

**CSE GLOBAL LTD**

**Third Quarter Financial Statement And Dividend Announcement**

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

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

	2003 \$'000 Q3	2002 \$'000 Q3	Group Change (%)	2003 \$'000 9 months	2002 \$'000 9 months	Group Change (%)
<b>Revenue</b>	<b>39,274</b>	<b>37,263</b>	<b>5%</b>	<b>115,848</b>	<b>105,123</b>	<b>10%</b>
Cost of sales	(26,105)	(23,812)	10%	(76,835)	(67,942)	13%
<b>Gross profits</b>	<b>13,169</b>	<b>13,451</b>	<b>-2%</b>	<b>39,013</b>	<b>37,181</b>	<b>5%</b>
<b>Other operating income</b>						
Miscellaneous income (Note 1)	200	155	29%	1,250	390	221%
Finance income	32	39	-18%	87	112	-22%
<b>Other operating expenses (Note 2)</b>						
Personnel and related costs (Note 3)	5,693	4,761	20%	15,095	12,685	19%
General and administrative costs	822	1,002	-18%	3,941	3,788	4%
Selling and distribution costs	386	414	-7%	1,045	1,329	-21%
Upkeep building and equipment costs	1,827	1,653	11%	5,075	4,463	14%
Other operating costs (Note 4)	191	451	-58%	1,736	1,354	28%
<b>Total expenses</b>	<b>8,919</b>	<b>8,281</b>	<b>8%</b>	<b>26,892</b>	<b>23,619</b>	<b>14%</b>
<b>Profit from operating activities</b>	<b>4,482</b>	<b>5,364</b>	<b>-16%</b>	<b>13,458</b>	<b>14,064</b>	<b>-4%</b>
Finance costs	(274)	(278)	-1%	(841)	(675)	25%
Share of profit/(loss) of associated companies	373	(53)	-804%	1,063	(137)	-876%
<b>Profit before taxation</b>	<b>4,581</b>	<b>5,033</b>	<b>-9%</b>	<b>13,680</b>	<b>13,252</b>	<b>3%</b>
Taxation (Note 6)	(491)	(1,432)	-66%	(3,309)	(3,836)	-14%
Minority interest, net of tax	(44)	(81)	-46%	(63)	(456)	-86%
<b>Net profit for the period</b>	<b>4,046</b>	<b>3,520</b>	<b>15%</b>	<b>10,308</b>	<b>8,960</b>	<b>15%</b>
<b>Earnings per ordinary shares (in cents)</b>						
- Basic	1.31	1.14		3.35	2.94	
- Diluted	1.28	1.13		3.29	2.90	

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:-

2003	2002	Group Change	2003	2002	Group Change
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	\$'000 Q3	\$'000 Q3	%	\$'000 9 months	\$'000 9 months	%
(A) Investment income	-	-	N.M.	-	-	N.M.
(B) Other income including interest income (Note 1)	232	194	20%	1,337	502	166%
(C) Interest on borrowings	258	260	-1%	794	639	24%
(D) Depreciation and amortisation	756	795	-5%	2,053	2,164	-5%
(E) Allowance / (Writeback) of doubtful debts and bad debts written off	(107)	36	-397%	(162)	295	-155%
(F) Write-off for stock obsolescence	-	-	N.M.	-	-	N.M.
(G) Impairment in value of investments	-	-	N.M.	-	-	N.M.
(H) Foreign exchange loss / (gain)	(129)	(20)	545%	39	(103)	-138%
(I) Adjustment for under or over-provision for tax in respect of prior years	-	-	N.M.	-	-	N.M.
(J) (Profit) / loss on sale of investment, properties, and/or plant and equipment (Note 5)	(5)	(12)	-58%	(668)	(19)	3416%
(K) Exceptional items	-	-	N.M.	-	-	N.M.
(L) Extraordinary items	-	-	N.M.	-	-	N.M.

*N.M. – Not meaningful*

#### Note 1

	2003 \$'000 Q3	2002 \$'000 Q3	Group Change %	2003 \$'000 9 months	2002 \$'000 9 months	Group Change %
Rental income	140	101	39%	413	169	144%
Gain from disposal of subsidiary companies (Note 5)	1	-	N.M.	658	-	N.M.
Other income	59	34	74%	179	118	52%
Net exchange gain	-	20	-100%	-	103	-100%
<b>Miscellaneous income (1(a)(i))</b>	<b>200</b>	<b>155</b>	<b>29%</b>	<b>1,250</b>	<b>390</b>	<b>221%</b>
Finance income	32	39	-18%	87	112	-22%
<b>Other income including interest income (1(a)(ii)(B))</b>	<b>232</b>	<b>194</b>	<b>20%</b>	<b>1,337</b>	<b>502</b>	<b>166%</b>

*N.M. – Not meaningful*

#### Note 2

The following expenses relate to the operating expenses of the Group that were incurred by Transtel Engineering Pte Ltd and its subsidiary companies ("Transtel group") for 2 months of the third quarter ended 30 September 2003. As the Transtel group was only acquired by the Group in July 2003, there was accordingly no such operating expenses from the Transtel group for 3 months of the third quarter ended 30 September 2002.

