

## Third Quarter Financial Statement And Dividend Announcement for The Period Ended 30 September 2005

### 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	3Q 2005	Group 3Q 2004 (restated)	Change (%)	9M 2005	Group 9M 2004 (restated)	Change (%)
<b>Revenue</b>	67,954	44,955	51%	177,343	140,694	26%
<b>Cost of sales</b>	(46,646)	(30,282)	54%	(120,347)	(95,027)	27%
<b>Gross profit</b>	21,308	14,673	45%	56,995	45,667	25%
<b>Other operating income</b>						
Miscellaneous income (Note 1)	580	511	14%	1,371	1,591	-14%
Finance income	112	69	62%	277	102	172%
		-				
<b>Other operating expenses</b>						
Personnel and related costs (Note 2,3)	8,852	6,467	37%	25,474	19,747	29%
General and administrative costs (Note 3)	1,850	2,152	-14%	5,432	5,264	3%
Selling and distribution costs (Note 3)	1,088	1,090	-0.2%	3,464	2,514	38%
Upkeep building and equipment costs (Note 3)	2,002	1,699	18%	5,324	4,378	22%
Other operating costs (Note 4)	33	98	-66%	481	(71)	N.M.
<b>Total expenses</b>	13,825	11,506	20%	40,175	31,832	26%
<b>Profit from operating activities</b>	8,175	3,747	118%	18,468	15,528	19%
Finance costs	(720)	(410)	76%	(1,929)	(1,027)	88%
Share of results of associated companies	343	339	1%	395	767	-49%
					-	
<b>Profit before taxation</b>	7,798	3,676	112%	16,934	15,268	11%
Taxation (Note 5)	(1,765)	69	N.M.	(3,901)	(2,972)	31%
<b>Net profit for the period</b>	6,033	3,745	61%	13,045	12,273	6%
Attributable to:						
<b>Shareholders of the Company</b>	6,033	3,745	61%	13,033	12,296	6%
Minority interest, net of tax	-	-	N.M.	12	(23)	N.M.
	6,033	3,745	61%	13,045	12,273	6%
<b>Earnings per ordinary shares (in cents)</b>						
- Basic	1.85	1.18		4.01	3.88	
- Diluted	1.82	1.16		3.96	3.77	

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	Group			Group		
	2005 3Q	2004 3Q	Change %	2005 9M	2004 9M	Change %
(A) Interest on borrowings	680	393	73%	1,792	925	94%
(B) Depreciation and amortisation	648	507	28%	1,821	1,340	36%
(C) (Writeback) / allowance of doubtful debts and bad debts written off	17	25	-32%	61	(208)	-129%
(D) Write-off for stock obsolescence	-	-	-	-	58	N.M.
(E) Foreign exchange gain /(loss)	489	14	N.M.	966	732	32%
(F) Changes in fair value of financial instruments	27	0	N.M.	781	0	N.M.
(G) Profit /( loss) on sale of investment, properties, and/or plant and equipment	6	1	N.M.	(21)	12	N.M.

N.M. – Not meaningful

### Note 1

S\$'000	Group			Group		
	2005 3Q	2004 3Q	Change %	2005 9M	2004 9M	Change %
Rental income	26	147	-82%	168	419	-60%
Gain on partial disposal of subsidiary companies	-	1	N.M.	-	1	N.M.
Gain on partial disposal of an associated company	-	-	N.M.	-	12	N.M.
Reversal of provision for diminution in investments	-	150	N.M.	-	150	N.M.
Commission income	8	89	-91%	22	89	-75%
Miscellaneous income	57	138	-59%	215	188	N.M.
Net exchange gain / (loss)	489	(14)	N.M.	966	732	N.M.
<b>Miscellaneous income (1(a)(i))</b>	<b>580</b>	<b>511</b>	<b>14%</b>	<b>1,371</b>	<b>1,591</b>	<b>-14%</b>
Finance income	112	69	62%	277	102	172%
<b>Other income including interest income (1(a)(ii)(B))</b>	<b>692</b>	<b>580</b>	<b>19%</b>	<b>1,648</b>	<b>1,693</b>	<b>-3%</b>

