

CSE SYSTEMS & ENGINEERING LTD

Third Quarter Financial Statement And Dividend Announcement

Financial statements for the nine months ended 30 September 2002.
These figures have not been audited.

		Group			Company		
		S\$'000		%	S\$'000		%
		2002	2001	Increase/ (Decrease)	2002	2001	Increase/ (Decrease)
1.(a)	Turnover	105,123	80,868	30	16,160	13,574	19
1.(b)	Cost of sales	67,942	53,168	28	11,083	9,327	19
1.(c)	Gross profit	37,181	27,700	34	5,077	4,247	20
1.(d)	Investment income	0	0	NM	0	0	NM
1.(e)	Other income including interest income	112	76	47	41	365	(89)
2.(a)	Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	16,089	4,019	300	2,311	2,162	7
2.(b)(i)	Interest on borrowings	639	1,003	(36)	464	949	(51)
2.(b)(ii)	Depreciation and amortisation	2,164	958	126	461	283	63
2.(b)(iii)	Foreign exchange gain/(loss)	103	1,210	(91)	134	1,157	(88)
2.(c)	Exceptional items (provide separate disclosure of items)	0	0	NM	0	0	NM

		Group			Company		
		S\$'000		%	S\$'000		%
		2002	2001	Increase/ (Decrease)	2002	2001	Increase/ (Decrease)
2.(d)	Operating profit before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	13,389	3,268	310	1,520	2,087	(27)
2.(e)	Income derived from associated companies (With separate disclosure of any items included therein which are exceptional because of size & incidence)	(137)	(548)	(75)	0	0	NM
2.(f)	Operating profit before income tax	13,252	2,720	387	1,520	2,087	(27)
2.(g)	Less income tax (Indicate basis of computation)	3,836	1,220	215	388	407	(5)
2.(g)(i)	Operating profit after tax before deducting minority interests	9,416	1,500	528	1,132	1,680	(33)
2.(g)(ii)	Less minority interests	456	(607)	(175)	0	0	NM
2.(h)	Operating profit after tax attributable to members of the company	8,960	2,107	325	1,132	1,680	(33)
2.(i)(i)	Extraordinary items (provide separate disclosure of items)	0	0	NM	0	0	NM
2.(i)(ii)	Less minority interests	0	0	NM	0	0	NM
2.(i)(iii)	Extraordinary items attributable to members of the company	0	0	NM	0	0	NM

		Group			Company		
		S\$'000		%	S\$'000		%
		2002	2001	Increase/ (Decrease)	2002	2001	Increase/ (Decrease)
2.(i)(iv)	Transfer to/from Exchange Reserve	0	0	NM	0	0	NM
2.(i)(v)	Transfer to Capital Reserve	0	0	NM	0	0	NM
2.(i)(vi)	Transfer to Reserve Fund	0	0	NM	0	0	NM
2.(j)	Operating profit after tax and extraordinary items attributable to members of the company	8,960	2,107	325	1,132	1,680	(33)

*NM – NOT MEANINGFUL

		Group Figures	
		Latest period	Previous corresponding period
3.(a)	Operating profit [2(g)(i) above] as a percentage of turnover [1(a) above]	8.96%	1.85%
3.(b)	Operating profit [2(h) above] as a percentage of issued capital and reserves at end of the period	2.52%	3.10%
3.(c)	Earnings per ordinary share for the period based on 2(h) above after deducting any provision for preference dividends:-		
	(i) Based on weighted average number of ordinary shares in issue	2.94 cents	0.79 cents
	(ii) On a fully diluted basis	2.90 cents	0.78 cents
	(To disclose the basis used in arriving at the weighted average number of shares for the purposes of (c)(i) above and to provide details of any adjustments made for the purpose of (c)(ii) above)		
3.(d)	Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	5.57 cents	1.27 cents
3.(e)	<u>To provide an analysis of expenses based on their function within the group for the current and previous corresponding period</u>		

	Group Figures	
	Latest period	Previous period
Operating Expenses (S\$'000):		
Personnel and related costs	11,140	11,025