	2003 \$'000 Q3 / Q3YTD	2002 \$'000 Q3 / Q3YTD
<b>Other operating expenses</b>		
Personnel and related costs	288	-
General and administrative costs	39	-
Selling and distribution costs	39	-
Upkeep building and equipment costs	93	-
Other operating costs	(65)	-
<b>Total expenses</b>	<b>394</b>	<b>-</b>

#### Note 3

In addition to the explanation as per provided in Note 2, the increase in the personnel and related costs of the Group was also due to the increase in the personnel and related costs of W-Industries, Inc group for the said period (Q3 YTD 2003:

\$10,500k; Q3 YTD 2002: \$8,162k). This increase was mainly due to the acquisition of Control Concepts and Technology, Inc ("CCT") by the W-Industries, Inc group in August 2002 (Q3 YTD 2003: \$1,810k; Q3 YTD 2002: \$328k).

#### Note 4

	2003 \$'000 Q3	2002 \$'000 Q3	Group Change %	2003 \$'000 9 months	2002 \$'000 9 months	Group Change %
Provision for doubtful debts	(107)	36	-397%	(162)	295	-155%
Intangible assets written off (Note 5)	-	-	N.M.	657	-	N.M.
Amortisation of intangible assets	430	427	1%	1,205	1,079	12%
Other expenses	(3)	(12)	-75%	(3)	(20)	-85%
Net exchange loss	(129)	-	N.M.	39	-	N.M.
<b>Total other operating costs</b>	<b>191</b>	<b>451</b>	<b>-58%</b>	<b>1,736</b>	<b>1,354</b>	<b>28%</b>

*N.M. – Not meaningful*

#### Note 5

In view of the disposal of 30% equity interest in eBworx Berhad (formerly known as "eBworx Malaysia Sdn. Bhd.") group, whose gain was \$657k, as at 1 January 2003, the Group has accordingly written off goodwill of a corresponding amount of \$657k in relation to the disposal. The Group accounted for the eBworx Malaysia Berhad group as an associated company of the Group as at 1 January 2003.

#### Note 6

The low tax charge was due mainly to the utilisation of the tax losses for Transtel and CSE-Infotech.

### 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 30 Sep 2003 \$'000	Group 31 Dec 2002 \$'000	Company 30 Sep 2003 \$'000	Company 31 Dec 2002 \$'000
<b>Fixed assets</b>	<b>14,271</b>	<b>14,043</b>	<b>8,147</b>	<b>8,667</b>
<b>Subsidiary companies</b>	-	-	<b>94,059</b>	<b>93,801</b>
<b>Associated companies (Note 1)</b>	<b>5,105</b>	-	-	-
<b>Intangible assets (Note 2)</b>	<b>18,014</b>	<b>19,750</b>	-	-
<b>Long term loan to a subsidiary company (Note 3)</b>	-	-	<b>5,824</b>	-
<b>Deferred tax assets (Note 4)</b>	<b>619</b>	<b>16</b>	<b>69</b>	<b>16</b>
<b>Current Assets</b>				
Projects in progress (Note 5)	26,722	22,798	3,349	8,912
Stocks (Note 6)	440	1,465	-	-
Trade debtors	32,200	29,754	5,009	7,887
Other debtors, deposits & prepayments	1,940	1,467	159	169
Amount due from subsidiary companies	-	-	22,322	20,027
Amount due from an associated company	267	472	-	-
Fixed deposits	745	2,569	-	-
Cash & bank balances	13,668	8,975	1,639	764
	75,982	67,500	32,478	37,759
<b>Current Liabilities</b>				
Projects in progress (Note 5)	3,480	1,650	362	605
Trade creditors & accruals	12,968	19,383	3,157	6,737
Amount due to bankers	36,200	29,211	36,200	29,211
Amount due to subsidiary companies	-	-	1,478	4,039

Provision for warranties	775	369	90	234
Provisions for taxation	4,459	2,173	810	614
	57,882	52,786	42,097	41,440
<b>Net current assets/(liabilities)</b>	<b>18,100</b>	<b>14,714</b>	<b>(9,619)</b>	<b>(3,681)</b>
<b>Long term liabilities</b>				
Amounts due to bankers	(9,371)	(9,295)	(9,371)	(9,295)
	<b>46,738</b>	<b>39,228</b>	<b>89,109</b>	<b>89,508</b>
<b>Capital and reserves</b>				
Share capital	15,393	15,393	15,393	15,393
Share premium	61,420	61,420	61,420	61,420
(Accumulated loss)/revenue reserve	(30,405)	(38,312)	12,772	13,161
Foreign currency translation reserve	(51)	(353)	(476)	(466)
<b>Total Shareholders' Fund</b>	<b>46,357</b>	<b>38,148</b>	<b>89,109</b>	<b>89,508</b>
Minority interest	381	1,080	-	-
	<b>46,738</b>	<b>39,228</b>	<b>89,109</b>	<b>89,508</b>

#### Note 1

The Group accounted for the eBworx Malaysia Berhad (formerly known as "eBworx Malaysia Sdn. Bhd.") group as an associated company of the Group as of 1 January 2003.

