EMPS CORP
Form 10QSB
August 23, 2004

United States
Securities and Exchange Commission
Washington, DC 20549

FORM 10-QSB

Quarterly Report Under Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the Quarter Ended June 30, 2004	Commission File Number 000-33215

EMPS CORPORATION

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or organization

87-0617371

(I.R.S. Employer Identification No.)

2319 Foothill Blvd. Suite 250, Salt Lake City, Utah 84109

(Address of principal executive offices)

(801) 746-3700

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12 (b) of the Act: None.

Securities registered pursuant to section 12(g) of the Exchange Act: Common, $0.001 par value

Check whether the Issuer (1) filed all reports required to be filed by section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such report(s), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

As of August 13, 2004 we had 31,200,000 shares of our $0.001 par value, common stock outstanding.

EMPS CORPORATION AND SUBSIDIARIES
FORM 10-QSB
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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

EMPS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(Dollars in thousands except share and per share data)

	June 30, 2004	D
ASSETS		
Current Assets		
Cash	$ 838	
Trade accounts receivable, net of allowance of $16 and $6 respectively	1,588	
Other receivables	71	
Advances to related parties, net	101	
Inventories	129	
Prepaid expenses and other current assets	678	
Total Current Assets	3,405	
Vessels, equipment and property, net	9,870	
Drydocking costs, net	450	
Goodwill	656	
Investments	2,966	

Notes receivable from related parties	700
Total Assets	$ 18,047
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current Liabilities	
Accounts payable and accrued expenses	$ 3,802
Income tax payable	32
Deferred revenue	518
Advances from related parties	200
Notes payable - related parties	3,845
Current portion of long-term debt	4,975
Total Current Liabilities	13,372
Minority Interest	2,083
Shareholders' Equity	
Common stock, $0.001 par value, 150,000,000 shares authorized, 31,200,000 and 30,000,000 shares issued and outstanding, respectively	31
Additional paid-in capital	4,731
Accumulated other comprehensive income (loss)	12
Accumulated deficit	(2,182)
Total Shareholders' Equity	2,592
Total Liabilities and Shareholders' Equity	$ 18,047

The accompanying notes are an integral part of these condensed consolidated financial st

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EMPS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(Dollars in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months
	2004	2003	2004
Revenues			
Vessel revenues	$ 1,460	$ 3,280	$ 2,30
Product sales	274	175	45
Geophysical service revenues	246	-	24
Total Revenues	1,980	3,455	3,00
Operating Expenses			
Vessel operating costs	1,598	1,574	2,63
Cost of product sold	101	60	20
Geophysical costs of revenues	164	-	16
Depreciation	212	124	42
General and administrative	574	776	1,07

Total Operating Expenses	2,649	2,534	4,49
Income (Loss) from Operations	(669)	921	(1,48
Other Income (Expense)			
Interest expense	(285)	(312)	(50
Exchange loss	(4)	(2)	(
Income (Loss) from equity method investees	117	-	11
Grant revenue	-	-	
Grant expense	-	-	
Other income	2	24	
Net Other Expense	(170)	(290)	(39
Net Income (Loss) Before Income Tax and Minority Interest	(839)	631	(1,88
Provision for income tax	(9)	(122)	(
Minority interest	(25)	65	(
Net Income (Loss)	$ (873)	$ 574	$ (1,89
Income (Loss) Per Common Share	$ (0.03)	$ 0.02	$ (0.0
Weighted Average Common Shares Outstanding	30,461,538	30,000,000	30,230,76

The accompanying notes are an integral part of these condensed consolidated financial st

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EMPS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Dollars in thousands except share and per share data)

	Six Months Ended	
	2004	
Cash flows from operating activities:		
Net loss	$ (1,899)	$
Adjustments to reconcile net loss to net cash from operating activities:		
Loss on disposal of equipment	-	
Depreciation and amortization	505	
Minority interest	3	
Net loss (gain) in equity method investees	(112)	
Foreign currency exchange loss	5	
Changes in current assets and liabilities:		
Trade accounts receivable	378	
Other receivables	(57)	
Prepaid expenses and other current assets	(289)	
Inventories	(23)	
Accounts payable and accrued expenses	1,704	

Deferred revenue	223	
Income taxes payable	(1,307)	
Net cash provided by (used in) operating activities	(869)	
Cash flows from investing activities:		
Investments	(210)	
Cash acquired in purchase of Tatarka	220	
Advances on related party notes receivable	(300)	
Repayment on related party notes receivable	7	
Payment of drydocking costs	(181)	
Proceeds from sale of equipment	-	
Purchase of vessels and equipment	(1,019)	
Net cash used in investing activities	(1,483)	
Cash flows from financing activities:		
Proceeds from issuance of short-term debt to related parties	3,053	
Proceeds from issuance of debt	69	
Change in advances to/from related parties	46	
Principal payments on short-term debt to related parties	(50)	
Principal payments on notes payable	(333)	
Net cash provided by financing activities	2,785	
Effect of exchange rate changes on cash	4	
Net change in cash	437	
Cash at beginning of period	401	
Cash at end of period	$ 838	$

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The accompanying notes are an integral part of these condensed consolidated financial st

EMPS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(UNAUDITED)
(Dollars in thousands except share and per share data)

	Six Months Ended J	
	2004	2
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 349	$
Cash paid for income taxes	$ 1,316	$
Supplemental disclosure of non-cash investing and financing information:		
Accrued interest converted to a note payable	$ -	$
Issuance of stock for investment in TatArka	$ 546	$

Issuance of stock for investment in Kazmorgeophysica	$ 2,730	$

The accompanying notes are an integral part of these condensed consolidated financial st

EMPS CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(Dollars in thousands, except share and per share data)

NOTE 1 -- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Condensed Interim Financial Statements -- The accompanying unaudited condensed consolidated financial statements include the accounts of EMPS Corporation and its subsidiaries, Caspian Services Group Limited ("Caspian"), CJSC Bauta ("Bauta"), and TatArka LLP ("TatArka"), collectively ("EMPS" or the "Company"). These financial statements are condensed and, therefore, do not include all disclosures normally required by accounting principles generally accepted in the United States of America. These statements should be read in conjunction with the most recent annual financial statements of EMPS Corporation for the years ended December 31, 2003 and 2002, included in the Company's Form 10-KSB filed with the Securities and Exchange Commission on April 14, 2004. In particular, The Company's significant accounting principles were presented as Note 1 to the Consolidated Financial Statements in that Report. In the opinion of management, all adjustments necessary for a fair presentation have been included in the accompanying condensed consolidated financial statements and consist of only normal recurring adjustments. The results of operations presented in the accompanying condensed consolidated financial statements are not necessarily indicative of the results that may be expected for the full year ending December 31, 2004.