General and administrative costs	5,332	5,721
Selling and distribution costs	1,330	2,374
Upkeep building and equipment costs	3,378	2,509
Other operating costs	24	2,128

For the computation of basic earnings per share, the basis of arriving at the weighted average number of shares is determined as follows:-

	Latest period	Previous period
Weighted average number of shares outstanding during the period	267,860,407	263,485,407
Weighted average number of shares issued during the period	36,483,516	3,205,128
Weighted average number of shares	304,343,923	266,690,535

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:-

	Latest period	Previous period
Weighted average number of shares outstanding during the period, used in computation of basic earnings per share	304,343,923	266,690,535
Weighted average number of unissued shares under share options	9,756,634	11,620,916
Number of shares that would have been issued at fair value under share options	(5,193,787)	(8,183,706)
Adjusted weighted average number of shares	308,906,770	270,127,745

Item 4 is not applicable to interim results	Group			Company		
	S\$'000		%	S\$'000		%
	2002	2001	Increase/ (Decrease)	2002	2001	Increase/ (Decrease)
4.(a)	Sales reported for first half year					
4.(b)	Operating profit [2(g)(i) above] reported for first half year					
4.(c)	Sales reported for second half year					
4.(d)	Operating profit [2(g)(i) above] reported for second half year					

5.(a) Amount of any adjustment for under or overprovision of tax in respect of prior years

Nil

5.(b) Amount of any pre-acquisition profits

Nil

5.(c) Amount of profits on any sale of investments and/or properties

Sale of investments/properties

Nil

\$Profit/(Loss)

\$0.00

5.(d) Any other comments relating to Paragraph 5

Nil

6. Segmental Results

(a) **By Activities**

3QYTD 2002

S\$'000

Industrial
Business

IT
Consulting

Consolidated
Total

Turnover	87,800	17,323	105,123
PBT before goodwill amortisation, one time charges & MI	12,611	1,720	14,331
Return on Sale (%)	14.4%	9.9%	13.6%
Goodwill amortisation	(101)	(978)	(1,079)
One-time charges	-	-	-
PBT before MI	12,510	742	13,252
MI before tax	(113)	(383)	(496)
PBT after MI	12,397	359	12,756

3QYTD 2001	Industrial	IT	Consolidated
S\$'000	Business	Consulting	Total
Turnover	68,437	12,431	80,868
PBT before goodwill amortisation, one time charges & MI	7,639	(1,257)	6,382
Return on Sale (%)	11.2%	(10.1)%	7.9%
Goodwill amortisation	-	(84)	(84)
One-time charges	(2,788)	(790)	(3,578)
PBT before MI	4,851	(2,131)	2,720
MI before tax	(124)	717	593
PBT after MI	4,727	(1,414)	3,313

(b) **By Geographical markets**

3QYTD 2002			The	Europe/	Consolidated
S\$'000	Singapore	Asia	Americas	Middle East	Total
Turnover	14,336	11,724	60,271	18,792	105,123
PBT before goodwill amortisation, one time charges & MI	1,208	2,751	7,373	2,999	14,331
Return on Sale (%)	8.4%	23.5%	12.2%	16.0%	13.6%
Goodwill amortisation	(978)	-	(101)	-	(1,079)
One-time charges	-	-	-	-	-
PBT before MI	230	2,751	7,272	2,999	13,252
MI before tax	-	(496)	-	-	(496)
PBT after MI	230	2,255	7,272	2,999	12,756

3QYTD 2001			The	Europe/	Consolidated
S\$'000	Singapore	Asia	Americas	Middle East	Total
Turnover	14,277	7,724	46,228	12,639	80,868
PBT before goodwill amortisation, one time charges & MI	408	813	5,120	41	6,382
Return on Sale (%)	2.9%	10.5%	11.1%	0.3%	7.9%
Goodwill amortisation	(84)	-	-	-	(84)
One-time charges	(790)	-	(1,910)	(878)	(3,578)
PBT before MI	(466)	813	3,210	(837)	2,720
MI before tax	717	(124)	-	-	593
PBT after MI	251	689	3,210	(837)	3,313

