

CSE GLOBAL LTD

First Quarter Financial Statement And Dividend Announcement for the Period Ended 31 March 2004

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

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

	2004 S\$'000 3 months	2003 S\$'000 3 months	Group Change (%)
Revenue (Note 2)	55,764	38,613	44%
Cost of sales (Note 2)	(38,457)	(26,006)	48%
Gross profit (Note 2)	17,307	12,607	37%
Other operating income			
Miscellaneous income (Note 1)	462	848	-45%
Finance income	11	19	-42%
Other operating expenses			
Personnel and related costs (Note 2)	7,355	4,972	48%
General and administrative costs (Note 2)	1,671	1,256	33%
Selling and distribution costs (Note 2)	752	284	165%
Upkeep building and equipment costs	1,160	1,711	-32%
Other operating costs (Note 3)	324	985	-67%
Total expenses	11,262	9,208	22%
Profit from operating activities	6,518	4,266	53%
Finance costs	(297)	(284)	5%
Share of profit of associated companies	118	346	-66%
Profit before taxation	6,339	4,328	46%
Taxation	(1,940)	(1,375)	41%
Minority interest, net of tax	(9)	(7)	29%
Net profit for the period	4,390	2,946	49%
Earnings per ordinary shares (in cents)			
- Basic	1.40	0.96	
- Diluted	1.34	0.94	

N.M. - Not meaningful

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

	2004 S\$'000 3 months	2003 S\$'000 3 months	Change %
(A) Investment income	-	-	N.M.
(B) Other income including interest income (Note 1)	473	867	-45%
(C) Interest on borrowings	260	271	-4%
(D) Depreciation and amortisation	813	664	22%
(E) (Writeback)/allowance of doubtful debts and bad debts written off	(124)	(60)	106%
(F) Write-off for stock obsolescence	58	-	N.M.
(G) Impairment in value of investments	-	-	N.M.
(H) Foreign exchange (gain)/loss	(248)	16	N.M.
(I) Adjustment for under or (over)-provision for tax in respect of prior years	26	-	N.M.
(J) (Profit)/loss on sale of investment, properties, and/or plant and equipment	-	(657)	-100%
(K) Exceptional items	-	-	N.M.
(L) Extraordinary items	-	-	N.M.

N.M. - Not meaningful

Note 1

	2004 \$'000 3 months	Group 2003 \$'000 3 months	Change (%)
Rental income	136	136	0%
Gain on disposal of subsidiary	-	657	-100%
Miscellaneous income	78	71	10%
Net exchange gain/(loss)	248	(16)	N.M.
Miscellaneous income 1(a)(i)	462	848	-46%
Finance income	11	19	-42%
Other income including interest income 1(a)(ii)(B)	473	867	-45%

N.M. - Not meaningful

Note 2

The increase in revenue, cost of sales, gross profits, personnel & related costs, general & administrative costs and selling & distribution costs of the Group was due mainly to the following:

1. The Group has consolidated 3 months of operating results of Transtel Engineering Pte Ltd and its subsidiary company ("Transtel group") for the financial period ended 31 March 2004. As the Transtel group was only acquired by the Group in July 2003, there was accordingly no such operating results from the Transtel group for the financial period ended 31 March 2003; and
2. The Group has consolidated 3 months of operating results of TTC s.r.o. ("TTC") for the financial period ended 31 March 2004. As TTC was only acquired by the Group in October 2003, there was accordingly no such operating results from TTC for the financial period ended 31 March 2003.

Note 3

	2004 \$'000 3 months	Group 2003 \$'000 3 months	Change (%)
Writeback of provision for doubtful debts	(124)	(60)	107%
Intangible assets written off	-	657	-100%
Stocks written off	58	-	N.M.
Amortisation of intangible assets	390	388	1%
Other operating costs	324	985	-67%