Business Condition -- The Company has accumulated deficits of $2,182 and $283 as of June 30, 2004 and December 31, 2003, respectively, and has negative working capital of $9,967 and $6,651 as of June 30, 2004 and December 31, 2003, respectively. The Company has bank debt of $4,937 shown as a current liability because of its August 2004 due date and because the payment terms with the bank have not been fully determined. The Company hopes to refinance this obligation with payment terms that extend into the future.

The Company is subject to seasonal fluctuation in its vessel operations marked by decreased revenue during winter months. The Company has net a loss of $1,899 and $192 for the six and twelve months ended June 30, 2004 and December 31, 2003, respectively. The Company's operations used cash of $869 and provided cash of $1,746 for the six and twelve months ended June 30, 2004 and December 31, 2003, respectively. Through negotiations with the bank to structure its debt payments, and generation of cash from operations, management believes it will be able to meet its operating and debt cash requirements through 2004. If needed, certain shareholders are prepared to assist the company on a short-term basis with cash advances. During the six months ended June 30, 2004, certain shareholders and a company related through common ownership provided $3,053 to the Company for 9% and 10% short-term notes due October and December 2004.

Reclassifications -- Certain reclassifications have been made in the 2003 financial statements to conform to the current presentation. The reclassifications had no effect on net income.

NOTE 2 - ACQUISITION OF TATARKA AND KAZMORGEOPHYSICA

On May 26, 2004, EMPS closed its acquisition of all of the membership interests of TatArka LLP ("TatArka") and 50% of the outstanding common stock of Kazmorgeophysica CJSC ("KMG") in exchange for total consideration of $3,276 which consisted of EMPS issuing 200,000 shares of common stock in exchange for all of the membership interests in TatArka and 1,000,000 shares of common stock in exchange for 50% of the outstanding common stock of KMG. The consideration given and the purchase price were recorded at the estimated fair value of the stock issued, or $3,276. The remaining 50% of the outstanding common stock of KMG not purchased by EMPS was held by the Chairman and CEO of EMPS before and after the acquisition.

TatArka was formed as a limited liability partnership under the laws of Kazakhstan on July 17, 2001 to provide seismic data acquisition services to onshore oil and gas exploration companies operating in the Republic of Kazakhstan. Most of TatArka's customers are foreign oil and gas corporations operating in Kazakhstan.

Kazmorgeophysica was organized under the laws of Kazakhstan on February 12, 2002 to provide seismic data acquisition services to offshore oil and gas exploration companies operating in the Kazakhstan sector of the North Caspian Sea and the adjacent transition zone. The Company also provides seismic data interpretation through its joint venture data processing center with PGS Onshore, Inc. (Texas) and Help, LLP (Kazakhstan). Most of KMG's customers are Kazakh oil and gas corporations operating in Kazakhstan.

As oil and gas exploration companies often require both onshore and offshore seismic data acquisition and interpretation services, TatArka and Kazmorgeophysica often contract with the other to provide services for their respective customers.

The Company acquired TatArka and the investment in Kazmorgeophysica in an effort to enhance the services offered to the onshore and offshore oil and gas exploration and development industry operating in the Kazakh Sector of the North Caspian Sea.

The purchase price for the acquisitions of TatArka and stock interest in KMG was $546 and $2,730, respectively, or $2.73 per share. EMPS estimated the value of the 1,200,000 shares of common stock issued based on the quoted market price of the EMPS common stock on May 26, 2004, adjusted for the effects of quantities traded, and price fluctuations between the acquisition date and the prices during July 2004, through which an active market in EMPS stock was established.

EMPS allocated the $546 purchase price related to the 200,000 shares issued for TatArka to the assets acquired and liabilities assumed on May 26, 2004, based on their estimated fair values. The $655 excess of the purchase price over the fair value of the assets acquired and liabilities assumed was recognized as goodwill because EMPS is in the process of identifying and valuing the intangible assets, if any. Since EMPS is in the process of determining valuations of certain intangible assets or resulting goodwill the allocation of the purchase price is subject to refinement. The TatArka assets acquired and liabilities assumed were as follows:

Assets Acquired	
Current assets	$ 573
Receivables from related parties	97
Property and equipment	214
Goodwill	656
Total Assets Acquired	1,540
Liabilities Assumed	
Current liabilities	762
Deferred revenue	232
Total Liabilities Assumed	994
Net Assets Acquired	$ 546

EMPS CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(Dollars in thousands, except share and per share data)

The purchase price of $2,730 for 50% of the KMG common stock was accounted for in accordance with APB 18, The Equity Method of Accounting for Investments in Common Stock, and the difference between the cost of the investment and the amount of underlying equity in net assets of KMG was accounted for as if KMG were a consolidated subsidiary, and therefore EMPS recognized equity method goodwill of $2,654.

