

First Quarter Financial Statement And Dividend Announcement For The Period Ended 31 March 2007

PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1 The following statements in the form presented in the issuer’s most recently audited annual financial statement:-

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

S\$'000	Group		Change (%)
	2007	2006	
	1Q	1Q	
Revenue	84,292	68,584	23%
Cost of sales	(53,090)	(45,608)	16%
Gross profit	31,202	22,976	36%
Other operating income (Note 1)	57	157	-64%
Other operating expenses			
Administrative costs (Note 2)	(16,361)	(12,677)	29%
Selling and distribution costs (Note 2)	(1,329)	(953)	40%
Other operating costs (Note 3)	(221)	(111)	99%
Finance costs (Note 4)	(1,445)	(876)	65%
Share of results of associated companies, net of tax	186	(15)	N.M.
Total Expenses	(19,170)	(14,632)	31%
Profit before taxation	12,089	8,501	42%
Taxation (Note 5)	(3,483)	(2,502)	39%
Profit after taxation	8,606	5,999	43%
Attributable to :-			
Equity holders of the Company	8,619	6,009	43%
Minority interest	(13)	(10)	30%
	8,606	5,999	43%
Earnings per ordinary shares (in cents)			
- Basic	2.57	1.82	
- Diluted	2.54	1.80	

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:-

S\$'000	2007	2006	Change
	1Q	1Q	%
Profit from continuing operations is arrived at after charging/(crediting) the following:			
(A) Interest on borrowings(Note 4)	1,394	819	70%
(B) Depreciation and amortisation	769	648	19%
(C) Allowance for doubtful debts and bad debts	100	40	N.M.
(D) Foreign exchange loss	636	201	N.M.
(E) Changes in fair value of financial instruments	(100)	(54)	85%

N.M. – Not meaningful

Note 1

S\$'000	2007	2006	Change
	1Q	1Q	(%)
Rental income	46	15	N.M.
Commission income	16	52	-70%
Miscellaneous income	100	36	N.M.
Net exchange loss	(536)	(147)	N.M.
Miscellaneous income	(373)	(44)	N.M.
Finance income	430	201	N.M.
Other operating income	57	157	-64%

N.M. – Not meaningful

Note 2

The increase in the administrative and selling and distribution costs for 1Q 2007 was mainly due to the Group's inclusion of the operating results of the newly acquired subsidiaries, CSE-Scomagg Ltd, United Kingdom and Techno Trade SA, Belgium in December 2006 .

Note 3

S\$'000	Group		Change (%)
	2007	2006	
	1Q	1Q	
Allowance for doubtful debts and bad debts	100	40	N.M.
Miscellaneous expenses	1	16	-97%
Amortisation of intangible assets	130	55	N.M.
Disposal of property, plant and equipment	(10)	-	N.M.
	221	111	

N.M. – Not meaningful

Note 4

The increase in finance costs for 1Q 2007 was due to the drawdown of additional bank loans to fund the acquisitions of CSE-Scomagg Ltd and Techno Trade SA.

Note 5

The Group operates in several tax jurisdictions with different tax rates. Thus, the effective tax rate will vary from time to time depending on where the sales and profits are recorded.

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-07 S\$'000	Group 31-Dec-06 S\$'000	Company 31-Mar-07 S\$'000	Company 31-Dec-06 S\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	12,461	12,637	265	304
Investment in subsidiaries	-	-	158,766	158,766
Associated companies	15,659	15,473	10,299	10,299
Intangible assets	62,041	62,201	125	132
Deferred tax assets	2,323	1,630	503	763
CURRENT ASSETS				
Projects in progress (Note 6)	14,237	12,216	-	-
Stocks (Note 6)	5,765	8,373	-	-
Unbilled receivables (Note 6)	49,801	56,718	-	-
Trade debtors (Note 6)	71,064	71,983	2,576	3,406
Other debtors, deposits & prepayments	7,505	7,490	592	483
Amount due from subsidiary companies	-	-	44,136	30,150
Amount due from an associated company	43	61	-	-
Short-term deposits	1,962	4,306	-	-
Cash & bank balances	42,420	62,595	2,376	14,975
	192,796	223,742	49,680	49,014
CURRENT LIABILITIES				
Projects in progress (Note 6)	7,027	5,776	-	-
Trade creditors & accruals (note 7)	52,789	94,847	3,389	4,453
Finance leases	185	220	-	-
Amount due to bankers	93,324	90,045	77,872	74,647
Amount due to subsidiary companies	-	-	31,645	33,140
Provision for warranties	1,151	1,540	-	-
Provision for taxation	4,266	4,887	16	-
	158,742	197,315	112,922	112,240
Net current assets/(liabilities)	34,054	26,427	(63,242)	(63,226)
NON-CURRENT LIABILITIES				
Deferred tax liabilities	(2,169)	(1,843)	(20)	-
Finance leases	(428)	(424)	-	-
Amounts due to bankers	(7,585)	(7,701)	(7,584)	(7,701)
	116,356	108,400	99,111	99,337
Equity attributable to equity holders of company				
Share capital	88,648	88,412	88,648	88,412
Revenue reserve	32,860	24,241	9,304	9,702
Other reserves	1,120	1,189	1,120	1,189
Foreign currency translation reserve	(6,272)	(5,455)	39	34
Total Shareholders' Fund	116,356	108,387	99,111	99,337
Minority interest	-	13	-	-
	116,356	108,400	99,111	99,337