#### Note 2

The intangible assets of the Group decreased from \$19,750k as of the end of 4Q 2002 to \$18,014k as of the end of Q3 2003. The decrease was due mainly to the reclassification of the goodwill associated with the eBworx Malaysia Berhad group to the Associated Companies account (please refer to Note 1). This was partially mitigated by goodwill arising from the acquisition of Transtel Engineering Pte Ltd and subsidiary companies in July 2003.

#### Note 3

The long-term loan to a subsidiary company of the Company was due to a long-term shareholder's loan that was assumed by the Company on the acquisition of Transtel Engineering Pte Ltd and subsidiary companies in July 2003.

#### Note 4

The deferred tax assets of the Group increased from \$16k as of the end of 4Q 2002 to \$619k as of the end of Q3 2003. The increase was due mainly to the recognition of deferred tax assets of CSE-Infotech and arising from the acquisition of Transtel.

#### Note 5

The net project-in-progress of the Group increased from \$21,148k as of the end of 4Q 2002 to \$23,242k as of the end of Q3 2003. The increase was due mainly to projects whose billing milestones were not attained as at the end of Q3 2003.

#### Note 6

The stocks of the Group decreased from \$1,465k as of the end of 4Q 2002 to \$440k as of the end of Q3 2003. The decrease was due mainly to the projects that were delivered in 1H 2003, partially mitigated by additional purchases of stocks of approximately S\$158k that were made in Q3 2003.

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

#### Amount repayable in one year or less, or on demand

As at 30/09/2003

As at 31/12/2002

Secured	Unsecured	Secured	Unsecured
0	\$36,200,000	0	\$29,211,000

### Amount repayable after one year

As at 30/09/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
0	\$9,371,000	0	\$9,295,000

### 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

	1.7.2003 to 30.9.2003 \$'000	1.7.2002 to 30.9.2002 \$'000	1.1.2003 to 30.9.2003 \$'000	1.1.2002 to 30.9.2002 \$'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:-</u></b>				
Operating profit before taxation	4,581	5,033	13,680	13,252
Adjustments for:-				
Depreciation for fixed assets	327	368	848	1,085
(Gain)/loss on disposal of fixed assets	(4)	(12)	(10)	(19)
Share of (profit)/loss of associated companies	(373)	53	(1,063)	137
Amortisation of intangible assets	429	427	1,205	1,079
Impairment of intangible assets	-	-	657	-
(Gain)/loss on disposal of investment	(1)	-	(658)	-
Interest expense	258	260	794	639
Interest income	(32)	(39)	(87)	(112)
Currency realignment	282	(309)	243	(829)
<b>Operating profit before reinvestment in working capital</b>	<b>5,467</b>	<b>5,781</b>	<b>15,609</b>	<b>15,232</b>
Decrease/(increase) in debtors	96	1,363	(2,857)	1,578
(Increase)/decrease in projects-in-progress (Note 1)	(2,393)	350	(179)	(3,550)
(Decrease)/increase in creditors (Note 1)	(3,964)	(340)	(6,253)	3,134
<b>Cash (used in)/generated from operations</b>	<b>(794)</b>	<b>7,154</b>	<b>6,320</b>	<b>16,394</b>
Interest paid	(258)	(260)	(794)	(639)
Interest received	32	39	87	112
Income tax paid	(374)	(237)	(1,025)	(1,539)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,394)</b>	<b>6,696</b>	<b>4,588</b>	<b>14,328</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Repayment from an associated company	9	39	15	46
Acquisition of subsidiary companies, net of cash	(4,203)	(19,689)	(4,203)	(19,689)
Disposal of a subsidiary company, net of cash	-	-	(293)	-
Purchase of fixed assets	(483)	(1,005)	(1,160)	(1,972)
Proceeds from sale of fixed assets	8	14	182	90
<b>Net cash used in investing activities</b>	<b>(4,669)</b>	<b>(20,641)</b>	<b>(5,459)</b>	<b>(21,525)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>				
Proceeds from issuance of shares	-	-	-	18,240

Dividends paid to shareholders	-	-	(2,401)	-
Dividends paid to MI shareholders	(69)	-	(69)	-
Proceeds/(repayments) of short term loans from bankers	8,434	15,243	6,210	(5,830)
<b>Net cash generated from financing activities</b>	<b>8,365</b>	<b>15,243</b>	<b>3,740</b>	<b>12,410</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,302</b>	<b>1,298</b>	<b>2,869</b>	<b>5,213</b>
Cash and cash equivalents at beginning of quarter/period	12,111	9,614	11,544	5,699
<b>Cash and cash equivalents at end of quarter/period</b>	<b>14,413</b>	<b>10,912</b>	<b>14,413</b>	<b>10,912</b>