(c) **Backlog orders**

Period	Industrial	IT	Consolidated
S\$'Million	Business	Consulting	Total
Jun 2001	33.2	31.0	64.2
Sep 2001	31.0	30.8	61.8
Dec 2001	47.3	33.4	80.7
Mar 2002	53.6	31.4	85.0
Jun 2002	51.3	36.0	87.3
Sep 2002	58.7	31.4	90.1

7.(a) Review of the performance of the company and its principal subsidiaries

The Group reported a significant increase in profit after tax to S\$9.0 million for nine months ended 30 September 2002 compared to S\$2.1 million for the corresponding period in 2001.

This was achieved on the back of a 30% increase in Group turnover to S\$105.1 million for the nine months of 2002 compared to S\$80.9 million for the same period in 2001.

The improvement in performance was due primarily to the increase in stage completion of projects in the Americas, Europe/Middle East and Asia and the absence of one-time write-offs experienced in the previous year. The Group had accounted for S\$1.1 million of goodwill amortization in the nine months ended 30 September 2002.

In August, the Group completed the acquisition of a Louisiana based system integrator, Control Concepts & Technology Corporation (CCT). This acquisition will enable the Group to accelerate penetration of the Gulf of Mexico's upstream oil and gas automation integration business.

The Group continues to make significant sales in the Gulf of Mexico. The major projects secured in 3Q2002 include:

US\$2.75 million contract to provide instrumentation and electrical construction services for US Total Fina Elf Matterhorn;

US\$1.0 million contract to provide chemical injection module for the new El Pasco Marco deepwater development project; and

US\$2.4 million contract to provide the chemical injection module for British Petroleum Mad Dog project.

In the United Kingdom (UK), the Group was awarded a S\$4.4 million contract to deploy an environment monitoring system. The contract reaffirms the long term working relationship between the Environment Agency, a UK government funded public body responsible for environmental protection and improvement, and the Group's UK subsidiary, Servelec.

In Singapore, the Group was awarded a S\$3.5 million contract to supply a control system to Sembcorp Engineering and Constructors Pte Ltd for the Tunnel Ventilation and Environment Control System for the Stage 1 of the Circle Line (SMRT Project).

Geographically, the contributions are 25%, 57% and 18% for turnover and 28%, 51% and 21% for profit before tax and goodwill amortization for Asia, the Americas and Europe/Middle East respectively.

The Group's two divisions, Industrial business unit and IT Consulting business unit, contributed 84% and 16% to turnover and 88% and 12% to profit before tax and goodwill amortization respectively.

The amortisation of goodwill for the Group for the nine months ended 30 September 2002 is S\$1.1 million. This is made up of S\$1.0 million from the re-organisation of eBworx in 2001 and S\$0.1 million from the acquisition of CCT.

The foreign exchange gain for the Group and the Company reduced to S\$0.1 million and S\$0.1 million respectively for the current period as compared to S\$1.2 million and S\$1.2

million respectively for the corresponding period. The reduction in foreign exchange gain is due mainly to the Group and the Company taking up US\$ denominated loans.

In the first nine months of 2002, the Group generated S\$14.3 million positive cash flow from operating activities compared to S\$0.6 million for the same period in 2001. With the acquisition of CCT, the Group increased its bank borrowing to S\$40.4 million at the end of 3Q2002. In 4Q2002, the Group intends to use part of its cash holding of S\$10.9 million at the end of 3Q2002 to reduce its bank borrowings. Based on the Group's shareholders' fund before minority interest of S\$35.6 million, the Group's gross gearing ratio is 1.1 times at the end of 3Q2002.