N.M. – Not meaningful

### Note 2

Pursuant to Part 1 item 4 below, the comparative figure of personnel and related costs for 3Q 2004 has been restated to \$6,467,000 in order to account for the impact of the adoption of FRS 102: Share-based payments with effect from 1 January 2005. The profit and loss account of the Group for 3Q 2004 decreased by \$123,000 as a result.

### Note 3

The increase in the personnel & related costs, general & administrative costs, selling & distribution costs, upkeep building and equipment costs and other operating costs of the Group for the 9 months ended 30 September 2005 was mainly due to the Group's inclusion of the operating results of CSE-Global (Australia) Pty Ltd and its subsidiary companies ("CSE-Global (Australia) group") formed in 3Q 2004.

### Note 4

S\$'000	Group			Group		
	2005 3Q	2004 3Q	Change %	2005 9M	2004 9M	Change %
Provision / (writeback of provision) for doubtful debts and bad debts written off	(17)	25	N.M.	61	(208)	N.M.
Miscellaneous expenses	(2)	-	N.M.	213	-	N.M.
Amortisation of intangible assets	58	31	87%	186	36	N.M.
Stocks written off	-	-	N.M.	-	58	N.M.
Disposal of fixed assets	(6)	42	N.M.	21	43	-51%
	<b>33</b>	<b>98</b>		<b>481</b>	<b>(71)</b>	

N.M. – Not meaningful

## Note 5

The decrease in taxation charge for the 3Q 2004 was mainly due to the Group taking advantage of certain export tax incentives that were offered in the United States of America.

### 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		Company	
	30-Sep-05	31-Dec-04 (restated)	30-Sep-05	31-Dec-04 (restated)
<b>S\$'000</b>				
<b>Fixed assets</b>	<b>18,904</b>	<b>17,236</b>	<b>7,741</b>	<b>7,892</b>
<b>Subsidiary companies</b>	-	-	<b>146,102</b>	<b>146,102</b>
<b>Associated companies (Note 6)</b>	<b>17,374</b>	<b>6,655</b>	<b>10,294</b>	-
<b>Intangible assets</b>	<b>33,277</b>	<b>32,606</b>	-	-
<b>Deferred tax assets</b>	<b>1,186</b>	<b>785</b>	-	-
<b>Current Assets</b>				
Projects in progress (Note 7)	18,496	21,300	531	1,228
Stocks (Note 7)	4,993	4,194	-	-
Trade debtors (Note 7)	82,584	53,726	4,623	3,334
Other debtors, deposits & prepayments	5,509	4,247	1,335	323
Amount due from subsidiary companies	-	-	4,690	5,378
Amount due from an associated company	103	320	18	29
Fixed deposits	1,345	1,481	-	-
Cash & bank balances	21,446	20,057	1,318	1,449
	<b>134,476</b>	<b>105,325</b>	<b>12,515</b>	<b>11,741</b>
<b>Current Liabilities</b>				
Projects in progress (Note 7)	6,177	1,708	-	-
Trade creditors & accruals (Note 8)	35,909	29,385	1,854	1,906
Finance leases	220	182	-	-
Amount due to bankers	73,835	52,863	73,835	52,863
Amount due to subsidiary companies	-	-	9,681	14,453
Amount due to an associated company	297	852	298	852
Provision for warranties	1,387	1,330	-	-
Provision for taxation	4,597	2,209	(250)	214
	<b>122,422</b>	<b>88,529</b>	<b>85,418</b>	<b>70,288</b>
<b>Net current assets/(liabilities)</b>	<b>12,054</b>	<b>16,796</b>	<b>(72,903)</b>	<b>(58,547)</b>
<b>Long term liabilities</b>				
Deferred tax liabilities	121	401	-	230
Finance leases	386	314	-	-
Amounts due to bankers	2,799	4,569	2,799	4,569
	<b>79,489</b>	<b>68,794</b>	<b>88,435</b>	<b>90,648</b>
<b>Capital and reserves</b>				
Share capital	16,390	16,028	16,390	16,028
Share premium	67,642	65,450	67,642	65,450
(Accumulated loss)/revenue reserve	(5,016)	(11,537)	4,692	10,322
Other reserves	873	506	873	506
Foreign currency translation reserve	(400)	(1,665)	(1,162)	(1,658)
<b>Total Shareholders' Fund</b>	<b>79,489</b>	<b>68,782</b>	<b>88,435</b>	<b>90,648</b>
Minority interest	-	12	-	-
	<b>79,489</b>	<b>68,794</b>	<b>88,435</b>	<b>90,648</b>