The acquisition of subsidiary company during the third quarter of 2003 has been shown in the statement as a single item. The effect on the individual assets and liabilities is set out as follows:

	<b>S\$'000</b>
Fixed assets	404
Intangible assets	-
Stocks & work in progress	405
Trade and other debtors	2,445
Amount due to former shareholders	(6,680)
Cash & cash equivalent	1,879
Trade and other creditors	(698)
Provision for taxation	-
<b>Net assets acquired</b>	<b>(2,245)</b>
Add: Long term loan made to subsidiary company	5,824
Add: Goodwill on acquisition of subsidiary company	2,503
<b>Total consideration</b>	<b>6,082</b>
Less: cash & cash equivalent	(1,879)
<b>Net cash outflow on disposal net of cash</b>	<b>4,203</b>

**Note 1:**

The cash outflows of the Group arising from projects in progress for Q3 2003 and Q3 YTD 2003 were \$2,393k and \$179k respectively. In addition, the cash outflows of the Group arising from creditors for Q3 2003 and Q3 YTD 2003 were \$3,964k and \$6,253k respectively. The above-mentioned cash outflows were due mainly to projects whose billing milestones were not attained but creditors arising were due for payments as at the end of Q3 2003.

**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 1.1.2003 to 30.9.2003	Group 1.1.2002 to 30.9.2002	Company 1.1.2003 to 30.9.2003	Company 1.1.2002 to 30.9.2002
<b>Issued Capital</b>				
Balance at 1 January	15,393	13,393	15,393	13,393

Share placement of 40,000,000 shares @ \$0.05	-	2,000	-	2,000
<b>Balance at 31 March/30 June/30 September</b>	<b>15,393</b>	<b>15,393</b>	<b>15,393</b>	<b>15,393</b>
<b>Share Premium</b>				
Balance at 1 January	61,420	45,180	61,420	45,180
Share placement of 40,000,000 shares @ 0.417 above par	-	16,680	-	16,680
Expenses on issue of placement shares	-	(425)	-	(425)
<b>Balance at 31 March</b>	<b>61,420</b>	<b>61,435</b>	<b>61,420</b>	<b>61,435</b>
Expenses on issue of placement shares	-	(15)	-	(15)
<b>Balance at 30 June / 30 September</b>	<b>61,420</b>	<b>61,420</b>	<b>61,420</b>	<b>61,420</b>
<b>(Accumulated Loss)/Revenue Reserve</b>				
Balance at 1 January	(38,312)	(50,369)	13,161	15,244
Net profit during the period	2,946	2,488	392	414
<b>Balance at 31 March</b>	<b>(35,366)</b>	<b>(47,881)</b>	<b>13,553</b>	<b>15,658</b>
Dividends for 2002 declared and paid	(2,401)	-	(2,401)	-
Net profit during the period	3,316	2,952	577	(96)
<b>Balance at 30 June</b>	<b>(34,451)</b>	<b>(44,929)</b>	<b>11,729</b>	<b>15,562</b>
Net profit during the period	4,046	3,520	1,043	814
<b>Balance at 30 September</b>	<b>(30,405)</b>	<b>(41,409)</b>	<b>12,772</b>	<b>16,376</b>
<b>Translation Reserve</b>				
Balance at 1 January	(353)	1,015	(466)	-
Exchange difference during the period	570	(97)	54	-
<b>Balance at 31 March</b>	<b>217</b>	<b>918</b>	<b>(412)</b>	-
Exchange difference during the period	(746)	(504)	(408)	-
<b>Balance at 30 June</b>	<b>(529)</b>	<b>414</b>	<b>(820)</b>	-
Exchange difference during the period	478	(231)	344	(361)
<b>Balance at 30 September</b>	<b>(51)</b>	<b>183</b>	<b>(476)</b>	<b>(361)</b>

**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**

There were no 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.

As at 30 September 2003, there were unexercised options for 23,832k of unissued ordinary shares of \$0.05 each in the capital of the Company under the CSE Systems & Engineering Executives' Share Option Scheme and 2,834k 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 2002, there were unexercised options for 25,627k of unissued ordinary shares of \$0.05 each in the capital of the Company under the CSE Systems & Engineering Executives' Share Option Scheme and 3,175k 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 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 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 2002.