Financial Performance

Period S\$'000	3Q 2002	3Q2001	3QYTD 2002	3QYTD 2001
Turnover	37,263	29,313	105,123	80,868
PBT before goodwill amortisation, one-time charges & MI	5,460	2,366	14,331	6,382
Return on sales (%)	14.7%	8.1%	13.6%	7.9%
Goodwill amortisation	(427)	(79)	(1,079)	(84)
One time charges	-	(168)	-	(3,578)
PBT before MI	5,033	2,119	13,252	2,720
MI before tax	(93)	168	(496)	593
PBT after MI	4,940	2,287	12,756	3,313

The Group's turnover for 3Q2002 was S\$37.3 million, an increase of 27.1% over 3Q2001 of S\$29.3 million. The Group's profit before tax, goodwill amortization, one-time charges and minority interests for 3Q2002 was S\$5.5 million, an increase of 130.8% over 3Q2001 of S\$2.4 million. The Group's operating return on sales increased to 14.7% for 3Q2002 compared to 8.1% for 3Q2001.

The Group's turnover for the nine months ended 30 September 2002 was S\$105.1 million, an increase of 30.0% over the same period in 2001 of S\$80.9 million. The Group's profit before tax, goodwill amortization, one-time charges and minority interests for the nine months ended 30 September 2002 was S\$14.3 million, an increase of 124.6% over the same period in 2001 of S\$6.4 million. The Group's operating return on sales increases to 13.6% in the nine months of 2002 from 7.9% for the corresponding period in 2001.

Industrial Business Unit

Period S\$'000	3Q2002	3Q2001	3QYTD 2002	3QYTD 2001
Turnover				
Asia	3,324	3,953	8,979	9,677
Europe/Middle East (Servelec)	7,439	4,824	18,550	12,532
The Americas (W-Industries)	21,239	17,745	60,271	46,228
Total	32,002	26,522	87,800	68,437
PBT before goodwill amortisation, one-time charges & MI				
Asia	996	554	2,156	1,969
Europe/Middle East (Servelec)	1,245	240	3,082	20
The Americas (W-Industries)	2,839	2,153	7,373	5,650
Total	5,080	2,947	12,611	7,639
Return on sales (%)	15.9%	11.1%	14.4%	11.2%
Goodwill amortisation	(101)	-	(101)	-
One time charges	-	(168)	-	(2,788)
PBT before MI	4,979	2,779	12,510	4,851
MI before tax	(38)	(41)	(113)	(124)
PBT after MI	4,941	2,738	12,397	4,727

The Industrial Business Unit provides industrial automation and information technology solutions to the energy market and the utilities market globally. The Business Unit continued to grow its turnover and improved on its operating return on sales.

For 3Q2002, the turnover of the Industrial Business Unit was S\$32.0 million, an increase of 20.7% over 3Q2001 of S\$26.5 million. The Industrial Business Unit's profit before tax, goodwill amortization, one-time charges and minority interest for 3Q2002 was S\$5.1 million, an increase of 72.4% over 3Q2001 of S\$2.9 million. The Industrial Business Unit's operating return on sales improved to 15.9% for 3Q2002 compared to 11.1% for 3Q2001.

For the nine months ended 30 September 2002, the turnover of the Industrial Business Unit was S\$87.8 million, an increase of 28.3% over the corresponding period in 2001 of S\$68.4 million. The Industrial Business Unit's profit before tax, goodwill amortization, one-time charges and minority interest for the nine months ended 30 September 2002 was S\$12.6 million, an increase of 65.1% over the corresponding period in 2001 of S\$7.6 million. The Industrial Business Unit's operating return on sales improved to 14.4% for the nine months ended 30 September 2002 compared to 11.2% for the corresponding period in 2001.

IT Consulting Business Unit

Period S\$'000	3Q2002	3Q2001	3QYTD 2002	3QYTD 2001
Turnover				
Computer Services	3,405	1,732	9,198	6,840
EBworx	1,856	1,059	8,125	5,591
Total	5,261	2,791	17,323	12,431
PBT before goodwill amortisation, one-time charges & MI				
Computer Services	286	114	536	918
EBworx	94	(695)	1,184	(2,175)
Total	380	(581)	1,720	(1,257)
Return on sales (%)	7.2%	(20.8)%	9.9%	(10.1)%
Goodwill amortisation	(326)	(79)	(978)	(84)
One time charges	-	-	-	(790)
PBT before MI	54	(660)	742	(2,131)
MI before tax	(55)	209	(383)	717
PBT after MI	(1)	(451)	359	(1,414)

The IT Consulting Business Unit provides information technology solution to the public sector in Singapore and financial institutions in South East Asia. The Business Unit is profitable for the third consecutive quarter after its reorganization in 2001.