The following pro forma operating information for the six months ended June 30, 2004 and 2003 have been prepared to present the effects of the acquisitions as though the acquisitions had occurred on January 1, 2004 and 2003, respectively. The pro forma financial information is illustrative of the effects of the acquisitions and does not necessarily reflect results of operations that would have resulted had the acquisitions actually occurred at those dates. In addition, the pro forma financial information is not necessarily indicative of the results that may be expected for the year ending December 31, 2004, or any other period.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenue	$ 2,019	$ 5,213	$ 3,078	$ 5,897
Net Income (Loss)	$ (998)	$ 730	$ (2,067)	$ (126)
Net Income (Loss) Per Common Share	$ (0.04)	$ 0.02	$ (0.07)	$ -

NOTE 3 - VESSELS AND EQUIPMENT

In February 2004, Caspian entered into an agreement for the construction and purchase of a new high speed aluminum crew boat. The boat is a 33 meter boat capable of transporting up to 70 passengers and 35 tons of cargo at speeds up to

(Dollars in thousands, except share and per share data)

25 knots. The vessel will be used to ferry oilfield workers between offshore installations and land bases. The vessel will also be equipped as an emergency response craft with a fire pump and monitor. The Company has paid $600 towards the contract price of $1,800 with the remainder due at various progress points. The vessel is tentatively scheduled for mobilization to the Caspian Sea at the start of the 2005 work season.

During June, 2004, the Company entered into an agreement for the purchase of a used 45m shallow draft multi-purpose utility vessel for $575. The Company made a $58 deposit in June 2004 and paid the remaining $517 in July 2004. The vessel has accommodation facilities for up to 20 client passengers, and a back deck area of 170sqm for the deployment of survey equipment. The vessel is also equipped with electric bow thrusters, making it a highly maneuverable vessel. The Company took possession of the vessel on July 7, 2004 and re-named it the Caspian Galiya. The Caspian Galiya is currently in drydock undergoing repairs and certification. The Caspian Galiya is expected to be on charter beginning the first week of September 2004, through the end of the operating season.

The Company's vessels Caspian Maria and Caspian Yelena have undergone a scheduled drydocking during the winter months of 2004 and have not been on contract since the related contracts expired in November 2003. During April 2004, the Caspian Dinara underwent an unscheduled drydocking for repairs. Current contract periods and extension provisions for all vessels are as follows:

Vessel	Contract Expiration	Extension Option
Baskunchak	November 2006	1-year
Caspian Eva	October 2004	1-year
Caspian Maria	November 2004	-
Caspian Yelena	-	-
Caspian Dinara	November 2006	1-year
Coastal Bigfoot	October 2004	-

NOTE 4 - DEFERRED REVENUE

During June 2003, Bauta entered into an agreement with Agip KCO, its major customer, for the construction of a 2,000 cubic meter water storage tank. Bauta estimated total construction costs for the tank to be $170. Agip KCO agreed to advance $140 to Bauta for the construction of the tank, for which Bauta will sell water to Agip KCO at a discounted rate over 5 years with a renewal option for an additional 5 years. By June 30, 2004, Bauta received $102 from Agip KCO which was recognized as deferred revenue. Construction was completed during June 2004 and in July 2004, Agip KCO advanced the remaining $38. During June 2004, the Company began selling water to Agip KCO at the contracted rates and began amortizing the deferred revenue.

NOTE 5 - NOTES PAYABLE

During January and March 2004 the Company's subsidiary, Bauta, entered into two short-term loan agreements with banks for an aggregate $70 in notes payable with a weighted-average interest rate of 18.6%. At June 30, 2004, $33 had been repaid. In July 2004, $15 was repaid and the remaining $22 due in October 2004. At June 30, 2004, the Company had total notes payable to banks in the amount of $4,937, primarily due August of 2004. The Company and the banks are currently structuring payment terms for the notes. As a result, the entire amount is classified on the balance sheet as a current liability. The company also has $38 of notes payable with no established terms.

NOTE 6- COMMITMENTS AND CONTINGENCIES

Economic Environment -- In recent years, Kazakhstan has undergone substantial political and economic change. As an emerging market, Kazakhstan does not possess a well-developed business infrastructure, which generally exists in a more mature free market economy. As a result, operations carried out in Kazakhstan can involve significant risks, which are not typically associated with those in developed markets. Instability in the market reform process could subject the Company to unpredictable changes in the basic business infrastructure in which it currently operates. Uncertainties regarding the political, legal, tax or regulatory environment, including the potential for adverse changes in any of these factors could significantly affect the Company's ability to operate commercially. Management is unable to estimate what changes may occur or the resulting effect on such changes on the Company's financial condition or future results of operations.

Legislation and regulations regarding taxation, foreign currency translation, and licensing of foreign currency loans in the Republic of Kazakhstan continue to evolve as the central Government manages the transformation from a command to a market-oriented economy. The various legislation and regulations are not always clearly written and their interpretation is subject to the opinions of

the local tax inspectors. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual.

Environmental Uncertainties -- Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated based on ongoing engineering studies, discussions with the environmental authorities and assumptions as to the areas that may have to be re-mediated along with the nature and extent of the remediation that may be required. Ultimate cost to the Company is primarily dependent upon factors beyond its control such as the scope and methodology of the remedial action requirements to be established by environmental and public health authorities, new law or government regulations, and the outcome of any potential related litigation.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Company paid another company owned by a shareholder, note holder and officer of Caspian, $25 and $61 for the six months ended June 30, 2004 and 2003, respectively, for services related to statutory tax audit, corporate travel, Kazakh visas, and entry and exit services.

Notes Receivable -- In December 2003, the Company entered into an agreement with Bautino Development Company to provide $1,100 in funding to build, furnish and equip the phase-two addition to the hotel. The Company plans to provide the loan to Bautino Development Company in installments, which began during December 2003 in amounts ranging from $400 to $100. Through June 30, 2004, the Company advanced $700 in accordance with the agreement. Interest will begin accruing upon the completion of phase two or no later than January 1, 2005 at the rate of 6% and will be received quarterly until the principal has been received in full. The terms provide for Bautino Development Company to repay the loan in semi-annual installments of $138 plus interest beginning June 15, 2005 and through December 15, 2008.

Payables -- TatArka and Kazmorgeophysica often contract with the other to provide services for their respective customers. At June 30, 2004, TatArka had a payable to KMG in the amount of $197 for services received prior to May 26, 2004. As the Company's investment in KMG is not consolidated, these transactions have not been eliminated and are reported as accounts payable.

Notes Payable -- During April and June 2004, the Company's subsidiary, Caspian, entered into two short-term loan agreements from a group of shareholders and a company related through common management for an aggregate $3,053 in notes payable. These notes bear interest at nine and ten percent interest and are due in October and December 2004. At June 30, 2004, the Company had total notes payable to related parties of $3,845.