#The property, plant and equipment, intangible assets and other payable of 31 December 2006 have been adjusted for the additional cost attributable to the acquisition of CSE-Scomag Ltd.

Note 6

The billing cycle turnover period comprising Stocks, Net Project-in-progress, Unbilled Receivables and Trade Debtors reduced to 145 days from 157 days as at 31 December 2006.

Note 7

The reduction in trade creditors & accruals of the Group was mainly due to the payment to vendors for the purchase consideration of CSE-Scomag Ltd of S\$30.7m

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand

As at 31 Mar 2007		As at 31 Dec 2006	
Secured	Unsecured	Secured	Unsecured
NIL	S\$93,509,000	NIL	\$90,265,000

Amount repayable after one year

As at 31 Mar 2007		As at 31 Dec 2006	
Secured	Unsecured	Secured	Unsecured
NIL	S\$8,013,000	NIL	\$8,125,000

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.

	1.1.2007 to 31.3.2007 \$'000	1.1.2006 to 31.3.2006 \$'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES :-</u>		
Profit before taxation	12,089	8,501
Adjustments for :-		
Depreciation for property, plant and equipment	639	593
Share of results of associated companies, net of tax	(186)	15
Amortisation of intangible assets	130	55
Gain on disposal of property, plant and equipment	(10)	-
Changes in fair value of financial instruments	(100)	(54)
Interest expense	1,394	819
Interest income	(430)	(201)
Currency realignment	(392)	(1,336)
Operating profit before reinvestment in working capital	13,134	8,392
Decrease/(increase) in debtors	8,033	(4,406)
Decrease in projects-in-progress, net and stocks	1,837	2,978
Decrease in creditors	(12,130)	(2,295)
Cash generated from operations	10,874	4,669
Interest paid	(1,394)	(819)
Interest received	430	201
Income tax paid	(4,280)	(1,535)
Net cash generated from operating activities	5,630	2,516
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Repayment from/(advance to) from associated companies	19	(2)
Refund on fund remitted on acquisition of associated company	-	34
Payment of balance purchase consideration of a subsidiary	(30,706)	-
Purchase of property, plant and equipment	(631)	(552)
Proceeds from sale of property, plant and equipment	55	43
Purchase of intangible assets	(185)	-
Net cash used in investing activities	(31,448)	(477)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from issuance of shares	167	990
Proceeds from/(repayment of) short term loans to bankers	3,163	(2,770)
(Repayment)/Proceeds of finance leasing obligations	(31)	17
Net cash generated from/(used in) financing activities	3,299	(1,763)
Net change in cash and cash equivalents	(22,519)	276
Cash and cash equivalents at beginning of period	66,901	29,362
Cash and cash equivalents at end of period	44,382	29,638