**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 2002.

**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**

	2003 Q3	2002 Q3	2003 9 months	2002 9 months
<b>Earning per ordinary share after deducting any provision for preference dividends:-</b>				
(i) Based on weighted average number of ordinary share in issue	1.31	1.14	3.35	2.94
(ii) On a fully diluted basis	1.28	1.13	3.29	2.90

**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	307,860,407	307,860,407	307,860,407	267,860,407
Weighted average number of shares issued during the period	-	-	-	36,483,516
<b>Weighted average number of shares</b>	<b>307,860,407</b>	<b>307,860,407</b>	<b>307,860,407</b>	<b>304,343,923</b>

**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	307,860,407	307,860,407	307,860,407	304,343,923
Weighted average number of unissued shares under share options	25,861,130	9,634,000	26,515,667	9,756,634

Number of shares that would have been issued at fair value under share options	(16,433,907)	(6,105,824)	(20,897,312)	(5,193,787)
<b>Adjusted weighted average number of shares</b>	<b>317,287,630</b>	<b>311,388,583</b>	<b>313,478,762</b>	<b>308,906,770</b>

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

**(a) current period reported on; and**

	<b>Group</b>	<b>Company</b>
Net asset value per ordinary share based on existing issued share capital as at 30 September 2003 (in cents)	15.06	28.94

**(b) immediately preceding financial year.**

	<b>Group</b>	<b>Company</b>
Net asset value per ordinary share based on existing issued share capital as at 31 December 2002 (in cents)	12.74	29.07

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's 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 Group Performance**

	Q3 2003	Q3 2002	Variance between Q3 2003 & Q3 2002 %	Q3 YTD 2003 \$'000	Q3 YTD 2002 \$'000	Variance between Q3 YTD 2003 & Q3 YTD 2002 %
<b>Revenue</b>	<b>39,274</b>	<b>37,263</b>	<b>5.4%</b>	<b>115,848</b>	<b>105,123</b>	<b>10.2%</b>
GM %	33.5%	36.1%	-7.2%	33.7%	35.4%	-4.8%
Operating expenses	8,157	7,990	2.1%	24,127	22,849	5.6%
<b>PBT</b>	<b>5,012</b>	<b>5,462</b>	<b>-8.2%</b>	<b>14,886</b>	<b>14,333</b>	<b>3.9%</b>
PBT %	12.8%	14.7%	-12.9%	12.8%	13.6%	-5.8%
Goodwill amortization	(430)	(427)	0.7%	(1,205)	(1,079)	11.7%
Minority interest	(41)	(95)	-56.8%	(68)	(498)	-86.3%
Taxation	(495)	(1,420)	-65.1%	(3,305)	(3,796)	-12.9%
<b>PAT</b>	<b>4,046</b>	<b>3,520</b>	<b>14.9%</b>	<b>10,308</b>	<b>8,960</b>	<b>15.0%</b>

The Group recorded an increase in revenue of \$2.0 million or 5.4% to \$39.3 million in Q3 2003 from \$37.3 million in Q3 2002. For the same period, the Group recorded an increase in profit after tax by \$0.5 million or 14.9% to \$4.0 million in Q3 2003 from \$3.5 million in Q3 2002.

The Group achieved an increase in revenue of \$10.7 million (10.2%) to \$115.8 million in the first nine months of FY2003 from \$105.1 million in FY2002. For the same period, the Group recorded an increase in profit after tax by \$1.3 million (15.0%) to \$10.3 million in FY2003 from \$9.0 million in FY2002.

The Group was able to extend its modest growth in revenue and profits after tax into Q3 2003. Business in its existing markets of US and South East Asia had remained stable while business in UK, Middle East and Africa had improved.

In July 2003, the Group completed the acquisition of TransTel Engineering Pte Ltd (TransTel), a systems integrator providing turnkey telecommunication network solutions for infrastructure projects in the Oil and Gas and Energy industries, both onshore and offshore. Both CSE and TransTel serve the Oil and Gas and Energy industries and therefore would be able to leverage on each other's existing relationships with customers.

In October 2003, the Group continued to expand its global footprint through its acquisition of TTC s.r.o., a systems integrator in Slovakia. TTC develops and markets a pipeline simulation, monitoring, management and leak detection system for oil and gas pipelines. TTC will complement the Group's existing skills and capability and provide a base to expand the Group's activities into Central and Eastern Europe and the countries of the former Soviet Union.

For first nine months of 2003, the Group's two divisions, Industrial business unit and IT Consulting business unit, contributed \$106.6 million (92.0%) and \$9.2 million (8.0%) to the revenue and \$13.3 million (89.6%) and \$1.6 million (10.4%) to the profit before tax, goodwill amortization and minority interest respectively.

The Group's overseas operations had contributed 86.9% for its revenues and 86.0% for its profit before tax, goodwill amortization and minority interest. The contributions by the geographical regions of Singapore, Asia, Europe/Middle East and the Americas are 13.1%, 5.3%, 15.7% and 65.9% respectively for revenue and 14.0%, 13.7%, 12.2% and 60.1% respectively for profit before tax, goodwill amortization and minority interest respectively.