NOTE 8 - SEGMENT INFORMATION

Segment information has been prepared in accordance with SFAS No. 131, "Disclosure About Segments of an Enterprise and Related Information."

The Company has operations in four segments of its business, namely: Vessel Operations, Geophysical Services, Water Desalinization and Corporate Administration. The vessel operations, water desalinization and geophysical services are located in the Republic of Kazakhstan. The administration operations are located in the United States of America. Information regarding the operations and assets of these reportable business segments follows:

EMPS CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(Dollars in thousands, except share and per share data)

As of and for the six months ended June 30, 2004	Vessel Operations	Geophysical Services	Water Desalinization
Sales to external customers	$ 2,309	$ 246	$ 451
Intersegment sales	-	-	-
Depreciation and amortization	399	3	17
Interest expense	501	-	3
Income (loss) from equity method investees	(52)	164	-
Provision for taxes	-	9	-
Minority interest	-	-	3
Segment income (loss)	(1,914)	203	4
Segment assets	12,373	4,562	2,663
Investments in equity method investees	72	2,894	-

For the six months	Vessel	Geophysical	Water

ended June 30, 2003	Operations	Services	Desalinization
Sales to external customers	$ 3,843	$ -	$ 296
Depreciation and amortization	370	-	18
Interest expense	491	-	-
Income (loss) from equity method investees	(10)	-	-
Provision for taxes	122	-	-
Minority interest	-	-	66
Segment income (loss)	282	-	(85)

As of December31, 2003	Vessel Operations	Geophysical Services	Water Desalinization
Segment assets	$ 11,478	$ -	$ 2,389
Investments in equity method investees	313	-	-

Consolidated Total Assets June 30,	2004
Total assets for reportable segments	$ 20,195
Elimination of intersegment assets	(2,148)
Consolidated Total Assets	$ 18,047

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Item 2. Management's Discussion and Analysis or Plan of Operations

All dollar amounts stated in this Item 2 are presented in thousands, unless stated otherwise.

Business Review

During the second quarter 2004, we operated four business segments: Vessel Operations, Geophysical Services, Water Desalinization and Corporate Administration. The following discussion and analysis of results of operations should be read in conjunction with the Condensed Consolidated Financial Statements and notes thereto.

(Stated in thousands)

	Second Quarter			Six Months		
	2004	2003	% Change	2004	2003	Cha
VESSEL OPERATIONS						
Operating Revenue	$ 1,460	$ 3,280	55%	$ 2,309	$ 3,843	4
Pretax Operating Income/(Loss)1	$ (1,054)	$ 762	238%	$ (1,914)	$ 282	77
GEOPHYSICAL SERVICES						

Operating Revenue	$	246	$	-	n/a	$	246	$	-	n
Pretax Operating Income/(Loss)1	$	212	$	-	n/a	$	212	$	-	n
WATER DESALINIZATION										
Operating Revenue	$	274	$	175	57%	$	451	$	296	5
Pretax Operating Income/(Loss)1	$	32	$	(84)	138%	$	4	$	(85)	10
CORPORATE ADMINISTRATION										
Operating Revenue	$	-	$	-	n/a	$	-	$	-	n
Pretax Operating Income/(Loss)1	$	(63)	$	(104)	13%	$	(192)	$	(206)	

Three Months ended June 30, 2004 Compared to the Three Months Ended June 2003

Revenue

Total revenue for the three months ended June 30, 2004, was $1,980 compared to $3,455 during the same three months ended June 30, 2003, a decrease of 43%. Total operating expenses increased by $115 or 5% to $2,649 in the second quarter 2004, compared to the same quarter 2003. Loss from operations for the period ended June 30, 2004, was $669, compared to income from operations of $921 during the three months ended June 30, 2003, a $1,590 or 173% decrease in income from operations. Net loss for the second quarter 2004 was $873 versus net income of $574 in 2003, a decrease of 252%.

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1 Pretax operating loss represents income before taxes and minority interest.

Vessel Operations revenue of $1,460 increased 71% compared to the first quarter of 2004, and decreased 55% compared to the same quarter of 2003. Pretax operating loss of $1,054 increased 24% sequentially and 238% year-on-year.

On May 26, 2004, we acquired 100% of the outstanding partnership interests in TatArka LLP, a Kazakhstan limited liability partnership ("TatArka") and 50% of Kazmorgeophysica CJSC, a Kazakh corporation ("KMG"). TatArka provides geophysical services on land, including seismic data acquisition services to oil and gas exploration companies operating in the Republic of Kazakhstan and KMG provides marine and transition zone seismic data acquisition and processing services to oil and gas exploration companies operating in the Kazakh sector of the Caspian Sea. During the quarter ended June 30, 2004, revenue from geophysical services was $246, with pretax operating income of $212.

Water Desalinization revenue of $274 was 55% greater sequentially and 57% higher year-on-year. The pretax operating income at June 30, 2004, was $32 compared to a loss of $28 in the first quarter 2004 and a loss of $85 in the second quarter 2003.

The Corporate Administration segment of the Company's business refers primarily to the administration of Company affairs in the United States. Corporate Administration generated a pretax operating loss of $63 during the second quarter 2004, which represents a 39% decrease compared to the first quarter 2004 and a 7% decrease compared to the same quarter of 2003.

Due to weather conditions in the north Caspian Sea where our operations are centered, exploration and production activities typically do not begin until late March or early April, thus limiting our revenue and cash flow from vessel operations and water desalinization during the first fiscal quarter of each year. Therefore, significant increases in second quarter income are typical. The decrease in vessel revenue in the second quarter 2004 compared to the corresponding quarter of 2003 is the result of underutilization of our vessels during the second quarter 2004.

Vessel Operations

Second quarter revenue of $1,460 increased 72% sequentially and decreased 40% year-on-year. Pretax operating loss of $1,054 during the second quarter 2004 increased 23% compared to the first quarter 2004 and increased 238% compared to the second quarter 2003.