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

	Group 31-Mar-04 S\$'000	Group 31-Dec-03 S\$'000	Company 31-Mar-04 S\$'000	Company 31-Dec-03 S\$'000
Fixed assets	14,376	14,255	7,916	8,044
Subsidiary companies	-	-	120,619	120,619
Associated companies	3,522	3,404	-	-
Intangible assets	19,833	20,328	-	-
Long term loan to a subsidiary company	-	-	558	1,574
Deferred tax assets	674	513	-	-
Current Assets				
Projects in progress (Note 1)	27,398	25,622	1,691	3,619
Stocks	542	545	-	-
Trade debtors (Note 1)	43,641	38,094	5,533	5,223
Other debtors, deposits & prepayments	4,068	2,796	89	125
Amount due from subsidiary companies	-	-	5,442	2,308
Amount due from an associated company	6	9	-	-
Fixed deposits	750	741	-	-
Cash & bank balances	13,664	16,376	2,055	1,792
	90,069	84,183	14,810	13,067
Current Liabilities				
Projects in progress	3,320	3,863	-	544
Trade creditors & accruals (Note 1)	24,126	20,640	3,070	4,987
Amount due to bankers	27,063	32,250	27,063	32,250
Amount due to subsidiary companies	-	-	13,515	7,059
Amount due to an associated company	-	11	-	11
Provision for warranties (Note 2)	2,537	730	-	110
Provision for taxation	2,897	2,547	518	452
	59,943	60,041	44,166	45,413
Net current assets/(liabilities)	30,126	24,142	(29,356)	(32,346)
Long term liabilities				
Amounts due to bankers	(7,817)	(7,845)	(7,817)	(7,845)
Deferred tax liabilities	(203)	(203)	(181)	(181)
	60,511	54,594	91,739	89,865
Capital and reserves				
Share capital	15,843	15,625	15,843	15,625
Share premium	64,454	62,827	64,454	62,827
(Accumulated loss)/revenue reserve	(18,982)	(23,372)	12,824	12,556
Foreign currency translation reserve	(1,215)	(888)	(1,382)	(1,143)

Total Shareholders' Fund	60,100	54,192	91,739	89,865
Minority interest	411	402	-	-
	60,511	54,594	91,739	89,865

Note 1

The increase in net projects in progress, trade debtors, trade creditors & accruals was due mainly to the increase in the level of business activities in Q1 2004.

Note 2

The increase in warranties was due mainly to projects with longer warranty periods which were completed in Q1 2004.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/03/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
NIL	S\$27,063,000	NIL	S\$32,250,000

Amount repayable after one year

As at 31/03/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
NIL	S\$7,817,000	NIL	S\$7,845,000

Details of any collateral

Not applicable.

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

	1.1.2004 to 31.3.2004 S\$'000	1.1.2003 to 31.3.2003 S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit before taxation	6,339	4,328
Adjustments for:		
Depreciation of fixed assets	423	276
Amortisation of intangible assets	390	388
Share of results of associated companies	(118)	(346)
Gain on disposal of subsidiary company	-	(657)
Interest expense	260	271

Interest income	(11)	(19)
Write-off of intangible assets	-	657
Currency realignment	(181)	162
Operating profit before reinvestment in working capital	7,102	5,060
Increase in debtors	(6,744)	(3,548)
(Increase)/decrease in projects-in-progress, net	(2,316)	4,696
Increase/(decrease) in creditors	4,816	(3,407)
Cash generated from operations	2,858	2,801
Interest expense paid	(260)	(271)
Interest income received	11	19
Income tax paid	(1,350)	(259)
Net cash generated from operating activities	1,259	2,290
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(584)	(148)
(Repayment)/advance from associated company	(8)	12
Proceeds from disposal of fixed assets	1	-
Disposal of subsidiary company, net of cash disposed	-	(1,920)
Net cash used in investing activities	(591)	(2,056)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of shares	1,845	-
Repayment of short term borrowings from banks, net	(5,216)	(2,541)
Net cash used in financing activities	(3,371)	(2,541)
Net decrease in cash and cash equivalents	(2,703)	(2,307)
Cash and cash equivalents at beginning of the year	17,117	11,544
Cash and cash equivalents at end of the first quarter	14,414	9,237