### **Goodwill amortization**

The goodwill amortization of \$1.2 million comprises \$0.61 million, \$0.55 million and \$0.04 million for the amortization of goodwill from the consolidation of eBworx, CCT and Transtel Engineering Pte Ltd with the Group respectively. The goodwill carried at the end of Q3 2003 is \$20.4 million, with \$2.4 million of the said goodwill that is associated with the eBworx Malaysia Berhad group carried under the Associated Companies account.

### **Liquidity and Capital Resources**

For first three quarters of 2003, the Group generated cash inflow from operations of \$4.6 million. The Group had cash and bank balance of \$14.4 million and bank borrowings of \$45.6 million as at 30 September 2003. The Group ended the period with Shareholders' Fund before minority interest of \$46.4 million and a net bank borrowing of \$31.2 million giving it a net gearing of 0.67 times.

### **Revenue**

Q3 2003	Q3 2002	Variance between Q3 2003 & Q3 2002	Q3 YTD 2003	Q3 YTD 2002	Variance between Q3 YTD 2003 & Q3 YTD 2002
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	\$'000	\$'000	%	\$'000	\$'000	%
Asian Entities	5,061	3,324	52.3%	12,061	8,979	34.3%
CSE-Servelec	6,072	7,439	-18.4%	18,203	18,550	-1.9%
W-Industries	25,183	21,239	18.6%	76,352	60,271	26.7%
<b>Industrial</b>	<b>36,316</b>	<b>32,002</b>	<b>13.5%</b>	<b>106,616</b>	<b>87,800</b>	<b>21.4%</b>
Computer Services	2,642	3,405	-22.4%	8,366	9,198	-9.0%
eBworx	316	1,856	-83.0%	866	8,125	-89.3%
<b>IT Consulting</b>	<b>2,958</b>	<b>5,261</b>	<b>-43.8%</b>	<b>9,232</b>	<b>17,323</b>	<b>-46.7%</b>
<b>Group</b>	<b>39,274</b>	<b>37,263</b>	<b>5.4%</b>	<b>115,848</b>	<b>105,123</b>	<b>10.2%</b>

The revenue for the Industrial business unit improved by \$4.3 million or 13.5% to \$36.3 million in Q3 2003 from \$32.0 million in Q3 2002. The increase of \$4.3 million was contributed by organic growth of \$5.7 million from W-Industries (\$3.9 million) and the Asian Entities (\$1.8 million) and partly mitigated by a decrease of \$1.4 million from CSE-Servelec.

The revenue for the IT Consulting business unit decreased by \$2.3 million or 43.8% to \$3.0 million in Q3 2003 from \$5.3 million in Q3 2002. The Group had accounted for eBworx Malaysia as an associated company of the Group in Q3 2003. The absence of eBworx Malaysia's revenue and the decrease of \$0.8 million by the Computer Services division resulted in the decrease of \$2.3 million. eBworx Malaysia recorded a turnover of \$2.2 million in Q3 2003.

The Industrial business unit and the IT Consulting business unit contributed 92.5% and 7.5% respectively to the Group's revenue in Q3 2003 compared to 85.9% and 14.1% respectively in Q3 2002.

#### Profit before tax, goodwill amortisation and minority interest

	Q3 2003	Q3 2002	Variance between Q3 2003 & Q3 2002	Q3 YTD 2003	Q3 YTD 2002	Variance between Q3 YTD 2003 & Q3 YTD 2002
	\$'000	\$'000	%	\$'000	\$'000	%
Asian Entities	875	996	-12.1%	2,063	2,156	-4.3%
CSE-Servelec	527	1,245	-57.7%	1,796	3,082	-41.7%
W-Industries	3,016	2,839	6.2%	9,473	7,373	28.5%
<b>Industrial</b>	<b>4,418</b>	<b>5,080</b>	<b>-13.0%</b>	<b>13,332</b>	<b>12,611</b>	<b>5.7%</b>
Computer Services	(3)	286	-101.0%	241	536	-55.0%
eBworx	597	96	521.9%	1,313	1,186	10.7%
<b>IT Consulting</b>	<b>594</b>	<b>382</b>	<b>55.5%</b>	<b>1,554</b>	<b>1,722</b>	<b>-9.8%</b>
<b>Group</b>	<b>5,012</b>	<b>5,462</b>	<b>-8.2%</b>	<b>14,886</b>	<b>14,333</b>	<b>3.9%</b>

The profit before tax for Industrial business unit decreased by \$0.7 million or 13.0% to \$4.4 million in Q3 2003 from \$5.1 million in Q3 2002. The decrease of \$0.7 million was due to the reduction in the profits of \$0.7 million and \$0.1 million for CSE-Servelec and the Asian Entities respectively, partly mitigated by the net change of the organic growth of \$0.1 million from W-Industries.

The profit before tax for IT Consulting business unit increased by \$0.2 million or 55.5% to \$0.6 million in Q3 2003 from \$0.4 million in Q3 2002.

The Industrial business unit and the IT Consulting business unit contributed 88.1% and 11.9% respectively to the Group's profit before tax in Q3 2003 compared to 93.0% and 7.0% respectively in Q3 2002.