The increase in revenue from the first quarter to the second quarter is typical because weather conditions do not permit our clients to conduct their exploration, development and production activities from January to March. Therefore, our vessels were not in operation during the first quarter 2004. While the vessels were not in operation during the first quarter, typically, our vessel charters provide for the payment of winter day rates, which are generally significantly less than the day rates paid by our clients during active operations.

The significant decrease in revenue and change from pretax operating profit to pretax operating loss in the second quarter 2004 compared to the second quarter 2003 is the direct result of two of our vessels, the Caspian

Yelena and the Caspian Maria, being unchartered and inactive during the entire second quarter 2004. Also, for much of the second quarter 2004, the Caspian Dinara was out of service for unexpected repairs.

During the quarter ended June 30, 2003, we had four vessels in our fleet. During the quarter ended June 30, 2004, we had six vessels in our fleet. Vessel revenues are affected by utilization and day rates. Although we had more vessels in our fleet in the second quarter 2004 as compared to 2003, utilization decreased in 2004, by virtue of three of our vessels being inactive for all or most of the second quarter 2004, while average day rates remained flat from the second quarter 2003 to 2004.

At the end of the second quarter 2004, we acquired a 45 meter multi-purpose shallow draft utility vessel. This vessel can accommodate up to 20 client passengers and has a 170 sqm back deck area that can be used for deploying survey equipment. We took possession of the vessel in July 2004. The vessel has been named the Caspian Galiya and is currently in drydock for repairs and certification. The Caspian Galiya is under charter beginning the first week of September 2004 through the end of the 2004 work season.

Our two accommodation vessels are chartered through November 2006. One of our supply vessels, the Caspian Maria, was placed into service on August 6, 2004, under a temporary one month tender, with the possibility of extending the charter through the end of the 2004 work season. We continue to negotiate the charter of the Caspian Yelena, and hope to have it in service by the end of August. Our multi-purpose supply and tugboat and our multi-purpose survey vessel are under charter through the end of October 2004.

We anticipate chartering all or most of our fleet of vessels before the end of the third quarter 2004, firm commitments for two of our currently unchartered vessels have been received. Based on ongoing negotiations, we expect average day rates to increase for the third and fourth quarters for some of our vessels, due to high demand towards the end of the operating season in 2004. As evidenced by the decrease in our vessel revenue for the second quarter 2004 compared to 2003, if we are unable to charter all or some of our vessels during the remainder of the 2004 work season our vessel revenue may continue to be adversely affected.

Vessel operating costs of $1,598 during the second quarter 2004 increased 54% sequentially and 2% compared to the second quarter 2003. As discussed above, the increase in operating costs is the result of our vessels being active during the entire second quarter 2004, while all vessels were inactive during the first quarter 2004. Year-on-year vessel operating costs were almost flat. While we had three vessels that were not earning revenue for most or all of the second quarter 2004, we continue to incur many of the costs we would incur if the vessels were in active operations. Moreover, a disproportionate percentage of our vessel operating costs are attributable to the Coastal Bigfoot, which was in active operations during the second quarter 2004. We operate the Coastal Bigfoot under an agreement with Rederij Waterweg. Pursuant to that agreement we pay a day rate to Rederij Waterweg for the vessel. While it costs us more to operate the Coastal Bigfoot than to operate our own vessels we are willing to operate the Coastal Bigfoot at a reduced profit margin to gain access to Rederij Waterweg's large fleet of shallow draft vessels which should allow us to meet future demand for vessels without incurring the significant expense of purchasing additional vessels

We anticipate that the significant reduction in vessel revenues in the second quarter 2004 compared to 2003, will not continue through the third quarter 2004.

Geophysical Services

At the end of May 2004, we finalized the acquisition of 100% of the outstanding membership interests of TatArka and 50% of the outstanding common stock of KMG. In accordance with accounting principles generally accepted in the United States of America, as a wholly owned subsidiary, the financial statements of TatArka are consolidated with and reflected in the EMPS Corporation financial statements. Our 50% interest in KMG has been accounted for as an investment in an equity method investee.

Revenue from geophysical services during the quarter ended June 30, 2004 was $246, with realized pretax operating income of $212.

We anticipate revenue and the costs of providing geophysical services will continue to increase as we fulfill contracts we have in place and as we acquire additional contracts to provide services.

Water Desalinization

Revenue from product sales in the quarter ended June 30, 2004, was $274, a 55% increase as compared to the quarter ended March 31, 2004 and a 57% increase in revenue compared to the quarter ended June 30, 2003. Pretax operating income was $32 during the second quarter 2004 compared to a pretax operating loss of $28 during the first quarter 2004, and an $84 pretax operating loss during the second quarter 2003. As product sales of both bulk and bottled water are primarily to oilfield camps in the Bautino area, a significant increase in revenue is typical in the second quarter when most camps become active. The year-on-year increase in product sales is primarily the result of increased demand for bulk water by Agip KCO and other local companies.

Cost of product sold during the second quarter 2004 of $101 was flat sequentially and increased $41 or 68% year-on-year. As discussed in the preceding paragraph, the year-on-year increase in cost of product sold is primarily the result of increases in labor and material costs resulting from the increased demand for water. We anticipate water desalinization revenue and costs of product sold during the third quarter to be consistent with the second quarter and to decrease during the fourth quarter 2004, as the work season ends.

During June 2003, Bauta entered into an agreement with Agip KCO, its major customer, for the construction of a 2,000 cubic meter water storage tank. Bauta estimated total construction costs for the tank to be $170. Agip KCO agreed to advance $140 to Bauta for the construction of the tank, for which Bauta will sell water to Agip KCO at a discounted rate over the next five years, with a renewal option for an additional five years. During the quarter, Bauta received no funds from Agip KCO. Bauta finished construction of the storage tank in June 2004. Subsequent to quarter end, in July 2004, Bauta received the remaining $38 from Agip KCO. The full $140 has been recognized as deferred revenue. During June 2004, Bauta began selling water to Agip KCO at the contracted rate and began amortizing the deferred revenue.

