8	Southern Nominees (S) Sdn Bhd	4,135,466	2.14
9	Khalid B Omar Abdat	3,580,000	1.85
10	OCBC Securities Private Ltd	3,236,869	1.68
11	Lee Song	2,950,350	1.53
12	Citibank Consumer Nominees Pte Ltd	2,725,399	1.41
13	DBS Vickers Securities (S) Pte Ltd	2,321,475	1.20
14	Ang Chin Chuan Edwin	2,109,443	1.09
15	UOB Kay Hian Pte Ltd	1,966,009	1.02
16	Hong Leong Finance Nominees Pte Ltd	1,860,304	0.96
17	Loh Poh Lim	1,704,000	0.88
18	Raffles Nominees Pte Ltd	1,502,978	0.78
19	Kim Toh Lai	1,371,138	0.71
20	Low Siew Kheng Denis	1,201,402	0.62
	TOTAL	**82,555,494**	**42.72**

STRIKE ENGINEERING LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No: 198301375M)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Strike Engineering Limited (the "Company") will be held at 422 Tagore Industrial Avenue Singapore 787806 on Saturday, 30 October 2004 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 June 2004 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Articles 96 (2) and 78 of the Company's Articles of Association:-

Mr Lew Syn Pau	[Retiring under Article 96 (2)]	**(Resolution 2)**
Mr Lum Chue Tat	[Retiring under Article 96 (2)]	**(Resolution 3)**
Mr Chan Sing En	[Retiring under Article 96 (2)]	**(Resolution 4)**
Mr Goh Boon Kok	[Retiring under Article78]	**(Resolution 5)**

Mr Lew Syn Pau will, upon re-election as a Director of the Company, remain Chairman of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr Chan Sing En will, upon re-election as a Director of the Company, remain member of the Remuneration Committee and will be considered non-independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr Goh Boon Kok will, upon re-election as a Director of the Company, remain member of the Audit Committee, Nominating Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To approve the payment of Directors' fees of S$68,450.00 for the year ended 30 June 2004 (previous year: S$50,000.00). **(Resolution 6)**

4. To re-appoint Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. Authority to allot and issue shares up to 50 per centum (50%) of issued share capital

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares and convertible securities in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued share capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.
[See Explanatory Note (i)] **(Resolution 8)**

To consider and if thought fit, to pass the following resolution as a Special Resolution, with or without any modifications:

7. Proposed Change of Company's name

That the name of the Company be changed to "**MAGNUS ENERGY GROUP LTD.**" and that the name "**MAGNUS ENERGY GROUP LTD.**" be substituted for "**STRIKE ENGINEERING LIMITED**" wherever the latter name appears in the Memorandum and Articles of Association of the Company.
[See Explanatory Note (ii)] **(Resolution 9)**

By Order of the Board

Wong Siew Chuan
Secretary
Singapore, 8 October 2004

Explanatory Notes:

(i) The Ordinary Resolution 8 proposed in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the issued capital of the Company.

For the purpose of this resolution, the percentage of issued capital is based on the Company's issued capital at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(ii) The Directors wish to propose that the name of the Company be changed from "**STRIKE ENGINEERING LIMITED**" to "**MAGNUS ENERGY GROUP LTD.**".

To implement the proposed change of the Company's name, the Directors have proposed a special resolution for your approval. To pass this resolution, the Company requires 75% voting in favour by those present and voting. Further, the Directors also wish to add that after the change of name, existing share certificates bearing the previous name of the Company will still be valid. No further action is required on the part of the members of the Company.

(a) Rationale for the change
The Company is proposing to change its name from "**STRIKE ENGINEERING LIMITED**" to "**MAGNUS ENERGY GROUP LTD.**" to reflect the new corporate identity of the Group. This is to re-brand itself for its broader strategic focus and also to shed its former image as an integrated building, mechanical and electrical engineering specialist.

Members should note that notwithstanding the change of name the Company would not recall existing share certificates, which will continue to be *prima facie* evidence of legal title. No further action is required on the part of members of the Company.

(b) Directors' Recommendation
The Directors recommend the change and seek the shareholders support by voting in favour of the resolution.

Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 22 Tagore Lane Singapore 787480 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

The page has been intentionally left blank.

STRIKE ENGINEERING LIMITED
(Incorporated In The Republic Of Singapore)
(Company Registration No: 198301375M)

IMPORTANT
1. For investors who have used their CPF monies to buy Strike shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purpose if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees
4. CPF Investors who wish to attend should contact their CPF Approved Nominees.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ______________________________ (Name)

of ______________________________ (Address)

being a member/members of STRIKE ENGINEERING LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and /or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf and, if necessary, demand for a poll at the Annual General Meeting (the "Meeting") of the Company to be held on 30 October 2004 at 10.00 a.m. and at any adjournment thereof. The proxy is to vote on the business before the Meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

	Resolutions relating to:	For	Against
1	The adoption of Directors' Report and the Audited Accounts together with the Auditors' Report thereon		
2	Re-election of Mr Lew Syn Pau as a Director of the Company		
3	Re-election of Mr Lum Chue Tat as a Director of the Company		
4	Re-election of Mr Chan Sing En as a Director of the Company		
5	Re-election of Mr Goh Boon Kok as a Director of the Company		
6	Approval of the payment of Directors' fees of S$68,450.00		
7	Re-appointment of Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration		
8	Authority to allot and issue shares up to 50% of issued share capital		
9	Proposed change of Company's name		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this ____________ day of ______________ 2004

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 22 Tagore Lane Singapore 787480 not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

STRIKE ENGINEERING LIMITED