## Note 6

CSE acquired a new associated company, Energy Storage and Power Corporation, a Delaware corporation in September 2005.

**Note 7**

The billing cycle turnover period that comprising Stock, Project in progress and Trade debtors has increased marginally to 154 days from 151 days as at 31 December 2004 due to a higher level of operating activities.

**Note 8**

The increase in trade creditors & accruals of the Group by 22% in September 05 was in line with the increase in the net assets of the billing cycle in Note 6, it was mainly due to a higher level of operating activities.

**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 30 Sep 2005		As at 31 Dec 2004	
Secured	Unsecured	Secured	Unsecured
NIL	S\$74,055,000	NIL	S\$53,045,000

**Amount repayable after one year**

As at 30 Sep 2005		As at 31 Dec 2004	
Secured	Unsecured	Secured	Unsecured
NIL	S\$3,185,000	NIL	S\$4,883,000

**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.**

S\$'000	1.7.2005 to 30.9.2005	1.7.2004 to 30.9.2004 (restated)	1.1.2005 to 30.9.2005	1.1.2004 to 30.9.2004 (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES :-</b>				
Operating profit before taxation	7,798	3,676	16,934	15,268
Adjustments for :-				
Depreciation for fixed assets	590	476	1,635	1,304
Amortisation of intangible assets	58	31	186	36
(Gain)/loss on disposal of fixed assets	(6)	-	21	1
Share of results of associated companies and joint venture	(343)	(339)	(395)	(767)
Gain on disposal of subsidiary company	-	(1)	-	(1)
Gain on partial disposal of an associate company	-	-	-	(12)
Changes in fair value of financial instruments	(27)	-	(781)	-
Share based payment expenses	122	123	367	371
Writeback provision for diminution for an associated company	-	(150)	-	(150)
Interest expense	680	393	1,792	925
Interest income	(112)	(69)	(277)	(102)
Currency realignment	53	(730)	589	(690)
<b>Operating profit before reinvestment in working capital</b>	<b>8,813</b>	<b>3,410</b>	<b>20,071</b>	<b>16,183</b>
(Increase)/decrease in debtors	(15,287)	8,167	(29,152)	(981)
(Increase)/decrease in projects-in-progress	(1,539)	(1,918)	6,474	288
(Decrease)/increase in creditors	10,704	(6,956)	6,315	(5,549)
<b>Cash generated from operations</b>	<b>2,691</b>	<b>2,703</b>	<b>3,708</b>	<b>9,941</b>
Interest paid	(680)	(393)	(1,792)	(925)
Interest received	112	69	277	102
Income tax paid	(972)	(567)	(2,099)	(3,160)
<b>Net cash generated from operating activities</b>	<b>1,151</b>	<b>1,812</b>	<b>94</b>	<b>5,958</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Repayment from / (advance to) associated companies	-	487	(337)	475
Incorporation of a subsidiary company	-	-	-	(7)
Acquisition of subsidiary companies, net	-	(13,710)	-	(14,290)
Disposal of a subsidiary company, net	-	1,023	-	1,148
Proceeds from partial disposal of an associate company	-	-	-	12
Acquisition of an associated company	(10,294)	-	(10,294)	(1,704)
Additional investment/acquisition of additional equity interest in associated company	-	(935)	(46)	(935)
Purchase of fixed assets	(1,235)	(1,204)	(3,358)	(2,425)
Proceeds from sale of fixed assets	99	44	202	45
Purchase of Intangible assets	-	(3,290)	(349)	(3,290)
<b>Net cash used in investing activities</b>	<b>(11,430)</b>	<b>(17,585)</b>	<b>(14,182)</b>	<b>(20,971)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of shares	598	104	2,555	2,248
Dividends paid to shareholders	-	-	(6,524)	(5,072)
Proceeds of short term loans from bankers	10,565	18,616	19,201	16,646
Proceeds of finance leasing obligations	(34)	-	109	-
<b>Net cash generated from financing activities</b>	<b>11,129</b>	<b>18,720</b>	<b>15,341</b>	<b>13,822</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>850</b>	<b>2,947</b>	<b>1,253</b>	<b>(1,191)</b>
Cash and cash equivalents at beginning of period	21,941	12,979	21,538	17,117
<b>Cash and cash equivalents at end of period</b>	<b>22,791</b>	<b>15,926</b>	<b>22,791</b>	<b>15,926</b>