Corporate Administration

In the quarter ended June 30, 2004, Corporate Administration generated expenses of $54, 61% and 48% decreases sequentially and year-on-year, respectively. The decreases compared to the first quarter 2004, and the second quarter 2003, are primarily the result of efforts of our concerted effort to control costs. We anticipate expenses incurred in corporate administration throughout the remainder of 2004 to remain consistent with those incurred in the second quarter 2004.

Consolidated Results

General and Administrative Expense

General and administrative expense decreased by $202, or 26%, to $574 for the quarter ended June 30, 2004 compared to the comparable period of 2003. The primary contributing factor to the decrease in general and administrative expense was a concerted effort to control general and administrative costs.

Interest Expense

Interest expense decreased 9% to $285 in the second quarter 2004, compared to the second quarter 2003. The decrease in interest expense was primarily due to the refinancing of certain debt obligations subsequent to the second quarter 2003 with an interest rate increase from 11% to 16%. As a result of the refinance, the principal amount we owed increased from $5,186 to $5,553 after including accrued interest in the refinanced principal. During the quarter we paid $50 to reduce the principal amount of this debt obligation

Six Months ended June 30, 2004 Compared to the Six Months Ended June 2003

Revenue

Total revenue for the six months ended June 30, 2004, was $3,006 compared to $4,139 during the six months ended June 30, 2003, a decrease of 27%. Total operating expenses increased by $865 or 24% to $4,495 in the six months ended June 30, 2004, compared to the comparable six months ended June 30, 2003. Loss from operations for the six month period ended June 30, 2004, was $1,489, compared to income from operations of $509 during the six months ended June 30, 2003, a $1,998 or 393% decrease in income from operations. Net loss for the six months ended June 30, 2004, was $1,899 compared to a net loss of $9 in the corresponding period 2003, an increase of $1,890.

Vessel Operations revenue of $2,309 decreased 40% in the six months ended June 30, 2004, compared to the same period 2003. Vessel operations provided a loss of $1,914 for the six months ended June 30, 2004, compared to income of $282 for the comparable period of 2003.

During the six months ended June 30, 2004, revenue from geophysical services was $246, with operating income of $212.

Water Desalinization revenue of $451 was 52% greater during the six months ended June 30, 2004, compared to the 2003. Operating income of $4 for the six months ended June 30, 2004, was $89 greater compared to the same period 2003.

During the six months ended June 30, 2004, Corporate Administration generated a pretax operating loss of $192, which represents a 7% decrease over the corresponding six month period of 2003.

The decrease in vessel revenue in the six months ended June 30, 2004 compared to the corresponding period of 2003 is the result of underutilization of our vessels during the second quarter 2004.

Vessel Operation

Revenue for the six months ended June 30, 2004, of $2,309 was a 40% decrease compared to June 30, 2003. Pretax operating loss of $1,914 for the six months ended June 30, 2004 was a 779% increase compared to the same period ended June 30, 2003.

The significant decrease in revenue and change from pretax operating profit to pretax operating loss is the direct result of two of our vessels, the Caspian Yelena and the Caspian Maria, being unchartered and inactive during the entire second quarter 2004. Also, for much of the second quarter 2004, the Caspian Dinara was out of service for unexpected repairs.

During the six months ended June 30, 2003, we had four vessels in our fleet. During the six months ended June 30, 2004, we had six vessels in our fleet. Vessel revenues are affected by utilization and day rates. Although we had more vessels in our fleet in 2004 and vessel day rates remained flat from 2003 to 2004, vessel utilization actually decreased in the first six months of 2004, by virtue of three of our vessels being inactive for all or most of the 2004 work season.

We anticipate chartering all or most of our fleet of vessels before the end of the third quarter 2004, firm commitments for two of our currently unchartered vessels have been received. Based on ongoing negotiations, we expect average day rates to increase for the third and fourth quarters for some of our vessels, due to high demand towards the end of the operating season in 2004. As evidenced by the decrease in our vessel revenue for the second quarter 2004 compared to 2003, if we are unable to charter all or some of our vessels during the remainder of the 2004 work season our vessel revenue may continue to be adversely affected

Vessel operating costs of $2,638 during the six months ended June 30, 2004, increased 29% compared to the same period ended June 30, 2003. This increase in vessel operating costs is primarily the result of the increase in the size of our fleet from four vessels at June 30, 2003, to six vessels at June 30, 2004. While we had three vessels that were inactive for most or all of the second quarter 2004, we continue to incur many of the costs we would incur if the vessels were in active operations. Moreover, a disproportionate percentage of our vessel operating costs are attributable to the Coastal Bigfoot, which has been under charter for the 2004 work season. We operate the Coastal Bigfoot under an agreement with Rederij Waterweg. Pursuant to that agreement we pay a day rate to Rederij Waterweg for the vessel. While it costs us more to operate the Coastal Bigfoot than to operate our own vessels we are willing to operate the Coastal Bigfoot at a reduced profit margin to gain access to Rederij Waterweg's large fleet of shallow draft vessels which should allow us to meet future demand for vessels without incurring the significant expense of purchasing additional vessels

We anticipate that the significant reduction in vessel revenues in the second quarter 2004 compared to 2003, will not continue through the third quarter 2004.

Geophysical Services

Revenue from geophysical services for the six months ended June 30, 2004 was $246. During the six months ended June 30, 2004, we realized operating income of $212 from geophysical services, including income of $164 from KMG. Costs of providing geophysical services for the six months ended June 30, 2004, was $207.

We anticipate revenue and the costs of providing geophysical services will continue to increase as we fulfill contracts we have in place and as we acquire additional contracts to provide services.

Water Desalinization

Revenue from product sales for the six months ended June 30, 2004, was $451, a 52% increase as compared to the corresponding period of 2003. Pretax operating income of $4 at June 30, 2004, is an $89 increase over the pretax operating loss of $85 during the six months ended June 30, 2003. This increase in product sales is primarily the result of increased demand for bulk water by Agip KCO and other local companies.

Cost of product sold during the six months ended June 30, 2004, of $202 increased 35% compared to the same six month period ended June 30, 2003. This increase in cost of product sold is primarily the result of increases in labor and material costs resulting from the increased demand for water.