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	— Attributable to equity holders of the Company —						Total Equity
	Share capital	Share premium	Revenue Reserve	Other reserves	Translation reserve	Minority Interest	
SS'000							
At 1 January 2006	16,491	68,548	3,439	817	(1,923)	13	87,385
Transfer of share premium to share capital	68,548	(68,548)	—	—	—	—	—
Foreign currency translation differences	—	—	—	—	(2,685)	—	(2,685)
Net fair value changes of cashflow hedges	—	—	—	515	—	—	515
Net profit for the period	—	—	6,009	—	—	(10)	5,999
Transfer from Other Reserves- on exercise of share options	212	—	—	(212)	—	—	—
Issuance of ordinary share for cash	990	—	—	—	—	—	990
At 31 March 2006	86,241	—	9,448	1,120	(4,608)	3	92,204
At 1 January 2007	88,412	—	24,241	1,189	(5,455)	13	108,400
Foreign currency translation differences	—	—	—	—	(721)	—	(721)
Hedging of net investment	—	—	—	—	(96)	—	(96)
Net profit for the period	—	—	8,619	—	—	(13)	8,606
Transfer from Other Reserves- on exercise of share options	69	—	—	(69)	—	—	—
Issuance of ordinary share for cash	167	—	—	—	—	—	167
At 31 March 2007	88,648	—	32,860	1,120	(6,272)	—	116,356

Company	Share capital	Share premium	Revenue Reserve	Other reserves	Translation reserve	Total Equity
SS'000						
At 1 January 2006 as previously stated	16,491	68,548	6,212	817	(10)	92,058
Prior Year Adjustment*	–	–	1,664	–	–	1,664
At 1 January 2006 as restated	16,491	68,548	7,876	817	(10)	93,722
Transfer to share capital	68,548	(68,548)	–	–	–	–
Foreign currency translation differences	–	–	–	–	22	22
Net fair value changes of cashflow hedges	–	–	–	515	–	515
Net profit for the period	–	–	235	–	–	235
Transfer from Other Reserves-on exercise of share options	212	–	–	(212)	–	–
Issuance of ordinary share for cash	990	–	–	–	–	990
At 31 March 2006	86,241	–	8,111	1,120	12	95,484
At 1 January 2007	88,412	–	9,702	1,189	34	99,337
Foreign currency translation differences	–	–	–	–	5	5
Net profit for the period	–	–	(398)	–	–	(398)
Transfer from Other Reserves-on exercise of share options	69	–	–	(69)	–	–
Issuance of ordinary share for cash	167	–	–	–	–	167
At 31 March 2007	88,648	–	9,304	1,120	39	99,111

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 immediately preceding financial year.

During 1Q 2007, there was an issue of 320,000 ordinary shares in the capital of the Company arising from the exercise of options to subscribe for 320,000 of ordinary shares in the capital of the Company under the CSE Global Limited Executives' Share Option Scheme.

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 2007, there were unexercised options for 5,201,000 (31 December 2006 : 5,521,000) and 209,000 (31 December 2006: 209,000) of unissued ordinary shares in the capital of the Company under the CSE Global Limited Executives' Share Option Scheme and the CSE (U.S. Subsidiaries) Incentive Stock Option Plan respectively.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

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 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 preparation of the financial statements for the current reporting period as compared with the audited financial statements as at 31 December 2006.

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

Not applicable.

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

	1Q 2007	1Q 2006
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	2.57	1.82
(b) On a fully diluted basis (detailing any adjustments made to the earnings).	2.54	1.80

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	335,101,907	329,812,907
Weighted average number of shares issued during the period	88,333	1,013,822
Weighted average number of shares	<u>335,190,240</u>	<u>330,826,729</u>

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	335,190,240	330,826,729
Weighted average number of unissued shares under share options	5,641,667	10,005,178
Number of shares that would have been issued at fair value under share options	(2,165,679)	(6,154,229)
Adjusted weighted average number of shares	<u>338,666,228</u>	<u>334,677,678</u>

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:-

	31 March 2007		31 December 2006	
	Group	Company	Group	Company
Net asset value per ordinary share based on existing issued share capital (in cents)	34.69	29.55	32.34	29.67

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group' business. The review must discuss 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. It must also discuss 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

Operations across all geographical regions had performed well. The newly acquired subsidiaries, CSE-Scomag Ltd, United Kingdom and Techno Trade SA, Belgium contributed to the growth in the Europe /Middle East/Africa segment and the increase in interest expenses. The Group recorded an increase in revenue of \$15.7 million (22.9%) to \$84.3 million in 1Q 2007 from \$68.6 million in 1Q 2006 and an increase in profit after tax by \$2.6 million (43.4%) to \$8.6 million in 1Q 2007 from \$6.0 million in 1Q 2006.