**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.**

S\$'000	Group		Company	
	1.1.2005 to 30.9.2005	1.1.2004 to 30.9.2004 (restated)	1.1.2005 to 30.9.2005	1.1.2004 to 30.9.2004 (restated)
<b>Issued Capital</b>				
Balance at 1 January	16,028	15,625	16,028	15,625
Share options exercised during the period	229	218	229	218
Balance at 31 March	16,257	15,843	16,257	15,843
Share options exercised during the period	66	47	66	47
Balance at 30 June	16,323	15,890	16,323	15,890
Share options exercised during the period	67	13	67	13
<b>Balance at 30 September</b>	<b>16,390</b>	<b>15,903</b>	<b>16,390</b>	<b>15,903</b>
<b>Share Premium</b>				
Balance at 1 January	65,450	62,827	65,450	62,827
Share options exercised during the period	1,266	1,627	1,266	1,627
Balance at 31 March	66,716	64,454	66,716	64,454
Share options exercised during the period	395	252	395	252
Balance at 30 June	67,111	64,706	67,111	64,706
Share options exercised during the period	531	91	531	91
<b>Balance at 30 September</b>	<b>67,642</b>	<b>64,797</b>	<b>67,642</b>	<b>64,797</b>
<b>(Accumulated Loss) / Revenue Reserve</b>				
Balance at 1 January - as previously stated	(11,031)	(23,372)	10,828	12,556
Cost of share-based payments (FRS102)	(506)	(11)	(506)	(11)
Balance at 1 January - as restated	(11,537)	(23,383)	10,322	12,545
Net profit during the period	3,327	4,656	227	144
Balance at 31 March	(8,210)	(18,727)	10,549	12,689
Dividends for 2003 declared and paid	-	(5,072)	-	(5,072)
Dividends for 2004 declared and paid	(6,524)	-	(6,524)	-
Net profit during the period	3,685	3,872	428	(273)
Balance at 30 June	(11,049)	(19,927)	4,453	7,344
Net profit during the period	6,033	3,745	239	707
<b>Balance at 30 September</b>	<b>(5,016)</b>	<b>(16,182)</b>	<b>4,692</b>	<b>8,051</b>