Corporate Administration

During the six months ended June 30, 2004, Corporate Administration generated expenses of $268, an increase of $61 compared to June 30, 2003. This decrease is primarily the result of our concerted efforts to control costs.

Consolidated Results

General and Administrative Expense

General and administrative expense increased $20, or 2%, to $1,071 for the six months ended June 30, 2004, compared to the comparable period 2003. General and administrative costs have remained essentially unchanged as a result of our efforts to control general and administrative expenses. We will continue our efforts to control increases in general and administrative expenses.

Interest Expense

Interest expense increased 2% to $507 for the six month period ended June 30, 2004 compared to the six months ended June 30, 2003. Interest expense remained relatively flat over the 2003 and 2004 periods as decreases in interest expense resulting from the refinancing of certain debt obligations subsequent to the second quarter 2003 with an interest rate increase from 11% to 16%. As a

result of the refinance, the principal amount we owed increased from $5,186 to $5,553 after including accrued interest in the refinanced principal. Subsequent to the quarter end, in April 2004, we paid $50 to reduce the principal amount of this debt obligation. The decrease in interest expense during the six months ended June 30, 2004, was partially offset by interest expense incurred in connection with two short-term loans entered into by Bauta for an aggregate of $70, bearing a weighted-average interest rate of 18.6% during the second quarter 2004. At June 30, 2004, $33 had been repaid and the remaining $37 was repaid in July 2004.

Cash Flow

At June 30, 2004, cash used in operations was $869 as net loss, income tax payable, net loss in equity method investees, other receivables, and prepaid expenses and inventories were only partially offset by accounts payable and accrued expenses, depreciation and amortization, trade accounts receivable and deferred revenue. Cash used in investing activities was $1,483 and included investments, advances on related party notes receivable, payment of drydocking costs and purchase of vessels and equipment offset primarily by cash acquired in the purchase of TatArka. Cash provided by financing activities was $2,785 with proceeds from the issuance of short-term debt to related parties, proceeds from the issuance of other debt and changes in advances to/from related parties only partially offset by principal payments on short-term debt to related parties and principal payments on notes payable.

Financing

During February 2002, Caspian entered into a note payable agreement with a bank to refinance $3,333 used to finance initial asset acquisitions. The proceeds were used to restructure related party notes payable collateralized by the Maria and Yelena. During February 2003, Caspian refinanced the note payable in the amount of $3,333 plus accrued interest of $367 for a total amount of $3,700 and extended the due date to August 15, 2004. The Company is currently negotiating with the bank to extend the term of the notes.

Notes payable to related parties consisted of the following at June 30, 2004:

(Stated in thousands)	June 30, 2004
Note payable to a company related through common management bearing interest at 10%; no set payments required; due on demand; unsecured.	$ 200
Notes payable to a stockholder bearing interest at 10% until January 1, 2003, at which time the notes bear interest at 10%; no set payments required; due upon demand; unsecured	$ 592
Note payable to Company related through common Management bearing interest at 10%; due December 2004; unsecured	$ 600
Note payable to a voting trust of shareholders bearing Interest at 9%; due October 2004; unsecured	$ 2,453

TOTAL NOTES PAYABLE TO RELATED PARTIES	$ 3,845

We did not advance any funds to Bautino for the construction of Phase II of the Chagala Hotel during the quarter ended June 30, 2004. We are required to advance an additional $400 for construction by the end of the year. As of June 30, 2004, the foundation, civil and design works and outside framing for Phase II have been completed. Construction of Phase II is scheduled to be complete and the hotel ready to operate during the fourth quarter 2004.

During the quarter we agreed to purchase the vessel now known as the Caspian Galiya for $575. We made a $58 down payment in June 2004 and paid the remaining $517 in July 2004.

Forward Looking Information and Cautionary Statement

In accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we note that certain statements set forth in this Quarterly Report on Form 10-QSB which provide other than historical information and which are forward looking, involve risks and uncertainties that may impact our actual results of operations. We face a number of risks and uncertainties, many of which are beyond our control, including: fluctuations in oil and gas prices; level of fleet additions by competitors; changes in capital spending by customers in the energy industry for exploration, development and production; unsettled political conditions, civil unrest and governmental actions; foreign currency fluctuations; and environmental and labor laws. Readers should consider all of these risk factors as well as other information contained in this report. Readers should also consider that the operating season for our vessels is dependent upon weather conditions in the north Caspian Sea. Drilling and exploration activities in that region typically commence in late March or early April and continue through late October or early November. Therefore, our vessels are typically inactive from November to March and demand for water and onshore accommodations also decreases significantly as exploration activities during this time are limited.

Forward-looking statements are predictions and not guarantees of future performance or events. The forward-looking statements are based on current industry, financial and economic information, which we have assessed but which by its nature is dynamic and subject to rapid and possibly abrupt changes. Our actual results could differ materially from those stated or implied by such forward-looking statements due to risks and uncertainties associated with our business.

The information contained in this analysis should be read in conjunction with the condensed consolidated financial statements contained herein and related disclosures.

Item 3. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. Our Principal Executive Officer and Principal Financial Officer have conducted an evaluation of our disclosure controls and procedures as of a date (the "Evaluation Date") within 90 days before the filing of this quarterly report. Based on their evaluation, our Principal Executive Officer and Principal Financial Officer have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the applicable Securities and Exchange Commission rules and forms.

(b) Changes in Internal Controls and Procedures. Subsequent to the Evaluation Date, there were no significant changes in our internal controls or in other factors that could significantly affect these controls, nor were any corrective actions required with regard to significant deficiencies and material weaknesses.

PART II - OTHER INFORMATION

Item 2. Changes in Securities

No instruments defining the rights of the holders of any class of registered securities have been materially modified, limited or qualified during the quarter ended June 30, 2004.

During the quarter we issued 200,000 restricted common shares to the three holders of the outstanding partnership interests in TatArka in exchange for their partnership interests. The shares were issued without registration under the Securities Act of 1933 in reliance on an exemption from registration provided by Regulation S of the rules and regulations promulgated by the Securities and Exchange Commission under the Securities Act.