Performance of Geographical Segments

	1Q 2007 \$'000	1Q 2006 \$'000	Variance %
Revenue			
Asia-Pacific	20,545	18,059	13.8%
The Americas	36,462	34,605	5.4%
Europe/Middle East/Africa	27,285	15,920	71.4%
Group	84,292	68,584	22.9%
Profit after tax, amortisation and minority interest			
Asia-Pacific	1,584	1,147	38.1%
The Americas	3,294	2,280	44.5%
Europe/Middle East/Africa	3,741	2,582	44.9%
Group	8,619	6,009	43.4%

For 1Q 2007, the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa contributed 24.3%,43.3% and 32.4% to revenue and 18.4%, 38.2% and 43.4% to profit after tax and minority interest respectively.

Performance of Business Segments

	1Q 2007 \$'000	1Q 2006 \$'000	Variance %
Revenue			
Industrial	84,292	68,584	22.9%
IT Consulting	-	-	-
Group	84,292	68,584	22.9%
Profit after tax, amortization and minority interest			
Industrial	8,433	5,778	46.0%
IT Consulting	186	221	-15.8%
Group	8,619	5,999	43.7%

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

For 1Q 2007, CSE's IBU division contributed \$84.3 million to revenue and \$8.6 million to profit after tax and minority interest respectively.

Liquidity and Capital Resources

For 1Q 2007, CSE generated an operational cash inflow of \$5.6 million. At the end of the period, CSE's net gearing was 0.49 times.

Orders

\$'000	Industrial Business
Outstanding orders b/f from 4Q 2006	305,508
Q1 2007order book in	108,956
Q1 2007sales	(84,292)
Outstanding orders c/f to 2Q 2007	330,172

For 1Q 2007 CSE received new orders totaling \$109.0 million and the outstanding orders as at end of 1Q 2007 is \$330.2 million.

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

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

10. A commentary at the date of the announcement of the 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.

CSE expects its business environment to remain competitive. However, taking into account the full year operating results from the newly acquired subsidiaries, prospects remain strong in its existing markets, CSE is optimistic of an improved performance in the next quarter and for the rest of the financial year.

11. If a decision regarding dividend has been made:-

(a) Whether an interim ordinary dividend has been declared (recommended); and

No interim ordinary dividend been declared or recommended during the current financial period or the previous corresponding financial period.

(b)(i) Amount per share cents / (rate %).

Not applicable

(b)(ii) Previous corresponding period cents / (rate %).

Not applicable

(c) Whether the dividend is before, net of tax or tax-exempt. If before tax or net of tax, state the tax rate and country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(d) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

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”) offers

- a. a wide and diverse range of solutions involving the implementation of Control and Safety Shutdown Systems, Plant Information Systems, Terminal Automation Systems, Pneumatic and Hydraulic Control Systems, Subsea Control Systems, Supervisory Control and Data Acquisition (SCADA) Systems, Instrumentation and Electrical Field Construction Services for applications to the Oil and Gas, Power, Water and Sewerage, Process and Utility industries on a turnkey basis;
- b. turnkey telecommunication network solutions for infrastructure projects to the Oil and Gas and Power industry including voice, data, radio, video, security access and LAN/WAN telecommunication systems;
- c. electrical engineering products/solution to the Mining, Process, Power generation, Power Transmission/Distribution, Oil and Gas, Water and Sewerage and Manufacturing industries, specializing in the supply and support of high quality electrical engineering products such as protection and control and motor starting control equipment;
- d. SEPROL, TBOX and Kingfisher Ranges of RTU products designed for SCADA applications in a broad range of industries;
- e. RIO, a fully integrated Clinical Information System, to automate and facilitate the recording and reporting of patients’ related information to the Healthcare industry in relation to Mental Health, Community, Maternity and Children; and
- f. Intelligent Transport Systems such as the toll collection system, congestion charging system, urban traffic control and surveillance system, motorway management system, transportation communication system and security system.

IT Consulting Business Unit (“ITCBU”) offers

- a. solutions for Credit Management, Cash Management, Online Internet Banking Services, Mobile / Wireless Banking, Provision of Digital Sales Force Automation with built-in Customer Relationship Management Systems and the Trade Finance to the banking and finance industry.

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

Not applicable.

15. A breakdown of sales as follows:-

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

Not applicable.

17. Interested person transactions

Not applicable.

18. Confirmation by the Board

We, Lim Ming Seong and Tan Mok Koon, being two directors of CSE Global Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the First Quarter ended 31 March, 2007 financial results to be false or misleading.

By order of the Board

Tan San-Ju
Company Secretary

9 May 2007