S\$'000	Group		Company	
	1.1.2005 to 30.9.2005	1.1.2004 to 30.9.2004 (restated)	1.1.2005 to 30.9.2005	1.1.2004 to 30.9.2004 (restated)
<b>Other Reserve</b>				
Balance at 1 January - as previously stated	-	-	-	-
Effects of adopting FRS39 accounting	729	-	729	-
Cost of share-based payments (FRS102)	506	11	506	11
Balance at 1 January - as restated	1,235	11	1,235	11
Net fair value changes of cashflow hedges	(286)	-	(286)	-
Cost of share-based payments	122	124	122	124
Balance at 31 March	1,071	135	1,071	135
Net fair value changes of cashflow hedges	(443)	-	(443)	-
Cost of share-based payments	123	124	123	124
Balance at 30 June	751	259	751	259
Net fair value changes of cashflow hedges				
Cost of share-based payments	122	123	122	123
<b>Balance at 30 September</b>	<b>873</b>	<b>382</b>	<b>873</b>	<b>382</b>
<b>Translation Reserve</b>				
Balance at 1 January	(1,665)	(888)	(1,658)	(1,143)
Exchange difference during the period	262	(327)	371	(239)
Balance at 31 March	(1,403)	(1,215)	(1,287)	(1,382)
Exchange difference during the period	819	562	142	(142)
Balance at 30 June	(584)	(653)	(1,145)	(1,524)
Exchange difference during the period	184	(1,130)	(17)	364
<b>Balance at 30 September</b>	<b>(400)</b>	<b>(1,783)</b>	<b>(1,162)</b>	<b>(1,160)</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 immediately preceding financial year.**

During 3Q 2005, there was an issue of 1,339,500 of ordinary shares of \$0.05 each in the capital of the Company arising from the exercise of options granted 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 30 Sep 2005, there were unexercised options for 11,736,500 of unissued ordinary shares of \$0.05 each in the capital of the Company under the CSE Global Limited Executives' Share Option Scheme and 1,679,000 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 2004, there were unexercised options for 18,348,000 of unissued ordinary shares of \$0.05 each in the capital of the Company under the CSE Systems & Engineering Executives' Share Option Scheme and 3,619,000 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 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 2004 except for the adoption of the following new Financial Reporting Standards (FRS) which are mandatory for the financial years beginning on or after 1 January 2005:

FRS 39 Financial Instruments: Recognition and Measurement  
FRS 102 Share-based Payment

The impact of the changes in accounting policies is as follows:

**FRS 39 - Financial Instruments: Recognition and Measurement**

In accordance with the transitional provisions of FRS 39, the effect of recognition, de-recognition and measurement of financial instruments for financial periods prior to 1 January 2005, is not required to be restated. Consequently, the comparative figures for the financial year ended 31 December 2004 have not been restated. On 1 January 2005, the following transitional adjustments were made.

Increase / (decrease)	<b>Other Reserves (\$'000)</b>
<b>Hedge Accounting:</b>	
Hedge of net investment in foreign entities	232
Cashflow hedge	497
	<b>729</b>

The adoption of FRS 39 has resulted in an increase in equity as at 1 January 2005 of \$729,000. In accordance with the transitional adjustment rules, there is no restatement of the 3Q 2004 profit and loss account of the Group and the Company.

**FRS 102 - Share-based Payment**

As a result of adopting FRS 102, the opening retained earnings of the Group and of the Company as at 1 January 2004 decreased by \$11,000 each; likewise, the opening other reserves of the Group and of the Company increased by the same amount. Overall, as at 1 January 2004, there was no impact on the share capital and reserves of the Group and the Company. However, the profit and loss account of the Group and of the Company for FY2004 decreased by \$495,000 each as a result. The profit and loss account of the Group and of the Company for 3Q 2004 decreased by \$123,000 each as a result.

The effect of FRS 102 on basic and diluted EPS for 3Q 2004 is as follows:

Basic EPS: Decrease of 0.04 cents

Diluted EPS: Decrease of 0.04 cents

Apart from the above, the Group adopted various revisions in FRS, applicable from 1 January 2005. These do not have a financial impact on the Group. Therefore, apart from the changes in accounting policies arising from the adoption of new FRS mentioned above, the Group continued to adopt the same accounting policies as in 2004.