For 3Q2002, the turnover of the IT Consulting Business Unit was S\$5.3 million, an increase of 88.5% over 3Q2001 of S\$2.8 million. The IT Consulting Business Unit's profit before tax, goodwill amortization, one-time charges and minority interest for 3Q2002 was S\$0.4 million compared to a loss of S\$0.6 million in 3Q2001. The IT Consulting Business Unit's operating return on sales was 7.2% for 3Q2002.

For the nine months ended 30 September 2002, the turnover of the IT Consulting Business Unit was S\$17.3 million, an increase of 39.4% over the corresponding period in 2001 of S\$12.4 million. The IT Consulting Business Unit's profit before tax, goodwill amortization, one-time charges and minority interest for the nine months ended 30 September 2002 was S\$1.7 million compared to a loss of S\$1.3 million over the corresponding period in 2001. The IT Consulting Business Unit's operating return on sales was 9.9% for the nine months ended 30 September 2002.

- 7.(b) Where a forecast, or a prospect statement, has been previously disclosed to shareholders, the issuer must explain any variance between the forecast or prospect statement and the actual results

None

- 7.(c) A statement by the Directors of the Company whether any item or event of a material or unusual nature, which would have affected materially the results of operations of the Group and Company, has occurred between the date to which the report refers and the date on which the report is issued. If none, to give a negative statement.

In the opinion of the Directors, no item or event of a material or unusual nature has affected materially the results of the operations of the Group and Company between the date to which this report refers and the date on which this report is issued.

8. A commentary at the date of this 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

The operating environment remains difficult for the Group. The Group will continue to focus on its core competencies in Industrial Automation and Information Technology and build on its global presence and industry domain knowledge to serve its customers.

The order book registered by the Group at the end of 3Q2002 was valued at S\$90.1 million, an increase of 45.8% compared to S\$61.8 million at the end of 3Q2001. The Group recognizes revenue on a progressive billing basis matching the cost of project to the milestones achieved. It expects to recognize approximately 25% of the order book in 4Q2002. The Group also expects to continue to report approximately 40% of its revenue from recurring short-term orders (i.e. orders received and delivered within 3 months).

With the improved performance for the nine months ended 30 September 2002 over the corresponding period in 2001, the performance for the Group in FY2002 will be significantly better than FY2001.

9. Dividend

(a) Any dividend **declared** for the present financial period? **None**

(b) Any dividend declared for the previous corresponding period? [None](#)

(c) Total Annual Dividend (if applicable)

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

(d) Date payable

NIL

(e) Books closure date

NIL

(f) Any other comments relating to Paragraph 9

NIL

10.(a) Balance sheet

	September 2002 \$'000	Group June 2002 \$'000	September 2002 \$'000	Company June 2002 \$'000
Fixed assets	14,362	11,544	8,761	8,126
Subsidiary companies	-	-	97,606	97,518
Associated companies	41	93	-	-
Joint venture	-	42	-	50
Intangible assets	19,544	5,487	-	-
Current Assets				
Projects in progress	22,670	20,171	9,259	8,076
Stocks	387	351	-	-
Trade debtors	31,031	30,464	6,030	5,818
Other debtors, deposits & prepayments	1,697	1,891	106	154
Deferred tax assets	316	353	-	35
Amount due from subsidiary companies	-	-	18,756	5,566
Amount due from an associated company	501	545	-	-
Fixed deposits	1,985	1,187	-	-
Cash & bank balances	8,927	8,427	1,506	143
	67,514	63,389	35,657	19,792
Current Liabilities				
Projects in progress	(3,695)	(966)	(470)	(689)
Trade creditors & accruals	(17,613)	(16,998)	(6,169)	(4,793)
Amount due to bankers	(34,052)	(18,765)	(34,052)	(18,765)
Amount due to subsidiary companies	-	-	(1,011)	(1,313)
Amount due to an associated company	-	(3)	-	-
Provision for warranties	(831)	(806)	(479)	(554)
Provisions for taxation	(1,977)	(3,216)	(463)	(568)
	(58,168)	(40,754)	(42,644)	(26,682)