## Orders

\$'000	Industrial Business	IT Consulting Business	Group	eBworx Malaysia
Outstanding orders b/f from 2Q FY2003	61,512	16,216	77,728	7,405
Q3 order book in	56,659	1,095	57,754	3,834
Q3 sales	36,316	2,958	39,274	2,127
Outstanding orders c/f to 4Q FY2003	81,855	14,353	96,208	9,112

The Group received new orders totaling \$57.8 million for Q3 2003, an increase of 44.5% and 35.4% over the \$40.0 million recorded in Q3 2002 and the \$42.7 million recorded in Q2 2003 respectively. Outstanding orders as at end of Q3 2003 was \$96.2 million.

The Industrial business unit continued to build its outstanding orders with an increase of 33.2% to \$81.9 million at the end of Q3 2003 compared with \$61.5 million at the end of Q2 2003. Over the next 12 months, the Group expects to deliver approximately 85% of the outstanding orders at the end of Q3 2003. The unit also expects to continue to derive approximately 50% of its turnover from recurring short-term projects from its existing customer base, which are secured and delivered within three months.

The IT Consulting business unit however ended the quarter with a marginally lower outstanding orders of \$14.4 million. Over the next 12 months, the Group expects to deliver approximately 95% of the outstanding orders at the end of Q3 2003.

eBworx Malaysia secured several new orders in the quarter and increased 23.0% in its outstanding orders to \$9.1 million at the end of Q3 2003 compared with \$7.4 million at the end of Q2 2003. The Group expects to deliver over the next 12 months approximately 85% of the outstanding orders as at the end of Q3 2003. eBworx Malaysia expects to convert several opportunities it is currently pursuing into orders in Q4 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.

### 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

The Group's outlook continues to be positive as prospects for new contracts remain at healthy levels. Based on the current outlook, the Group's performance will be better for Q4 2003 compared to Q3 2003. Barring unforeseen circumstances, for the next 12 months, the outlook remains positive. However, its performance will depend on new orders to be secured in the coming months.

### 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/recommendeded, a statement to that effect**

No dividend has been declared or recommended for the financial period ended 30 September 2003.

**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**

**Q3 2003**

<b>\$'000</b>	<b>IBU</b>	<b>ITCBU</b>	<b>Total</b>
<b>Turnover</b>	<b>36,316</b>	<b>2,958</b>	<b>39,274</b>
Profit before tax, goodwill amortisation, & MI	4,418	594	5,012
Return on Sale (%)	12.2%	20.1%	12.8%
Goodwill amortisation	(226)	(204)	(430)
<b>Profit before tax and MI</b>	<b>4,192</b>	<b>390</b>	<b>4,582</b>
MI before tax	(41)	-	(41)
<b>Profit before tax after MI</b>	<b>4,151</b>	<b>390</b>	<b>4,541</b>

**Q3 2002**

<b>\$'000</b>	<b>IBU</b>	<b>ITCBU</b>	<b>Total</b>
<b>Turnover</b>	<b>32,002</b>	<b>5,261</b>	<b>37,263</b>
Profit before tax, goodwill amortisation, & MI	5,080	382	5,462
Return on Sale (%)	15.9%	7.3%	14.7%
Goodwill amortisation	(101)	(326)	(427)
<b>Profit before tax and MI</b>	<b>4,979</b>	<b>56</b>	<b>5,035</b>
MI before tax	(40)	(55)	(95)
<b>Profit before tax after MI</b>	<b>4,939</b>	<b>1</b>	<b>4,940</b>

**Q3 YTD 2003**

<b>\$'000</b>	<b>IBU</b>	<b>ITCBU</b>	<b>Total</b>
<b>Turnover</b>	<b>106,616</b>	<b>9,232</b>	<b>115,848</b>
Profit before tax, goodwill amortisation, & MI	13,332	1,554	14,886
Return on Sale (%)	12.5%	16.8%	12.8%
Goodwill amortisation	(592)	(613)	(1,205)
<b>Profit before tax and MI</b>	<b>12,740</b>	<b>941</b>	<b>13,681</b>
MI before tax	(68)	-	(68)
<b>Profit before tax after MI</b>	<b>12,672</b>	<b>941</b>	<b>13,613</b>

**Q3 YTD 2002**

<b>\$'000</b>	<b>IBU</b>	<b>ITCBU</b>	<b>Total</b>
<b>Turnover</b>	<b>87,800</b>	<b>17,323</b>	<b>105,123</b>
Profit before tax, goodwill amortisation, & MI	12,611	1,722	14,333
Return on Sale (%)	14.4%	9.9%	13.6%
Goodwill amortisation	(101)	(978)	(1,079)
<b>Profit before tax and MI</b>	<b>12,510</b>	<b>744</b>	<b>13,254</b>
MI before tax	(115)	(383)	(498)
<b>Profit before tax after MI</b>	<b>12,395</b>	<b>361</b>	<b>12,756</b>

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 networks 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.