During the quarter we issued 1,000,000 restricted common shares to the holder of 50% of the outstanding common stock of KMG in exchange for its 50% interest in KMG. The shares were issued without registration under the Securities Act of 1933 in reliance on an exemption from registration provided by Regulation S of the rules and regulations promulgated by the Securities and Exchange Commission under the Securities Act.

Item 5. Other Information

As discussed herein, during the quarter we consummated the acquisition of interests in TatArka LLP and Kazmorgeophysica CJSC. Following is additional information about each of those entities.

TatArka LLP

TatArka was formed on July 17, 2001, under the laws of the Republic of Kazakhstan. The principle executive offices of TatArka are located at 63 Dostyk Street in Almaty, Kazakhstan. TatArka provides 2D and 3D seismic data acquisition services to companies engaged in onshore oil and gas exploration in the Republic of Kazakhstan. TatArka provides its services under project specific partnerships with other local service providers as required by the Republic of Kazakhstan. TatArka has held a general state license to conduct geophysical works since September 4, 2001.

The onshore seismic market in Kazakhstan is comparably mature and is dominated by local companies. The acquisition of onshore seismic data requires considerably less effort, and is less complex, than the acquisition of offshore seismic data. As a result onshore seismic data acquisition services are far less expensive than offshore services.

The current onshore seismic data acquisition services market in Kazakhstan is dominated primarily by four local companies: Kazakhstancaspishelf, Azimut, SIF Dank and TatArka. Most of TatArka's competitors have acquired and rely upon up-to-date recording systems and vibrator energy sources in performing their services. Until recently, TatArka has leased the recording systems and vibrators it used to provide its services. To allow it to compete more favorably in the market, in June 2004, TatArka entered into a $2,500,000 Credit Line Agreement with KazKomertz Bank in Almaty, Kazakhstan so it could purchase up-to-date equipment. TatArka has drawn down approximately $2,150,000 of its credit line to purchase five vibrator energy source trucks. The loan provides of repayment terms through July 2005, with an interest rate of 14%.

TatArka currently has 140 employees, including 40 full time employees.

Kazmorgeophysica CJSC

KMG was incorporated on February 12, 2002, under the laws of the Republic of Kazakhstan. The principal executive offices of KMG are located at 63 Dostyk Street in Almaty, Kazakhstan. KMG provides 2D and 3D transition zone and marine seismic data acquisition services to oil and gas exploration companies operating in the Kazakhstan sector of the Caspian Sea. KMG also provides seismic data processing and interpretation services through a revenue sharing agreement with the PGS-GIS Centre data processing center in Almaty. KMG has held a general state license to conduct geophysical works since May 29, 2002.

In contrast to the onshore seismic market, the marine seismic market in Kazakhstan is still developing. The first modern marine seismic survey was conducted between 1994 and 1996. Since that time, only a small number of marine or transition zone surveys have been conducted. We believe this is primarily due to the limited number of entities currently holding exploration licenses in Kazakhstan. In early 2004, the government of Kazakhstan announced that the first round of licensing for new offshore blocks in the Kazakhstan sector of the Caspian Sea would likely occur in late 2004 or early 2005. We expect that the release of new license blocks will attract significant interest form the international oil and gas community. We also anticipate that a direct result of the release of new license blocks will be a significant increase in demand for marine and transition zone seismic data acquisition services and data processing.

The complexity of modern marine seismic data collection methods, and the associated costs, has meant that only large international exploration companies with advanced technology and sufficient capital have been capable of providing marine seismic services in Kazakhstan. KMG believes this trend will change as more local companies gain access to the technology and methodologies used and as they obtain sufficient capital to acquire the necessary equipment and vessels to provide these services. Additionally, under the laws of Kazakhstan to provide marine seismic services the service provider must meet the country's local content requirements, either through local ownership or by partnership. The other 50% owner of KMG is 100% owned by a Kazakh entity, which satisfies the local content requirement and gives KMG an advantage over its international competitors.

KMG currently competes with two local companies, Kazakhstancaspishelf and Uzhmaorgeologia and four international firms, Westerngeco, CGG, PGS and Veritas. As discussed above, the international firms are required to tender with a local partner to satisfy the local content requirements of Kazakhstan.

KMG has invested $300,000 in the past two years to purchase geophysical equipment. KMG currently has 30 employees, including 10 full time employees.

During the quarter Paul Roberts, our Chief Operating Officer and a director, was appointed by the board of directors to act as the interim Chief

Financial Officer while Laird Garrard, our Chief Financial Officer, has been on leave attending to personal matters. Also during the quarter, Louis Naegle resigned as President of the Company. The board of directors appointed Stephen Smoot to act as President on an interim basis. Following is a brief description of the business experience of Mr. Smoot.

Stephen Smoot. During the past five years Mr. Smoot has been self-employed as a consultant in the area of foreign technology development and transfer. Mr. Smoot assisted in forming Caspian Service Group Limited in December 1999, and served as President of Caspian Services from inception until February 2002. Mr. Smoot is not a director in any other reporting company. Mr. Smoot is 50 years old.

Item 6. Exhibits and Reports on Form 8-K

(A) Reports on Form 8-K

In accordance with the provisions of Regulation FD, on May 27, 2004, we filed a Current Report on Form 8-K incorporating a press release of the same day disclosing the consummation of our agreements to acquire 100% of TatArka and 50% of KMG.

On June 10, 2004, we filed a Current Report on Form 8-K disclosing the details of our acquisition of 100% of TatArka and 50% of KMG. This Current Report was subsequently amended on August 9, 2004 to provide required financial statements and pro forma financial information.

(B) Exhibits. The following exhibits are included as part of this report:

Exhibit 31.1	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 31.2	Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
Exhibit 32.1	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Exhibit 32.2	Certification of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this to be signed on its behalf by the undersigned thereunto duly authorized.

EMPS CORPORATION

August 20, 2004

/s/ Mirgali Kunayev

Mirgali Kunayev,
Chief Executive Officer

August 20, 2004 /s/ Paul Roberts

Paul Roberts,
Interim Chief Financial Officer