Net current assets/(liabilities)	9,346	22,635	(6,987)	(6,890)
Long term liabilities				
Amounts due to bankers	(6,385)	(6,429)	(6,385)	(6,429)
Deferred tax liabilities	(231)	(64)	(167)	-
	36,677	33,308	92,828	92,375
Capital and reserves				
Share capital	15,393	15,393	15,393	15,393
Share premium	61,420	61,420	61,420	61,420
(Accumulated loss)/revenue reserve	(41,409)	(44,929)	16,376	15,562
Foreign currency translation reserve	183	414	(361)	-
Total Shareholders' Fund	35,587	32,298	92,828	92,375
Minority interest	1,090	1,010	-	-
	36,677	33,308	92,828	92,375

The acquisition of CCT by the Group contributed to the increase in fixed assets (S\$2.2 million), intangible assets (S\$16.6 million) and bank borrowings (S\$15.3 million). The S\$2.7 million increase in projects in progress liabilities was mainly due to customer deposits.

10.(b) Cash flow statement

	1.1.2002 to 30.9.2002 \$'000	Group 1.1.2001 to 30.9.2001 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES :-		
Profit before taxation	13,252	2,720
Adjustments for: -		
Depreciation of fixed assets	1,085	881
(Gain)/loss on disposal of fixed assets	(19)	4
Share of results of associated companies and joint venture	137	548
Loss on disposal of subsidiary company	-	299
Amortisation of intangible assets	1,079	77
Interest expense	639	1,003
Interest income	(112)	(76)
Currency realignment	(829)	206
Operating profit before reinvestment in working capital	15,232	5,662
Decrease in debtors	1,578	4,552
Increase in projects-in-progress, net	(3,550)	(5,602)
Increase / (decrease) in creditors	3,134	(461)
Cash generated from operations	16,394	4,151
Interest paid	(639)	(1,003)
Interest received	112	76
Income tax paid	(1,539)	(2,587)
Net cash generated from operating activities	14,328	637
CASH FLOWS FROM INVESTING ACTIVITIES :-		
Repayment from / (advance to) associated company	46	(20)
Acquisition of subsidiary companies, net of cash	(19,689)	-
Additional investment in an subsidiary company	-	(525)
Purchase of fixed assets	(1,972)	(4,855)
Proceeds from sale of fixed assets	90	16
Purchase of intangible assets	-	(347)
Net cash used in investing activities	(21,525)	(5,731)
CASH FLOWS FROM FINANCING ACTIVITIES :-		

Proceeds from issuance of shares	18,240	350
Repayment of long term loans from bankers	-	(13,768)
Proceeds of short term loans from bankers	(5,830)	16,383
Net cash generated from financing activities	12,410	2,965
Net increase / (decrease) in cash and cash equivalents	5,213	(2,129)
Cash and cash equivalents at beginning of the period	5,699	7,169
Cash and cash equivalents at end of the period	10,912	5,040

The acquisitions of subsidiary companies for the period from 1.1.2002 to 30.9.2002 have been shown in the cash flow statement as a single item. The effect on the individual assets and liabilities is set out in the following:

	\$'000
Fixed assets	2,229
Stocks & work in progress	156
Trade debtors	1,736
Cash & cash equivalent	683
Trade creditors	(920)
Provision for taxation	(25)
Minority interest	(44)
Net assets acquired	3,815
Add : Goodwill arising on acquisition	16,557
Total consideration	20,372
Less: cash & cash equivalent	(683)
Net cash outflow on acquisition, net of cash acquired	19,689