**FRS 103 - Business Combinations**

As announced in 3Q 2004, the Group had adopted FRS 103: Business Combinations early (with effect from 1 January 2004). FRS 103 requires goodwill acquired in a business combination to be measured at cost less any accumulated impairment losses. In 3Q 2004 announcement, The Group's results had included the reversal of goodwill amortisation previously charged against the Group's PBT in 1H2004. Hence, we have restated the 3Q2004 comparative figures to exclude the impact of FRS103 that had been recorded in that quarter. As such, the profit and loss account for 3Q 2004 decreased by \$778,000.

**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**

Please refer to paragraph 4.

**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:-**

	Current period 3Q 2005	Previous period 3Q 2004 (restated)	Current period 9M 2005	Previous period 9M 2004 (restated)
<b>Earning per ordinary share of the group after deducting any provision for preference dividends:-</b>				
(a) Based on weighted average number of ordinary shares in issue; and	1.85	1.18	4.01	3.88
(b) On a fully diluted basis (detailing any adjustments made to the earnings).	1.82	1.16	3.96	3.77

**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	326,465,407	317,801,407	319,681,407	312,507,407
Weighted average number of shares issued during the period	363,587	94,511	5,746,802	3,923,398
<b>Weighted average number of shares</b>	<b>326,828,994</b>	<b>317,895,918</b>	<b>325,428,209</b>	<b>316,430,805</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	326,828,994	317,895,918	325,428,209	316,430,805
Weighted average number of unissued shares under share options	14,654,413	22,635,489	16,156,260	24,144,774
Number of shares that would have been issued at fair value under share options	(9,410,691)	(16,746,947)	(11,839,029)	(14,789,703)
<b>Adjusted weighted average number of shares</b>	<b>332,072,716</b>	<b>323,784,460</b>	<b>329,745,441</b>	<b>325,785,876</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**

	Group	Company
Net asset value per ordinary share based on existing issued share capital as at 30 Sep 2005 (in cents)	24.25	26.98

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

	Group	Company
Net asset value per ordinary share based on existing issued share capital as at 31 December 2004 (in cents)	21.52	28.36

**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

For 3Q of 2005, CSE recorded an increase in revenue of \$23.0 million (51.2%) to \$68.0 million from \$45.0 million in 3Q 2004. The Group's profit after tax increased by \$2.3 million (61.1%) to \$6.0 million in 3Q 2005 from \$3.7 million in 3Q 2004. In 3Q 2005, the Group performed well in all geographical regions of operations. The Europe/Middle East/Africa operations recorded a creditable performance of \$1.6 million profit before tax in the current quarter after a lackluster performance in the first half of 2005.

### Performance of Geographical Segments

S\$'000	3Q 2005	3Q 2004 (restated)	Variance %	9M 2005	9M 2004 (restated)	Variance %
<b>Revenue</b>						
Asia-Pacific	21,303	12,321	72.9%	54,816	35,636	53.8%
The Americas	31,427	24,041	30.7%	90,088	74,912	20.3%
Europe/Middle East/Africa	15,224	8,593	77.2%	32,439	30,146	7.6%
<b>Group</b>	<b>67,954</b>	<b>44,955</b>	<b>51.2%</b>	<b>177,343</b>	<b>140,694</b>	<b>26.0%</b>
<b>Profit before tax &amp; minority interest</b>						
Asia-Pacific	3,208	2,124	51.0%	6,321	6,537	-3.3%
The Americas	3,019	1,141	164.6%	8,677	5,675	52.9%
Europe/Middle East/Africa	1,571	411	282.2%	1,936	3,056	-36.6%
<b>Group</b>	<b>7,798</b>	<b>3,676</b>	<b>112.1%</b>	<b>16,934</b>	<b>15,268</b>	<b>10.9%</b>

For 3Q 2005, the geographical regions of Asia-Pacific, The Americas and Europe/Middle East/Africa contributed 31.3%, 46.3% and 22.4% to revenue and 41.1%, 38.7% and 20.2% to profit before tax and minority interest respectively.