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.

**Geographical Segments****Q3 2003**

<b>\$'000</b>	<b>Singapore</b>	<b>Asia</b>	<b>The Americas</b>	<b>Europe/ Middle East</b>	<b>Total</b>
<b>Turnover</b>	<b>4,473</b>	<b>3,625</b>	<b>25,183</b>	<b>5,993</b>	<b>39,274</b>
Profit before tax, goodwill amortisation & MI	1,081	905	2,492	534	5,012
Return on Sale (%)	24.2%	25.0%	9.9%	8.9%	12.8%
Goodwill amortisation	(246)	-	(184)	-	(430)
<b>Profit before tax and MI</b>	<b>835</b>	<b>905</b>	<b>2,308</b>	<b>534</b>	<b>4,582</b>
MI before tax	-	(41)	-	-	(41)

<b>Profit before tax and after MI</b>	<b>835</b>	<b>864</b>	<b>2,308</b>	<b>534</b>	<b>4,541</b>
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**Q3 2002**

<b>\$'000</b>	<b>Singapore</b>	<b>Asia</b>	<b>The Americas</b>	<b>Europe/ Middle East</b>	<b>Total</b>
<b>Turnover</b>	<b>4,430</b>	<b>4,117</b>	<b>21,239</b>	<b>7,477</b>	<b>37,263</b>
Profit before tax, goodwill amortisation & MI	867	614	2,838	1,143	5,462
Return on Sale (%)	19.6%	14.9%	13.4%	15.3%	14.7%
Goodwill amortisation	(326)	-	(101)	-	(427)
<b>Profit before tax and MI</b>	<b>541</b>	<b>614</b>	<b>2,737</b>	<b>1,143</b>	<b>5,035</b>
MI before tax	-	(95)	-	-	(95)
<b>Profit before tax and after MI</b>	<b>541</b>	<b>519</b>	<b>2,737</b>	<b>1,143</b>	<b>4,940</b>

**Q3 YTD 2003**

<b>S\$'000</b>	<b>Singapore</b>	<b>Asia</b>	<b>The Americas</b>	<b>Europe/ Middle East</b>	<b>Total</b>
<b>Turnover</b>	<b>15,244</b>	<b>6,085</b>	<b>76,352</b>	<b>18,167</b>	<b>115,848</b>
Profit before tax, goodwill amortisation & MI	2,084	2,034	8,949	1,819	14,886
Return on Sale (%)	13.7%	33.4%	11.7%	10.0%	12.8%
Goodwill amortisation	(655)	-	(550)	-	(1,205)
<b>Profit before tax and MI</b>	<b>1,429</b>	<b>2,034</b>	<b>8,399</b>	<b>1,819</b>	<b>13,681</b>
MI before tax	-	(68)	-	-	(68)
<b>Profit before tax and after MI</b>	<b>1,429</b>	<b>1,966</b>	<b>8,399</b>	<b>1,819</b>	<b>13,613</b>

**Q3 YTD 2002**

<b>S\$'000</b>	<b>Singapore</b>	<b>Asia</b>	<b>The Americas</b>	<b>Europe/ Middle East</b>	<b>Total</b>
<b>Turnover</b>	<b>14,336</b>	<b>11,724</b>	<b>60,271</b>	<b>18,792</b>	<b>105,123</b>
Profit before tax, goodwill amortisation & MI	1,208	2,753	7,373	2,999	14,333
Return on Sale (%)	8.4%	23.5%	12.2%	16.0%	13.6%
Goodwill amortisation	(978)	-	(101)	-	(1,079)
<b>Profit before tax and MI</b>	<b>230</b>	<b>2,753</b>	<b>7,272</b>	<b>2,999</b>	<b>13,254</b>
MI before tax	-	(498)	-	-	(498)
<b>Profit before tax and after MI</b>	<b>230</b>	<b>2,255</b>	<b>7,272</b>	<b>2,999</b>	<b>12,756</b>

**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**

The Group accounted for Control Concepts and Technology ("CCT") since August 2002 under the IBU business segment and the Americas geographical segment.

The Group accounted for Transtel Engineering Pte Ltd under the IBU business segment from August 2003.

eBworx Malaysia was accounted for in 2003 results under the ITCBU business segment and the Asia geographical segment as an associated company of the Group instead of a subsidiary company of the Group as the management of eBworx Malaysia increased its equity interest in eBworx Malaysia to 50% in Q1 2003.

**15. A breakdown of sales**

Not applicable.

	2003 \$'000	Group 2002 \$'000	Change (%)
Turnover report for first half of the year			
Profit before tax reported for the first half of the year			

**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 (S\$'000)	Previous Full Year (S\$'000)
Ordinary	0	2,401
Preference	0	0
Total:	0	2,401

**17. Interested person transactions**

There were no interested person transactions.

**BY ORDER OF THE BOARD**

Tan San-Ju  
Company Secretary  
10/11/2003