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

	Group 1.1.2004 to 31.3.2004 S\$'000	Group 1.1.2003 to 31.3.2003 S\$'000	Company 1.1.2004 to 31.3.2004 S\$'000	Company 1.1.2003 to 31.3.2003 S\$'000
Issued Share Capital				
Balance at 1 January	15,625	15,393	15,625	15,393
Share options exercised during the period	218	-	218	-
Balance at 31 March	15,843	15,393	15,843	15,393
Share Premium				
Balance at 1 January	62,827	61,420	62,827	61,420
Share options exercised during the period	1,627	-	1,627	-
Balance at 31 March	64,454	61,420	64,454	61,420
(Accumulated Loss)/Revenue Reserve				
Balance at 1 January	(23,372)	(38,312)	12,556	13,161
Net profit during the period	4,390	2,946	268	392
Balance at 31 March	(18,982)	(35,366)	12,824	13,553
Foreign Currency Translation Reserve				

Balance at 1 January	(888)	(353)	(1,143)	(466)
Exchange difference during the period	(327)	570	(239)	54
Balance at 31 March	(1,215)	217	(1,382)	(412)

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

During Q1 2004, there was an issue of 4,355,000 of ordinary shares of \$0.05 each in the capital of the Company arising from the exercise of options to subscribe for 4,099,000 and 256,000 of ordinary shares of \$0.05 each in the capital of the Company under the CSE Systems & Engineering Executives' Share Option Scheme and the CSE (U.S. Subsidiaries) Incentive Stock Option Plan respectively.

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

Share Options

As at 31 March 2004, there were unexercised options for 22,307,000 of unissued ordinary shares of \$0.05 each in the capital of the Company under the CSE Systems & Engineering Executives' Share Option Scheme and 4,043,000 of unissued ordinary shares of \$0.05 each in the capital of the Company under the CSE (U.S. Subsidiaries) Incentive Stock Option Plan.

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

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

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

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

Not Applicable.

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

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

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

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

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

	Current period	Previous period
Earning per ordinary share of the group after deducting any provision for preference dividends:		
(a) Based on weighted average number of ordinary shares in issue; and	1.40	0.96
(b) On a fully diluted basis (detailing any adjustments made to the earnings).	1.34	0.94
For the computation of basic earnings per share, the basis of arriving at the weighted average number of shares is determined as follows :-		
Weighted average number of shares outstanding during the period	312,507,407	307,860,407
Weighted average number of shares issued during the period	1,482,934	-
Weighted average number of shares	313,990,341	307,860,407
For the computation of diluted earnings per share, the weighted average number of shares adjusted for the effect of all dilutive potential ordinary shares is determined as follows:		
Weighted average number of shares outstanding during the period, used in computation of basic earnings per share	313,990,341	307,860,407
Weighted average number of unissued shares under share options	28,243,066	18,527,000
Number of shares that would have been issued at fair value under share options	(15,097,402)	(14,297,944)
Adjusted weighted average number of shares	327,136,005	312,089,463

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

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

(a) current period reported on; and

	Group	Company
Net asset value per ordinary share based on existing issued share capital as at 31 March 2004 (in cents)	18.97	28.95

(a) immediately preceding financial year.

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

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

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

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

Review of Performance

CSE recorded an increase in revenue of \$17.2 million (44.4%) to \$55.8 million in Q1 2004 from \$38.6 million in Q1 2003. For the same period, CSE recorded an increase in profit after tax by \$1.5 million (49.0%) to \$4.4 million in Q1 2004 from \$2.9 million in Q1 2003.

Performance of Geographical Segments

	Q1 2004 \$'000	Q1 2003 \$'000	Variance \$'000	Variance %
Revenue				
Asia-Pacific	18,102	7,331	10,771	146.9%
The Americas	25,243	24,979	264	1.1%
Europe/Middle East/Africa	12,419	6,303	6,116	97.0%
Group	55,764	38,613	17,151	44.4%
Profit before tax, goodwill amortisation and minority interest				
Asia-Pacific	3,032	988	2,044	206.9%
The Americas	2,343	2,961	(618)	-20.9%
Europe/Middle East/Africa	1,353	767	586	76.4%
Group	6,728	4,716	2,012	42.7%

CSE's overseas operations contributed 92.5% of its revenue and 94.1% of its profit before tax, goodwill amortization and minority interest. The contributions from the

geographical regions of Asia-Pacific, Europe/Middle East/Africa and The Americas are 32.4%, 22.3% and 45.3% for revenue and 45.1%, 20.1% and 34.8% for profit before tax, goodwill amortization and minority interest respectively.