### Performance of Business Segments

S\$'000	3Q 2005	3Q 2004 (restated)	Variance %	9M 2005	9M 2004 (restated)	Variance %
<b>Revenue</b>						
Industrial	67,954	44,955	51.2%	177,343	135,812	30.6%
IT Consulting	-	-		-	4,882	-100.0%
<b>Group</b>	<b>67,954</b>	<b>44,955</b>	<b>51.2%</b>	<b>177,343</b>	<b>140,694</b>	<b>26.0%</b>
<b>Profit before tax &amp; minority interest</b>						
Industrial	7,455	3,337	123.4%	16,539	13,839	19.5%
IT Consulting	343	339	1.2%	395	1,429	-72.4%
<b>Group</b>	<b>7,798</b>	<b>3,676</b>	<b>112.1%</b>	<b>16,934</b>	<b>15,268</b>	<b>10.9%</b>

*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 3Q 2005, CSE's IBU division contributed \$68.0 million (51.2% growth over 3Q 2004) to revenue and \$7.5 million (123.4% growth over 3Q 2004) to profit before tax and minority interest respectively.

**Liquidity and Capital Resources**

For 3Q 2005, CSE generated an operational cash inflow of \$1.2 million. For the nine month up to 30 September 2005, CSE generated an operational cash inflow of \$0.09 million. At the end of the period, CSE's net gearing was 0.68 times.

**Orders**

<b>S\$'000</b>	<b>Industrial Business</b>
<b>Outstanding orders b/f from 2Q 2005</b>	<b>173,733</b>
Q3 2005 order book in	<b>74,789</b>
Q3 2005 sales	(67,954)
<b>Outstanding orders c/f to 4Q 2005</b>	<b>180,568</b>

CSE received new orders of \$74.8 million and \$272.1 million in 3Q 2005 and for the first 9 months of 2005 respectively. The outstanding orders as at end of 30 September 2005 compared with end of 30 September 2004 increased by 80.8% from \$99.9 million to \$180.6 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.**

The Hurricane in USA will have a positive impact on our US operation with the additional repair works. However, CSE anticipates the full benefits to be realised in the first half 2006.

Based on the current outlook and the existing outstanding orders, CSE expects 4Q 2005 profits to be better than 4Q 2004 and for FY2005 profits to be better than FY2004. CSE also anticipates that performance for the next 12 months will improve.

**11. If a decision regarding dividend has been made:-****(a) Whether an interim ordinary dividend has been declared (recommended); and**

No interim or final 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.

**(e) 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”) 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 Supervisory Control and Data Acquisition (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 the Seprol Ranges of Remote Terminal Unit (RTU). Moreover, the Group also offers the implementation of RIO, a fully integrated Clinical Information System, to automate and facilitate the recording and reporting of patient 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.

IBU also 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. In addition, IBU supplies and distributes electrical engineering products to the mining, process engineering, power generation, power transmission/distribution, and manufacturing industries. IBU also provides electrical engineering design and system solutions to energy (oil & gas and power), the heavy industrial (mining & minerals), water and sewerage sectors. Furthermore, IBU manufactures and distributes Kingfisher Ranges of RTU products designed for SCADA applications in a broad range of industrial fields.

In addition, IBU also provides Intelligent Transport Systems that include 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 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 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:-**

	Group			
	2005	2004	Variance	Variance
	S\$'000	S\$'000	S\$'000	%
Turnover report for first half of the year	109,389	95,739	13,650	14%
Profit/(Loss) before tax reported for the first half of the year	9,136	11,592	(2,456)	-21%
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**

Not applicable.

**17. Interested person transactions**

Not applicable.

By order of the Board

Tan San-Ju  
Company Secretary