10.(c) Statement of changes in equity

	1.1.2002 to 30.9.2002	Group 1.1.2001 to 30.9.2001	1.1.2002 to 30.9.2002	Company 1.1.2001 to 30.9.2001
Issued Capital				
Balance at 1 January	13,393	13,174	13,393	13,174
Share options exercised 4,375,000 shares @ \$0.05	-	219	-	219
Share placement of 40,000,000 shares @ \$0.05	2,000	-	2,000	-
Balance at 31 March / 30 June / 30 September	15,393	13,393	15,393	13,393
Share Premium				
Balance at 1 January	45,180	45,049	45,180	45,049
Share options exercised 4,375,000 shares @ \$0.03 above par	-	131	-	131
Share placement of 40,000,000 shares @ 0.417 above par	16,680	-	16,680	-
Expenses on issue of placement shares	(440)	-	(440)	-
Balance at 31 March / 30 June / 30 September	61,420	45,180	61,420	45,180
(Accumulated Loss) / Revenue Reserve				
Balance at 1 January	(50,369)	(54,016)	15,244	14,490
Net profit during the period	2,488	1,090	414	1,063
Balance at 31 March	(47,881)	(52,926)	15,658	15,553
Net profit during the period	2,952	(474)	(96)	311
Balance at 30 June	(44,929)	(53,400)	15,562	15,864
Net profit during the period	3,520	1,491	814	306
Balance at 30 September	(41,409)	(51,909)	16,376	16,170

Translation Reserve				
Balance at 1 January	1,015	(5)	-	-
Exchange difference during the period	(97)	550	-	-
Balance at 31 March	918	545	-	-
Exchange difference during the period	(504)	196	-	-
Balance at 30 June	414	741	-	-
Exchange difference during the period	(231)	(617)	(361)	-
Balance at 30 September	183	124	(361)	-

10.(d) Explanatory notes that are material to an understanding of the information provided in 10.(a), (b) and (c) above

Nil

11. Details of any changes in the company's issued share capital

(a) Changes in Issued Share Capital

There was no new issue of shares in 3Q2002.

(b) Share Options Under the Company's Executive' Share Option Scheme

During 3Q2002, the Company cancelled grants of 169,000 unissued reserved shares pursuant to the CSE Systems & Engineering Executives' Share Option Scheme.

As at 30 September 2002, there were 16,610,000 and 1,585,000 unissued reserved shares pursuant to the CSE Systems & Engineering Executives' Share Option Scheme and CSE (U.S Subsidiaries) Incentive Stock Option Plan respectively.

12. The group's borrowings and debt securities as at the end of the financial period reported on, and comparative figures as at the end of the most recently announced financial statements

(a) Amount repayable in one year or less, or on demand

As at 30/09/2002		As at 30/06/2002	
Secured	Unsecured	Secured	Unsecured
0	S\$34,052,000	0	S\$18,765,000

(b) Amount repayable after one year

As at 30/09/2002		As at 30/06/2002	
Secured	Unsecured	Secured	Unsecured
0	S\$6,385,000	0	S\$6,429,000

(c) Any other comments relating to Paragraph 12

Nil

13. A statement that the same accounting polices and methods of computation are followed in the financial statements as compared with the most recent audited annual financial statements. Where there have been any changes or departure from the accounting policies and methods of computation, including those required by an accounting standard, this should be disclosed together with the reasons for the change and the effect of the change

Besides the adoption of SAS 12 in FY2002, which was mandatory for all financial statements commencing from 1 April 2001, the same accounting policies and methods of computation are followed in the financial statements as compared with the most recent audited annual financial statements. The Group has deferred tax liabilities of approximately \$231,000 as at 30 September 2002, this amount was taken in full into the Group's profit and loss accounts in 3QYTD2002 arising from the change in its accounting policy.

- 14 Economic Value Added (EVA)

EVA for the period ended September 2002 was a negative of S\$0.5 million on average EVA Capital of S\$143 million as compared to the EVA for the period ended September 2001, whose EVA was a negative of S\$6.5 million on average EVA Capital of S\$123 million. The Group's Weighted Average Cost Of Capital (WACC) was 10.5% for the last three financial years.

BY ORDER OF THE BOARD

Tan San-Ju
Company Secretary
11/11/2002