The Asia-Pacific region has a strong quarter compared to Q1 2003 as it included the results of Transtel Engineering Pte Ltd ("Transtel") which was acquired in July 2003 and in addition, Transtel recognized the majority of its expected current year's revenue and profit in the current quarter.

Performance of Business Segments

	Q1 2004 \$'000	Q1 2003 \$'000	Variance \$'000	Variance %
Revenue				
Industrial business unit	52,760	34,659	18,101	52.2%
IT Consulting business unit	3,004	3,954	-950	-24.0%
Group	55,764	38,613	17,151	44.4%
Profit before tax, goodwill amortisation and minority interest				
Industrial business unit	6,366	4,341	2,025	46.7%
IT Consulting business unit	362	375	-13	-3.5%
Group	6,728	4,716	2,012	42.7%

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

CSE's two divisions, IBU and ITCBU, contributed \$52.8 million (94.6%) and \$3.0 million (5.4%) to revenue and \$6.4 million (94.6%) and \$0.3 million (5.4%) to profit before tax, goodwill amortization and minority interest respectively.

Liquidity and Capital Resources

For Q1 2004, CSE generated a cash inflow from operations of \$1.3 million. CSE had cash and bank balance of \$14.4 million and bank borrowings of \$34.9 million at the end of Q1 2004. CSE ended the quarter with shareholders' fund before minority interest of \$60.1 million and net bank borrowings of \$20.5 million giving it a net gearing of 0.34 times compared to 0.42 times at the end of Q4 2003.

Orders

	Industrial Business	IT-Consulting Business	Group	eBworx Malaysia
Outstanding orders b/f from Q4 2003	82,445	10,779	93,224	8,444
Q1 order book in	34,667	1,583	36,250	2,840
Q1 sales	52,760	3,004	55,764	2,758
Outstanding orders c/f to Q2 FY2004	64,352	9,358	73,710	8,526

CSE received new orders totalling \$36.3 million for Q1 2004 and the outstanding orders as at Q1 2004 is \$73.7 million. The outstanding orders increased by 17.1% for the core IBU to \$64.4 million (Q1 2004) from \$55.0 million (Q1 2003).

9. Where a forecast, or a prospect statement, has been previously disclosed to

shareholders, any variance between it and the actual results.

No variance from the previous statement which was made in Q4 2003.

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

In May 2004, CSE completed its divestment of its wholly-owned subsidiary company, I-Magination Solution Pte Ltd and its subsidiary company ("IMS"). IMS was accounted as a wholly-owned subsidiary in Q1 2004 contributing \$1,441,000 and \$86,000 to the turnover and net profit after tax of the Group respectively.

The Asia-Pacific region has a strong quarter compared to Q1 2003 as it included the results of Transtel Engineering Pte Ltd ("Transtel") which was acquired in July 2003 and in addition, Transtel recognized the majority of its expected current year's revenue and profit in the current quarter. Based on the current outlook and the existing outstanding orders, the Group expects Q2 2004 to be weaker than Q1 2004, however, the Group remains optimistic that its performance will be better for FY2004 compared to FY2003.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

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

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

Business Segments

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

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

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

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

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

Not applicable.

15. A breakdown of sales.

	2004 \$'000	Group 2003 \$'000	Variance \$'000	Variance %
Turnover report for first half of the year	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Profit/(Loss) before tax reported for the first half of the year	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Turnover report for second half of the year	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Profit/(Loss) before tax reported for the second half of the year	Not applicable.	Not applicable.	Not applicable.	Not applicable.

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

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

	Latest Full Year ()	Previous Full Year ()
Ordinary Preference Total:	0	0

17. Interested Person Transactions

Not applicable.

BY ORDER OF THE BOARD

Tan San-Ju
Company Secretary
10/05/2004